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F.&C. ENTERPRISE TRUST PLC



REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1989

Foreign Colonial

1571089

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Investment Objective

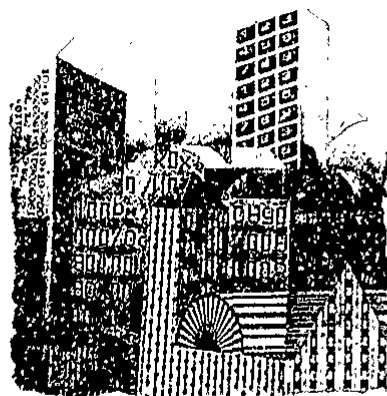
The investment objective of F. & C. Enterprise Trust PLC ("FACET") is to provide shareholders with long term capital appreciation by investing in unquoted companies. As FACET's investment emphasis is on capital growth, shareholders should expect net income to be low and dividend distributions to be small.

Highlights of the Year

Net asset value per share rose by 18 per cent. Air Call, Computacenter and Foreign & Colonial Management were significantly revived following share sales.

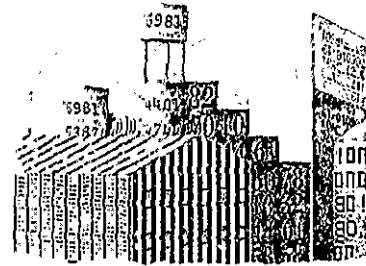
Summary of Results

	1989	1988	
Net assets	£39.5m	£33.5m	+18%
Net assets per share	45.3p	38.5p	+18%
Dividend per share	0.16p	0.14p	+14%



Chairman's Statement

1989 was a good year for FACET. Capital growth was strong for a trust in our sector and we made further progress in applying the investment policies established over the last few years. We were active both in making new investments and in disposing of existing holdings. At the year end, the portfolio consisted of fifty-one holdings, fewer than we have had for over five years and substantially fewer than at the end of 1988. Over 70% of the portfolio's value is now concentrated in the twenty largest investments and eighteen of these are in the UK. These statistics mark a significant point in the concentration of FACET's interests into larger and primarily domestic holdings, each of which can have a significant effect on overall performance and can receive the greater management attention often demanded by unquoted investments.



CAPITAL PERFORMANCE

FACET's net asset value per share rose in the year by 18% to 45.3p, primarily as a result of the performance of the unquoted UK portfolio. This was a satisfactory outcome in a year when smaller companies on the quoted markets performed relatively poorly: the Hoare Govett Smaller Companies Index increased by 7% and the USM Index by 4%. These figures compare with the exceptional appreciation of the wider quoted markets, where the FT-Actuaries All-Share Index rose by 30%. It would have been surprising if we had matched the broad index as our portfolio had an average of about 80% of its value in unquoted holdings and the remainder in small quoted companies.

Three large transactions in the UK unquoted portfolio, which are described more fully in the Manager's Review, contributed substantially to FACET's performance in 1989. Of these transactions, the largest was the sale of part of our investment in Computacenter in the last quarter. We retain a significant equity holding in the company and are enthusiastic about its prospects in the current year.

Early in 1989 we took the opportunity of a rapidly rising market to sell several quoted holdings at premiums to their December 1988 values and used the proceeds to finance the new investment programme. We consider that some of our remaining quoted holdings were undervalued at the end of 1989 and do not intend to dispose of them at their current levels. Once again, the US portfolio had a disappointing overall result whereas the UK performance was strong. We continue to keep new investment in the US to a low level and to concentrate our activity in the UK.

Chairman's Statement CONTINUED

REVENUE PERFORMANCE

The revenue account showed an improvement on last year, enabling the Board to propose an increase in the annual dividend of 14%. The most significant variable influence on the revenue account is the level of gearing which fluctuates in the short term according to the pattern of investment acquisitions and disposals. Having received £1.4m from the sale of investments a few days before the year end, our closing net gearing figure was 18%. This was significantly lower than the average for the year, and lower than the likely average in 1990. Of the year end borrowings £5m was in respect of the high yielding investment in First Mortgage Securities, the income from which exceeded FACET's associated borrowing cost in the year. If the loans financing the First Mortgage Securities investment are excluded, the closing net gearing was 6%.

FOREIGN & COLONIAL VENTURES LIMITED

FACET's manager, Foreign & Colonial Ventures, has had an active year and has continued to develop its position in the unquoted investment industry. In a market which has become increasingly competitive it is important to be able to generate and lead transactions, and to meet this need, the management team of Foreign & Colonial Ventures has increased from six to eight. FACET benefits from this growth by seeing an increased flow of investment opportunities and receiving greater management support for existing holdings.

In June 1989, the Munich-based Hypo Bank (the Bayerische Hypotheken- und Wechsel-Bank AG) took a 50% stake in the Foreign & Colonial Management Group of which Foreign & Colonial Ventures is a part. This should give Foreign & Colonial Ventures the opportunity to develop closer links with the unquoted markets of continental Europe.

I would like to take this opportunity to record the Board's thanks to James Nelson and his team in Foreign & Colonial Ventures for their devotion to FACET's interests.



FUTURE PROSPECTS

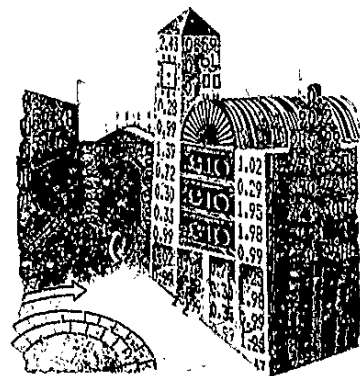
The UK economy continues to suffer from high interest rates and we are anticipating a slower rate of growth in 1990 than in the previous year. The slow-down in consumer spending and rising interest rates in 1989 have had widely varying effects on different sectors of the economy and on the companies in FACET's portfolio. Taking the portfolio as a whole, we consider that FACET is reasonably well protected from the likely downturn in economic activity in the current year.

There has recently been concern that the management buy-out sector has become overheated with excessive prices paid for companies and imprudent levels of gearing. We believe that although this may have been true in certain large and well-publicised transactions, it is by no means true of the sector as a whole. In the smaller transactions of up to £30m in which FACET's management buy-out activity is concentrated, lower levels of gearing have traditionally been used and lenders have taken a cautious approach. We expect FACET to continue to invest in management buy-outs in the current year and to benefit from prudent levels of gearing.

At the end of 1989, 86% of FACET's investments were in the UK, with nearly all the balance remaining in the US. We continue to believe that the majority of the portfolio should be in this country. However, the number and quality of opportunities in continental Europe has risen dramatically in recent years, and in order to benefit from this FACET has recently joined a syndicate of European investors. This will enable us to make joint investments with local partners in companies throughout continental Europe and Scandinavia. Subject to the flow of attractive opportunities, we are committed to a total investment of £4.25m in the syndicate over a period of three years. We expect the very small percentage of the portfolio currently invested in continental Europe to rise and the proportion in the US to continue to fall.

FACET has started 1990 with a diversified portfolio of investments embracing nearly all the major sectors of the economy. As ever, we are to some extent at the mercy of economic forces beyond our control, but overall we are well prepared for the testing time ahead.

John Selater
February 1990



Directors and Management

John Selater (*Chairman*) is Chairman of The Foreign and Colonial Investment Trust PLC and Deputy Chairman of The Union Discount Company of London PLC and of Yamaichi International (Europe) Limited. He is also a Director of Berisford International PLC and of The Equitable Life Assurance Society; a Trustee of The Grosvenor Estate; and a Member of the Council of the Duchy of Lancaster.

Andrew Barker* is a Vice-Chairman of Foreign & Colonial Management Limited responsible for the North American investments of the Group. He is a Director of F. & C. Smaller Companies PLC and River & Mercantile American Capital and Income Trust PLC. He is also Chairman of Bankers' Investment Trust PLC.

Peter Burton is Chairman and co-founder of Chiltern Radio PLC.

Peter Curry is Chairman and Chief Executive and co-founder of Unitech plc and a Director of George Wimpey PLC.

Roderick Hall is a founding general partner of US Venture Partners and President and a Director of US Ventures SA.

James Nelson* is the Managing Director of Foreign & Colonial Ventures Limited. He sits on the boards of several venture-backed companies including Essanelle Holdings Limited, First Mortgage Securities Limited and Intermediate Capital Group Limited.

Christopher Weston is Chairman and Chief Executive of Phillips, the international fine art auctioneers, a Director of Headline Book Publishing plc, Nationwide Anglia Estate Agents and other companies.

*Executive Director of Foreign & Colonial Management Limited.

Management

The management of FACET is governed by a management agreement with Foreign & Colonial Ventures Limited.

Secretary

Foreign & Colonial Management Limited.

Registered Office

1 Laurence Pountney Hill, London EC4R 0BA
Telephone: 01-623-4680

Bankers

The Royal Bank of Scotland plc
The Bank of New York

Registrars

The Royal Bank of Scotland plc
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Owen House, 8 Bankhead Crossway North,
Edinburgh EH11 4BR
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Auditors

Pricewaterhouse
Southwark Towers, 32 London Bridge Street,
London SE1 9SY

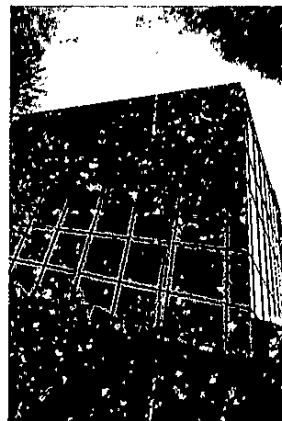
Manager's Review

FACET had an active year in 1989. We sold approximately 23% of the opening portfolio during the year and reinvested almost all the proceeds. Over half the disposal proceeds came from the sale of quoted holdings with the result that the quoted portfolio accounted for 17% of FACET's investments at the year end, a lower proportion than for several years. In previous years, FACET's quoted holdings have been increased as companies from the unquoted portfolio have gone public. In 1989 there were no flotations, but a number of companies were sold to trade buyers or received further finance on attractive terms through private transactions.

THE UK

The UK accounted for 86% of the portfolio at the year end, a small increase from last year's 83%. Once again performance of the unquoted investments was good, with an overall appreciation of 25%. This result was largely driven by three substantial transactions involving Computacenter, Air Call and Foreign & Colonial Management.

In the case of Computacenter, plans to float the company were deferred in favour of an offer from Investcorp, an international investment bank. Under the terms of the agreement, Investcorp acquired 30% of the total equity by purchasing 15% of the company from existing shareholders and by subscribing £10m to purchase new shares. FACET received £1.3m for the partial disposal of its holding and now has an 11% interest in Computacenter. The injection of new capital enables Computacenter to pursue its plans for expansion into Europe, and we have confidence in the company's ability to continue increasing both turnover and profits. In 1989 turnover rose by 52% to an estimated £154m and net profits by 56% to £3.6m. FACET's holding in Computacenter is now valued at £7.8m, representing 17% of the portfolio.



Computacenter's branch network is expanding at a significant rate.

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Foreign & Colonial Management is based in London, Poultry, EC2 in the City of London.

Manager's Review CONTINUED

Early in 1989 Air Call Holdings sold its communications division to Bell South and by the year end the medical division was in the course of being sold to its management. After the completion of the management buy out at the end of February 1990 FACET will receive cash of approximately £3.1m for its total interest in Air Call. This represents a realised gain of £2.0m over the opening 1989 valuation.

The third significant transaction in the UK portfolio was the sale of half FACET's holding in Foreign & Colonial Management, the parent of Foreign & Colonial Ventures. As mentioned in the Chairman's Statement, this stake was purchased by Hypo Bank. FACET received £1.2m in cash and retains a 4% interest through the new holding company, Pountney Hill Holdings. The group reported an increase in profits of 42% in the year to 30 June 1989, and conditions have been favourable for the business since that date.

Our UK quoted holdings had a difficult year, reflecting the weakness in the markets for smaller companies. We were able to dispose of several of FACET's quoted holdings early in the year at good prices. However, our largest quoted holding, Porvair, suffered a 44% fall, which represented a £1.3m decline in value in the year. This followed an announcement that profits in the financial year to November 1989 would be lower than anticipated. FACET retains a substantial holding in Porvair and we believe that the medium term outlook for the company is promising.



This photo is a test of Air Call's number a year or so ago in the days of the original Air Call Group.

FACET made six new UK investments in 1989 at a total cost of £4.9m. These have all been described in the quarterly reports to investors with the exception of Maritime Transport Services, an investment of £735,000 in a new container port on the Isle of Grain. In selecting new investments we have continued to apply the policy of investing in established companies and in management teams with successful records in their chosen industries. FACET invested a further £2.0m in existing portfolio companies, £1.4m of which was in scheduled drawdowns against original investment agreements.

We define FACET's unquoted holdings by their characteristics at the time of original investment, and at the year end 43% of the UK unquoted portfolio was invested in development capital. This compares with 35% invested in venture capital and 22% in management buy-outs. These figures demonstrate that the UK portfolio is well spread across the three sectors and we believe that FACET should continue to have exposure to different types of transaction as a means of managing risk.

THE US AND EUROPE

The US portfolio represented 12% of FACET's investments at the year end, a fall from 16% last year. The performance of the US portfolio was again disappointing with a decline in sterling terms of 12%. We undertook a thorough review of the unquoted US portfolio in the year and took a conservative approach to its valuation at 31 December. New investments have been at a low level and restricted to projects which combine strong UK links with relatively low risk. After a long period of underperformance, we now expect this portfolio to begin to produce better results, although we do not anticipate increasing the overall participation in the US. By contrast, as the Chairman's Statement explained, we do anticipate increasing FACET's participation in Continental European investment.



The First Call telephone booking service is operated by Space-Time Systems.

Manager's Review CONTINUED

PORTFOLIO TRENDS

Once again we are able to report significant progress in concentrating the portfolio into fewer and larger holdings. At the year end FACET had fifty-one investments with an average value of approximately £925,000 against an opening number of seventy-two with an average value of approximately £575,000. We anticipate a further reduction in the total number of investments. At the end of the year, the ten largest holdings accounted for 56% of the portfolio and the twenty largest for 75%, numbers which have risen from 51% and 68% respectively. Foreign & Colonial Ventures was represented on the boards of 54% of the portfolio by value in December 1989, a higher proportion than ever and a significant measure of our active management approach.

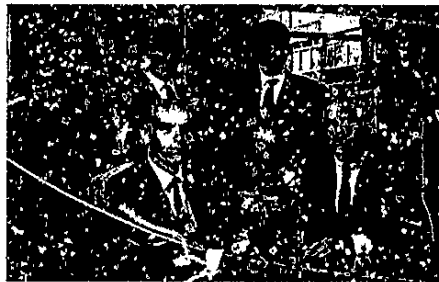
CONCLUSION

FACET has entered 1990 with low gearing and the expectation of further substantial cash receipts from the sale of investments in the early months of the year. Uncertainty in the UK economy, high corporate gearing and volatility in the quoted markets are likely to produce new investment opportunities at attractive prices, and FACET is well placed to take advantage of these. Favourable conditions for new investments may indicate unfavourable conditions for existing holdings, but the companies in the portfolio have generally responded well to the economic climate of the last year, and we expect them to continue to do so.

Foreign & Colonial Ventures Limited

Foreign & Colonial Ventures Limited

Foreign & Colonial Ventures has a long established position in the UK venture capital market and extensive experience of making unquoted investments. It invests in companies at all stages of development, with a particular concentration on finance for expansion, acquisitions and management buy-outs. Operating as an autonomous subsidiary of the Foreign & Colonial Management Group, Foreign & Colonial Ventures benefits from the Group's underwriting resources for large transactions and from access to the most authoritative economic and corporate research. The members of the management team come from a wide range of industrial, commercial and financial backgrounds to give a blend of experience which is important both in assessing new opportunities and advising portfolio companies. We are strongly committed to adding value to investments and members of the management team frequently take seats on the boards of portfolio companies. Foreign & Colonial Ventures has the skills and ability to initiate, arrange and monitor investments as principal, a capacity which is essential in the unquoted market.



From left to right: Rod Richards (seated), Marcus Hawkins, William Eccles, Michael Boxboro



From left to right: Andrew Smith, James Nelson, Mark Fane (standing), Robin Peters

The Portfolio

	Percentage of equity	Cost £	Value at 31 Dec 89 £	Percentage of FACIT's portfolio	Country and year of acquisition
1 Computacenter	11.1	1,271,321	7,821,398	16.6	UK 1985

Computacenter was established in 1982 to supply computer hardware and services to major corporate clients. It has grown rapidly and in 1989 experienced growth in sales of 52% to £154m and substantial profit growth. In December Investcorp, an international investment bank, acquired a 30% stake in the company. FACIT's holding has been revalued to reflect the terms of this transaction.

£m 31 December	1989*	1988
Sales	154.1	101.4
Net Profit	3.6	2.3
Net Assets	23.1	8.1

2 First Mortgage Securities	20.0	5,093,750	5,810,000	12.3	UK 1987
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A centralised provider of residential mortgages in the UK. In 1989 the mortgage book grew by more than 40% to approximately £650m in a year of intense competition in the industry. The company generated profits before the cost of shareholders' funds and we expect it to achieve net profits in 1990.

£m 31 December	1989*	1988
Interest Margin	4.7	1.1
Profit Attributable to Shareholders	1.1	(0.7)
Net Assets	16.2	16.7

3 Air Call	7.9	806,902	3,129,667	6.6	UK 1982
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Early in 1989, Air Call concluded the sale of its communications division to Bell South and in late 1989 terms were agreed for the sale of the remaining medical services business to its management. The valuation of the holding reflects the cash proceeds to be received in early 1990.

£m 31 December	1988	1987
Sales	67.8	49.7
Net Profit	(2.9)	(1.7)
Net Assets	1.7	3.2

The Portfolio

	Percentage of equity	Cost £	Value at 31 Dec 89 £	Percentage of FACET's portfolio	Country and year of acquisition
4 F.&C. Buy-out Trusts	9.6	1,041,592	1,725,071	3.7	UK 1986

A unit trust established to invest in small and medium sized management buy-outs, primarily in the UK. The net asset value of the trust grew by 25% in the year.

£m 30 Jan	1989	1988
Net Profit	0.4	0.3
Net Assets	17.9	14.3

5 Porvair*	20.7	169,858	1,650,000	3.5	UK 1982
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Porvair develops, manufactures and markets microporous polymer products for a range of household and industrial markets. While the fall in profits for the year ended November 1989 was disappointing we believe the medium term outlook remains promising.

£m 30 November	1989*	1988
Sales	12.7	12.1
Net Profit	0.8	1.4
Net Assets	7.9	7.5

*Unaudited

6 Intermediate Capital Group	10.0	1,540,541	1,540,541	3.3	UK 1989
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An arranger and provider of intermediate or mezzanine finance to unquoted companies throughout Europe. The company was established early in 1989 and has made seven mezzanine investments with a total value of £60 million.

£m 31 December	1989*
Income	1.1
Net Profit	0.1
Net Assets	61.9

*Unaudited

7 Newspaper Publishing	2.4	245,450	1,227,250	2.6	UK 1986
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The publishing company which produces *The Independent*. In the year to September 1989 turnover increased by 41% and for the first time the company made substantial net profits. The company launched *The Independent on Sunday* in January 1990.

£m 30 September	1989	1988
Sales	61.9	44.0
Net Profit	3.3	(1.6)
Net Assets	15.7	12.4

8 Listed outside the UK
 9 USM

The Portfolio

	Percentage of equity	Cost £	Value at 31 Dec 89 £	Percentage of FACET's portfolio	Country and year of acquisition
8 Pountney Hill Holdings	8.0	124,702	1,208,647	2.6	UK 1985

Pountney Hill Holdings was established in 1989 as the holding company of a 50% interest in Foreign & Colonial Management, the other 50% being held by Hypo Bank as a consequence of its investment in the group in 1989. Funds under management have grown in the year to over £3 billion and operating profits increased sharply as a result of this growth.

£m 30 Jun	1989	1988
Net Profit	0.7	0.5
Net Assets	5.3	4.0

9 New Scotland	6.0	788,435	1,122,000	2.4	UK 1987
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New Scotland is a general insurance company formed through a management buy-in in 1987. The company has reported steadily improving performance since the buy-in and is expected to generate substantially increased profit and to report a significant rise in net asset value for the year ended December 1989.

£m 31 December	9 months to 30 Sep 1989*	1988
Earned Premiums	45.1	46.0
Net Profit	6.3	4.7
Net Assets	†	87.7

† Not reported
* Unaudited

10 American Distributors ⁴	3.0	772,323	1,061,549	2.2	USA 1987
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American Distributors is a wholesale distributor of tobaccos and other consumer products to retail outlets in the north-east of the United States. It has grown rapidly by acquisition in the last five years, and in November 1989 raised £7m in a placing to finance continuing expansion.

£m 31 December	6 months to 30 Jun 1989*	1988
Sales	115.5	103.1
Net Profit	2.0	2.3
Net Assets	†	6.3

† Not reported
* Unaudited

Total of ten largest investments	£11,854,874	£26,296,123	55.8
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⁴USM

The Portfolio

	Cost £	Value at 31 Dec 89 £	Percentage of FACET's portfolio	Country and year of acquisition
11 Space-Time Systems	828,959	1,038,959	2.2	UK 1982
A supplier of computerised box office systems and the operator of the First Call telephone booking service.				
12 Computacenter Maintenance	89,384	1,032,799	2.2	UK 1988
A company established in 1988 when the maintenance division of Computacenter Ltd was separately incorporated.				
13 Hill Leigh Group	998,389	998,389	2.1	UK 1989
A manufacturer of high quality joinery products and timber merchant.				
14 Essanelle Holdings	413,143	975,771	2.1	UK 1985
A manager of in-store hairdressing salons, principally in the UK and Germany.				
15 F&C Ventures Limited Partnership	875,000	875,000	1.8	UK 1988
A development capital fund established in 1988 and managed by Foreign & Colonial Ventures.				
16 Kunick Holdings*	348,583	870,000	1.8	UK 1984
A services and leisure group with interests in nursing homes and amusement machines.				
17 BNB Resources§	419,911	785,382	1.7	UK 1983
Formerly Charles Barker, a human resources and regional advertising group.				
18 Plasmon	750,000	750,000	1.6	UK 1987
A manufacturer of mass optical storage discs for the computer market.				
19 United Capitol Holdings	476,059	744,186	1.6	USA 1986
A property and casualty insurance company in the US.				
20 Alders Group	743,250	743,250	1.6	UK 1989
A group combining the world's second largest duty free retailer with a UK department store business.				

*USM
§Listed in the UK

The Portfolio

	Cost £	Value at 31 Dec 89 £	Percentage of FACET's portfolio	Country and year of acquisition
21 Maritime Transport Services	735,000	734,835	1.5	UK 1989
The buy-out in 1989 of the new container port on the Isle of Grain.				
22 Reedpack	693,600	693,600	1.5	UK 1988
A buy-out from Reed International of their paper, packaging and office supplies activities.				
23 Cumberland Health	680,122	691,377	1.5	USA 1987
A psychiatric and acute care hospital management company.				
24 Technophone	281,900	653,450	1.4	UK 1984
Technophone designs and produces portable telephones for the rapidly growing cellular networks around the world.				
25 Stewart Underwriting	600,000	600,000	1.3	UK 1988
Formerly River Clyde, a Lloyd's underwriting and members' agency.				
26 Technitron	580,000	580,000	1.2	UK 1986
A distributor of computer peripherals, communications equipment and instrumentation components				
27 Foodtrends	564,766	564,766	1.2	UK 1984
A company established to build up a group of European speciality food businesses.				
28 American Electronic Components	581,342	564,341	1.2	USA 1989
A buy-out from Williams Holdings of a manufacturer of components for the US motor industry.				
29 Golden Era Services	665,341	563,814	1.2	USA 1986
A funeral homes group servicing the Southern States of the USA.				
30 Art Group	559,999	559,999	1.2	UK 1987
A publisher, wholesaler and retailer of fine art posters.				
Total of thirty largest investments	£23,739,622	£41,316,041	87.7	

The Portfolio

	Cost £	Value at 31 Dec 89 £	Percentage of FACET's portfolio	Country and year of acquisition
31 Kingsgrange§	213,647	520,498	1.1	UK 1983
32 Chalcon	500,000	500,000	1.1	UK 1989
33 Sun Electric§	510,043	500,000	1.1	USA 1988
34 Envoy Corporation	355,298	475,763	1.0	USA 1983
35 Chemoxy International§	69,750	474,300	1.0	UK 1984
36 Mid States ³	458,204	421,547	0.9	USA 1989
37 Assembly & Automation (Electronics)	280,400	420,000	0.9	UK 1983
38 Causeway Equipment Finance Company	360,000	360,000	0.8	UK 1989
39 First Sun Capital	278,522	317,386	0.7	USA 1988
40 Orient Capital Trust	269,427	313,358	0.7	Japan 1984
41 Au Bon Pain	284,900	267,907	0.6	USA 1984
42 Sky Television	204,974	210,388	0.4	UK 1982
43 Olicom	138,188	180,344	0.4	Denmark 1985
44 Merrett	184,786	162,000	0.3	UK 1981
Other investments individually valued at less than £150,000	1,516,058	659,615	1.3	
Total of FACET's Portfolio	£29,363,819	£47,099,147	100.0	

§ Listed in the USA
 § Listed in the UK
³ Third Market

Portfolio Analysis

	Cost £	Value at 31 Dec 89 £	Percentage of FACET's portfolio
UK Unquoted	20,971,565	34,652,683	73.6
UK Quoted	2,263,341	6,025,251	12.8
Total UK	£23,234,904	£40,677,934	86.4
US Unquoted	3,870,400	3,834,085	8.1
US Quoted	1,740,570	1,983,096	4.2
Total US	£5,610,970	£5,817,181	12.4
Europe and Japan	517,945	604,032	1.3
Total of FACET's Portfolio	£29,363,819	£47,099,147	100.0

A N N U A L R E P O R T F O R T H E Y E A R E N D E D 3 1 D E C E M B E R 1 9 8 9

Report of the Directors FOR THE YEAR ENDED 31 DECEMBER 1989
STATUS OF COMPANY

The company is an investment company as defined by Section 266 of the Companies Act 1985.

During the year under review the company carried on the business of an investment trust and has since conducted its affairs so as to continue to qualify as such under the provisions of 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 was for the year ended 31 December 1988.

The close company provisions of the Income and Corporation Taxes Act 1988, as amended, do not apply to the company.

Note 1 to the accounts states the accounting policies adopted.

RESULTS AND DIVIDEND

Net revenue for the year available for distribution	£150,849
Proposed dividend of 0.16p per share payable on 19 April 1990	£139,207
Amount set aside to reserves	£11,642

CAPITAL

On 30 April 1989, in accordance with the terms of issue, twenty holders of 9,500 original warrants (1981 issue) and twenty-two holders of 2,597 Series 'B' warrants (1983 issue) exercised their right to subscribe for a total of 12,097 ordinary shares at the fixed subscription price of 20p and 31p per share respectively. During the year the company purchased for cancellation a total of 485,000 original warrants (1981 issue) at prices ranging between 13p and 18p.

A notice reminding both classes of warrant holders of their subscription rights is sent each year towards the end of March.

REVIEW OF THE BUSINESS

A review of the company's activities is given in the Chairman's Statement on pages 3 to 5 and in the Manager's Review on pages 7 to 10.

LOANS

At 31 December 1989 unsecured currency loans totalled £6,600,000 and US\$3,450,000. Further details of the company's borrowings under uncommitted bank facilities are given in note 11 to the accounts.

As a result of changes in the company's borrowings since the year end, outstanding loans at 15 February 1990 totalled £5,350,000 and US\$3,950,000.

DIRECTORS

The directors of the company, all of whom held office throughout the year under review, are listed on page 6. The directors retiring by rotation are Mr P. L. Burton and the Hon. J. J. Nelson, who, being eligible, offer themselves for re-election.

Report of the Directors CONTINUED

The beneficial interests of the directors in the share capital of the company were as follows:

	Ordinary Shares		Warrants (1981 issue)		Series B Warrants (1983 issue)	
	31 Dec 89	31 Dec 88	31 Dec 89	31 Dec 88	31 Dec 89	31 Dec 88
A. C. Barker			180,000	180,000		
P. L. Burton	17,330	17,330	1,000	1,000	733	733
P. A. M. Curry	43,330	43,330	2,500	2,500	1,833	1,833
R. C. M. Hall	15,990	15,990				
J. J. Nelson	1,730	1,730	275,100	275,100	140,073	140,073
J. R. Schlater			120,000	120,000		
C. J. Weston	5,000					

There has been no change in the above shareholdings since the end of the financial year and no director held any interest in the capital other than shown above.

MANAGEMENT

Foreign & Colonial Ventures Limited, which is a wholly owned subsidiary of Foreign & Colonial Management Limited and a member of the Investment Management Regulatory Organisation Limited (IMRO), provides investment management and general administrative services to the company for a quarterly fee payable in arrears equal to a $\frac{1}{4}$ % of the value of funds under management (as defined in the management agreement). This agreement can be terminated by either party giving not less than three years' notice.

Mr A. C. Barker and the Hon. J. J. Nelson are directors of Foreign & Colonial Ventures Limited and Foreign & Colonial Management Limited. They both have continuing three-year service contracts with the latter company.

On 27 July 1989 the company issued a circular to shareholders and warrant holders concerning the disposal by the investment trust companies in the Foreign & Colonial Management Group of a 50% interest in Foreign & Colonial Management Limited to Bayerische Hypotheken-und Wechsel-Bank AG ("Hypo Bank") one of the largest private sector commercial banks in Germany. The company now owns 8% of the issued share capital of Pountney Hill Holdings Limited which owns 50% of the issued share capital of Hypo Foreign & Colonial Management (Holdings) Limited ("Holdings") which in turn owns the whole of the issued share capital of Foreign & Colonial Management Limited. The other 50% of the issued share capital of Holdings is owned by a wholly-owned subsidiary of Hypo Bank.

Other than the agreements referred to above, no contracts in which any director of the company was materially interested and which were significant in relation to the company's business have existed at any time during the year.

SUBSTANTIAL SHARE INTERESTS

At 15 February 1990 the company had received notification of the following holdings of 5% or more of its issued share capital.

- The Equitable Life Assurance Society 17,675,000 ordinary shares (20.3%)
- Sun Life Assurance Society PLC 8,258,310 ordinary shares (9.5%)
- The Foreign and Colonial Investment Trust PLC 7,867,250 ordinary shares (9%)

AUTHORITY TO ALLOT SHARES

Resolution No. 5 set out in the Notice of Meeting on page 31 gives the directors until 17 April 1995 general and unconditional authority in accordance with Section 80 of the Companies Act, 1985 to allot 'relevant securities' up to an aggregate nominal amount of £3,299,565.40 (being the present authorised but unissued share capital of the company). Resolution No. 6 set out in such notice of meeting disappplies, pursuant to Section 95 of the Companies Act 1985, the pre-emption rights set out in Section 89(1) of that Act (which would otherwise require your board, on the issue of 'equity securities' for cash to offer those securities to existing shareholders before they are allotted) to the limited extent stated in the resolution. Such rights are disappplied by the resolution until the conclusion of the annual general meeting in 1991.

CHARITABLE DONATIONS

The company has a covenant with Charities Aid Foundation for £1,000 per annum.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution re-appointing them and authorising the directors to fix their remuneration will be submitted at the annual general meeting.

By order of the board,
 Foreign & Colonial Management Limited,
 Secretary

15 February 1990

Revenue Account

FOR THE YEAR ENDED 31 DECEMBER		1989		1988	
	Notes	£	£	£	£
Dividends and interest on investments	2				
Franked			666,369		425,554
Unfranked			952,683		959,808
			1,619,052		1,385,362
Interest on deposits			34,015		15,402
			1,653,067		1,400,764
Underwriting commission			78,570		6,517
Total revenue			1,731,637		1,407,281
Interest payable and similar charges	3		973,298		690,365
Net revenue after interest payable			758,339		716,916
Expenses					
Management fee	4	415,807		384,123	
General Expenses		98,921		136,581	
Directors' fees	5	44,000		44,000	
Auditors' remuneration		8,165		7,523	
			566,893		572,227
Net revenue on ordinary activities before taxation			191,446		144,689
Taxation	6		40,597		33,459
Net revenue available for distribution			150,849		111,230
Proposed ordinary dividend of 0.16p (1988 – 0.14p)			139,207		121,789
Amount transferred to/(from) reserves	14		11,642		(10,559)
Earnings per share	8		0.17p		0.13p

Balance Sheet

AT 31 DECEMBER		1989		1988	
	Notes	£	£	£	£
Fixed assets					
Investments	7				
Listed in Great Britain		1,780,180		5,266,000	
Listed outside Great Britain		2,225,071		2,285,938	
Unlisted at Directors' valuation		4,005,251		7,551,938	
		43,093,896		34,121,984	
			47,099,147		41,673,922
Current assets					
Debtors	9	290,770		2,558,822	
Cash at bank		1,037		377	
Short term deposits		1,706,445		240,131	
Taxation recoverable		152,263		226,769	
		2,150,515		3,026,099	
Current liabilities					
Creditors: amounts falling due within one year	10	1,074,919		2,707,453	
Net current assets			1,075,596		318,646
Total assets less current liabilities			48,174,743		41,992,568
Foreign currency and sterling loans	11		8,739,535		8,519,337
			39,435,208		33,473,231
Capital and reserves					
Called up share capital	12		8,700,435		8,699,225
Capital reserve	13		30,382,322		24,433,197
Revenue reserve	14		352,451		340,809
			39,435,208		33,473,231

Approved by the board on 15 February 1990

John Sclater }
James Nelson } Directors

John Sclater
James Nelson

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Statement of Source and Application of Funds

FOR THE YEAR ENDED 31 DECEMBER

	1989	1988
	£	£
Source of Funds		
Derived from revenue (net)		
Revenue from ordinary activities before taxation	191,446	144,689
Dividend paid during year	(121,789)	(113,085)
Taxation recovered/(suffered)	33,909	(948)
	103,566	30,656
Derived from capital		
Disposal of investments	19,625,442	18,831,481
Realised currency (loss)/gain	(156,971)	208,021
Issue of shares for cash on exercise of warrants	2,705	821
Net loans raised	209,806	5,704,871
Net (payments)/receipts of a capital nature	(50,247)	43,291
	19,734,301	24,819,164
Application of funds for investment		
Purchase of investments	18,885,427	24,738,171
Increase in liquidity	848,874	80,990
Represented by:		
(Decrease)/increase in debtors	(2,268,052)	2,246,384
Decrease/(increase) in creditors	1,649,952	(1,996,082)
	(618,100)	250,302
Movement in net liquid funds		
Increase/(decrease) in bank balances	660	(7,372)
Increase/(decrease) in short term deposits	1,466,314	(161,940)
	848,874	80,990

Notes to the Accounts

1. ACCOUNTING POLICIES

The accounts have been prepared on the historical cost basis of accounting, modified to include fixed asset investments at valuation. As an investment company the trust treats all transactions on the realisation and revaluation of all investments as transactions on capital account. These items, whether profits or losses, are not part of and are not reflected in the revenue account of the year but are credited or charged to capital reserve.

Dividends and interest received from investments are credited to revenue, on the due payment dates, without making any adjustments for amounts accrued at the dates of purchase and sale of the securities.

Franked investment income includes the imputed tax credit relating to dividends receivable and this tax has been written off within the taxation charge.

Listed investments are shown at middle market value and unlisted investments at directors' valuation. Any surplus or deficit of value over cost on investments is shown as unrealised.

Foreign currency assets and liabilities are expressed in sterling at rates of exchange ruling at the balance sheet date.

2. DIVIDENDS AND INTEREST ON INVESTMENTS

	1989			1988		
	Franked £	Unfranked £	Total £	Franked £	Unfranked £	Total £
Dividends						
Listed	79,117	2,758	81,875	245,548	7,176	252,724
Unlisted	587,252		587,252	180,006	780	180,786
Interest						
Listed	---	339,348	339,348	-	659,528	659,528
Unlisted	-	610,577	610,577	-	292,324	292,324
	£666,369	£952,683	£1,619,052	£425,554	£959,808	£1,385,362

Investment income shown above includes interest received on certain Fixed Interest Stocks of £339,348 (1988 - £659,528). The interest accruing on such stocks during the period amounted to £30,681 (1988 - £64,479).

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1989 £	1988 £
Foreign currency and sterling loans	971,495	682,223
Other	1,803	8,142
	£973,298	£690,365

All the above interest arises on loans repayable within five years.

4. MANAGEMENT EXPENSES - STAFF COSTS

The company does not directly employ any staff (see Report of the Directors for details of the company's management and administration agreement).

5. DIRECTORS' FEES

The Chairman, who was also the highest paid director, received £8,000 (1988 - £8,000). All the other directors received between £5,000 and £10,000 (1988 - All other directors received between £5,000 and £10,000).

Two of the directors of the company who held office during the year were also directors of Foreign & Colonial Management Limited and Foreign & Colonial Ventures Limited, which provided management services to the company for a fee of £415,807 (1988 - £384,123). These two directors both assigned their fees, one to Foreign & Colonial Management Limited and the other to Foreign & Colonial Ventures Limited. The assigned fees totalled £12,000 (1988 - £12,000).

Notes to the Accounts

6. TAXATION	1989	1988
	£	£
Overseas tax		116
Imputed credit on franked income	40,597	33,343
	£40,597	£33,459

Advance Corporation Tax of £46,402 on the proposed ordinary dividend is expected to be recovered against tax credits on franked income received in 1990.

7. INVESTMENTS	Valuation	Cost
	£	£
At 1 January 1989	41,673,922	32,396,848
Purchases	18,885,427	18,885,427
Disposals, including investments written off	(19,625,442)	(21,918,456)
Net loss on disposal of investments, including investments written off	(2,293,014)	—
Increase in unrealised surplus on investments	8,458,254	—
At 31 December 1989	£47,099,147	£29,363,819

The company held 10% or more of the equity of the following companies.

Company	Country of incorporation	Class and number of shares held	Percentage of class held
Art Group	UK	700 'B' ordinary shares of £1 186,666 'B' redeemable preference shares of £1	18.7 18.7
Causeway Equipment Finance Company	UK	22,500 'C' ordinary shares of £1	12.1
Chalcon	UK	14,975 'A' ordinary shares of 5p 400,000 8% preference shares of £1	33.3 33.3
Computacenter	UK	7,892,430 ordinary shares of 5p	11.1
Computacenter Maintenance	UK	140,326 ordinary shares of £1	11.1
Essanelle Holdings	Bermuda	81,314 'B' ordinary shares of £1 325,259 redeemable preference shares of £1	10.2 20.3
First Mortgage Securities	UK	135,000 ordinary shares of 25p	20.0
Hill Leigh	UK	32,389 'B' ordinary shares of £1 966,000 preference shares of 50p	13.5 14.0
Intermediate Capital Group	UK	748,874 convertible ordinary shares of 25p	10.7
Plasmon	UK	300,000 ordinary shares of £1	10.3
Porvair	UK	2,500,000 ordinary shares of 2p	20.3
Space-Time Systems	UK	408,735 ordinary shares of £1 93,392 'A' ordinary shares of £1 63,950 'B' ordinary shares of 25p	30.0 23.0 32.0

8. EARNINGS AND NET ASSETS PER SHARE

The earnings per share are calculated on the net basis on distributable earnings of £150,849 (1988 £111,230) and on 87,004,346 ordinary shares in issue at the year end (1988 86,992,246). The fully diluted earnings per share is 0.16p (1988 0.12p) based on 94,848,337 shares (1988 95,333,337).

The net asset value per share is 45.3p (1988 38.5p) based on net assets of £39,435,208 (1988 £33,473,231). The fully diluted net asset value per share is 41.6p (1988 35.1p).

9. DEBTORS

	1989	1988
	£	£
Investment debtors	250,000	2,438,801
Prepayments and accrued income	29,024	120,021
Other debtors	11,746	-
	£290,770	£2,558,822

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1989	1988
	£	£
Accruals	254,977	258,334
Investment creditors	71,170	1,039,205
Short term bank borrowing	299,422	1,270,718
Other creditors	310,143	17,407
Dividend payable on ordinary shares	139,207	121,789
	£1,074,919	£2,707,453

11. LOANS

	1989	1988
	£	£
£250,000 at 11 $\frac{1}{2}$ % repaid January 1989		250,000
£125,000 at 11% repaid January 1989		125,000
£3,000,000 at 3 $\frac{3}{8}$ % repaid January 1989		3,000,000
£500,000 at 11 $\frac{3}{8}$ % repaid February 1989		500,000
£500,000 at 11 $\frac{1}{2}$ % repaid February 1989		500,000
£250,000 at 11 $\frac{3}{8}$ % repaid February 1989		250,000
£375,000 at 12 $\frac{1}{2}$ % repaid March 1989		375,000
£250,000 at 12 $\frac{1}{2}$ % repaid March 1989		250,000
US\$1,150,000 at 9 $\frac{3}{8}$ % repaid March 1989		635,359
US\$1,200,000 at 9 $\frac{3}{8}$ % repaid March 1989		662,983
£250,000 at 12 $\frac{1}{2}$ % repaid March 1989		250,000
£375,000 at 12 $\frac{1}{2}$ % repaid May 1989		375,000
£250,000 at 13% repaid June 1989		250,000
US\$400,000 at 9 $\frac{3}{8}$ % repaid June 1989		220,995
£875,000 at 13 $\frac{1}{2}$ % repaid June 1989		875,000
£875,000 at 14% repayable January 1990	875,000	
£500,000 at 13 $\frac{3}{8}$ % repayable January 1990	500,000	
£1,300,000 at 15 $\frac{3}{8}$ % repayable January 1990	1,300,000	
£375,000 at 13 $\frac{3}{8}$ % repayable January 1990	375,000	
US\$2,250,000 at 9% repayable January 1990	1,395,349	
US\$1,200,000 at 9 $\frac{3}{8}$ % repayable January 1990	744,186	
£125,000 at 14% repayable February 1990	125,000	
£500,000 at 13 $\frac{3}{8}$ % repayable February 1990	500,000	
£250,000 at 14 $\frac{1}{2}$ % repayable February 1990	250,000	
£500,000 at 14 $\frac{1}{2}$ % repayable March 1990	500,000	
£250,000 at 14 $\frac{1}{2}$ % repayable March 1990	250,000	
£250,000 at 15 $\frac{1}{2}$ % repayable June 1990	250,000	
£1,675,000 at 15 $\frac{1}{2}$ % repayable June 1990	1,675,000	
	£8,739,535	£8,519,337

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Notes to the Accounts

12. SHARE CAPITAL

	1989 £	1988 £
Authorised 120,000,000 (1988 same) ordinary shares of 10p	£12,000,000	£12,000,000
Called up 87,004,346 (1988 86,992,249) ordinary shares of 10p	£8,700,435	£8,699,225

On 30 April 1989 a total of 9,500 ordinary shares of 10p each were allotted fully paid at 20p per share in satisfaction of the exercise of subscription rights attaching to the original warrants. As at 31 December 1989, 4,230,311 original warrants were outstanding

On the same date a total of 2,597 ordinary shares of 10p each were allotted fully paid at 31p per share in satisfaction of subscription rights attaching to the 'B' warrants. As at 31 December 1989, 3,613,680 'B' warrants were outstanding.

Warrant holders have the right to subscribe for one ordinary share per warrant at 20p in cash for the original warrants and 31p in cash for the 'B' warrants on 30 April 1990 or 30 April 1991.

13. CAPITAL RESERVE

	1989 £	1988 £
Balance at 1 January	24,433,197	22,221,054
Share premium on issue of ordinary shares	1,495	446
Net (payments)/receipts of a capital nature	(50,247)	43,299
Net surplus/(deficit) on realisation of investments (including investments written off)		
Listed investments	1,447,306	(533,336)
Unlisted investments	(3,740,320)	(128,703)
Revaluation of foreign currency balances	(167,363)	132,291
Increase in unrealised surplus on investments (see below)	8,458,254	2,698,100
Balance at 31 December	£30,382,322	£24,433,197
Representing:		
Share premium	11,834,503	11,833,008
Capital reserve	812,491	3,323,115
Unrealised surplus on investments (see below)		
Listed investments	1,750,308	2,343,238
Unlisted investments	15,985,020	6,933,836
	£30,382,322	£24,433,197

The unrealised surplus on investments of £17,735,328 (1988: £9,277,074) represents the difference between the valuation of investments at 31 December 1989 £47,099,147 (1988 £41,673,922) and the cost of those investments £29,363,819 (1988 £32,396,848).

14. REVENUE RESERVE

	1989 £	1988 £
Balance at 1 January	340,809	351,368
Balance transferred from/(to) revenue account	11,642	(10,559)
Balance at 31 December	£352,451	£340,809

15. UNCALLED LIABILITIES ON INVESTMENTS

Uncalled liabilities amount to £9,202,209 (1988 - £1,921,693).

The liabilities at 31 December 1989 represent commitments to the following portfolio companies:

	£
Charterhouse European Fund	4,143,750
Intermediate Capital Group	3,209,459
F. & C. Ventures Limited Partnership	875,000
Causeway Equipment Finance Company	600,000
New Scotland	374,000
	£9,202,209

Auditors' Report

To the Members of F. & C. Enterprise Trust PLC

We have audited the financial statements on pages 22 to 29 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1989 and of the result of the company's operations and of its source and application of funds for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
15 February 1990



Southwark Towers
32 London Bridge Street
London SE1 9SY

Sector Analysis AT 31 DECEMBER 1989

	UK		USA		Other		1989 Total		1988 Total	
	Q	U	Q	U	Q	U	Q	U	Q	U
	%	%	%	%	%	%	%	%	%	%
Advertising and recruitment	1.7						1.7		2.1	
Biotechnology		0.2						0.2	0.1	0.4
Building materials		2.1						2.1		
Chemicals	1.0						1.0		1.3	
Communications and office equipment		24.6						24.6		20.7
Computer services and software		2.2						2.2	1.3	3.5
Consumer goods manufacturing	1.1	1.2		0.1		0.4	1.1	1.7	1.6	2.9
Consumer services		2.1		2.2				4.3		2.9
Distribution		1.5	3.1				3.1	1.5		1.5
Electronics		2.5	1.1	1.2			1.1	3.7	1.2	5.3
Engineering									4.6	0.3
Finance		19.0		0.7				19.7	0.5	13.4
Health care and pharmaceuticals				1.5				1.5	0.7	1.9
Holding companies										1.8
Industrial materials	3.5						3.5		7.1	
Industrial services		1.1						1.1	2.0	
Insurance		4.0		1.6				5.6		5.1
Leisure	1.8	2.7					1.8	2.7	2.6	2.3
Newspapers and publishing		3.8						3.8		2.7
Natural resources									1.4	
Paper and packaging		1.5						1.5		1.7
Property										0.2
Retailing		1.8		0.6				2.4		1.3
Transport		1.5						1.5		
Venture capital	3.6	1.9		0.3		0.8	3.7	2.9	3.8	2.0
	12.7	73.7	4.2	8.2		1.2	17.0	83.0	30.3	69.7
Total portfolio		86.4%		12.4%		1.2%		100.0%		
1988 Total		83.3%		15.5%		1.2%				100.0%

Q Quoted investments, which include both listed investments and those traded on other organised markets.

U Unquoted investments.

Note: The value of convertible securities is £1,770,089 or 3.8% of the portfolio. The value of fixed income securities is £3,914,033 or 8.3% of the portfolio.

Historical Record

Year ended 31 Dec	Earnings per share P	Dividends per share P	Net asset value per share P	Mid-market price per share P	Total assets less current liabilities £
1989	0.17	0.16	45.3	30.5	48,174,743
1988	0.13	0.14	38.5	28.5	41,992,568
1987	0.20	0.13	36.0	25.5	34,010,036
1986	0.21	0.12	33.0	23.5	30,670,996
1985	0.18	0.11	29.2	22.5	26,396,072
1984	0.19	0.10	34.0	31.0	29,606,225
1983	0.15	0.09	33.3	35.0	28,932,968
1982	0.14	0.08	23.6	23.0	11,814,436
1981†	0.13	0.04*	18.5	19.0	9,250,563

† 10.81 p. 10 new for every 15 existing ordinary shares.
from 29.6.81.

* Includes special dividend 0.092p.

TAX ON CAPITAL GAINS

The market valuation of the company's ordinary shares at 31 March 1982 was 16p. The market valuation of the original warrants at that date was 6p.

Notice of Meeting

Notice is hereby given that the ninth Annual General Meeting of F. & C. Enterprise Trust PLC will be held at the registered office of the company, 1 Laurence Pountney Hill, London EC4R 0BA on 18 April 1990 at 2.15 p.m. for the following purposes:

To receive and adopt the directors' report and accounts for the year ended 31 December 1989.

To declare a dividend on the ordinary shares.

To re-elect the following directors:

- a) Mr P. L. Burton
- b) The Hon. J. J. Nelson

To re-appoint the auditors and authorise the directors to fix their remuneration.

Special Business

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That:

- a) the directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ('the Act') to exercise all the powers of the company to allot relevant securities up to an aggregate nominal amount of £3,299,565.40 for a period of five years from the date of the passing of this resolution but so that this authority:
 - i) shall allow the company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and
 - ii) shall replace the existing like authority which is hereby revoked with immediate effect;

Notice of Meeting CONTINUED

Words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.

To consider and, if thought fit, pass the following resolution as a special resolution:

That, subject to the passing of Resolution No. 5 set out above:

the directors be and they are hereby empowered, pursuant to section 95 of the Companies Act 1985 ('the Act'), to allot equity securities pursuant to the authority given in accordance with section 80 of the Act by the said Resolution No. 5 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (i) during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the company in 1991 but so that this power shall enable the company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power;
- (ii) in connection with an offer of securities, open for acceptance for a period fixed by the directors, by way of rights to holders of ordinary shares and (if applicable) holders of warrants to subscribe ordinary shares of the company in proportion (as nearly as may be) to their holdings on a record date fixed by the directors (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever); and
- (iii) (otherwise than pursuant to sub-paragraph (ii) above or on the exercise of subscription rights represented by warrants to subscribe ordinary shares of the company) up to an aggregate nominal amount of £435,000 and so that this paragraph (iii) shall extend to equity securities which by their terms do not require to be paid up whether on issue thereof or at any other time;

Words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.

Foreign & Colonial Management Limited
Secretary

By order of the board
27 March 1990

NOTES:

Only the holders of ordinary shares are entitled to attend and vote or to be represented at the meeting. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and (on a poll) vote instead of him. A proxy need not also be a member of the company. A form of proxy for use by ordinary shareholders is enclosed with this annual report. To be valid, instruments of proxy for use at the above meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power of authority, must be deposited at the company's registrars, The Royal Bank of Scotland plc, Registrar's Department, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR, not less than 48 hours before the time fixed for the meeting.

The register of directors' holdings and the company's articles of association are available for inspection at the company's registered office during normal business hours on any weekday.

No director has any contract of service with the company.

The proposed dividend for the year ended 31 December 1989 will, if approved, be paid on 19 April 1990 to ordinary shareholders registered as members on 16 March 1990.