PERSONAL ASSETS TRUST PLC

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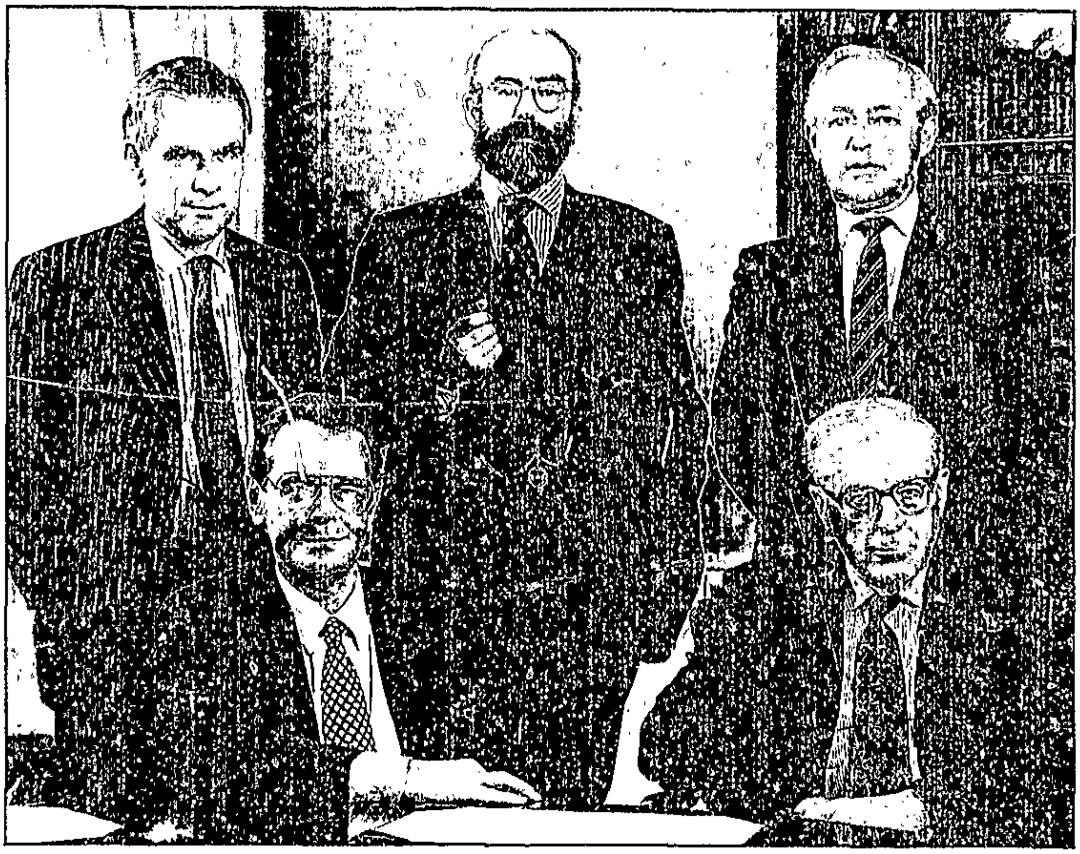
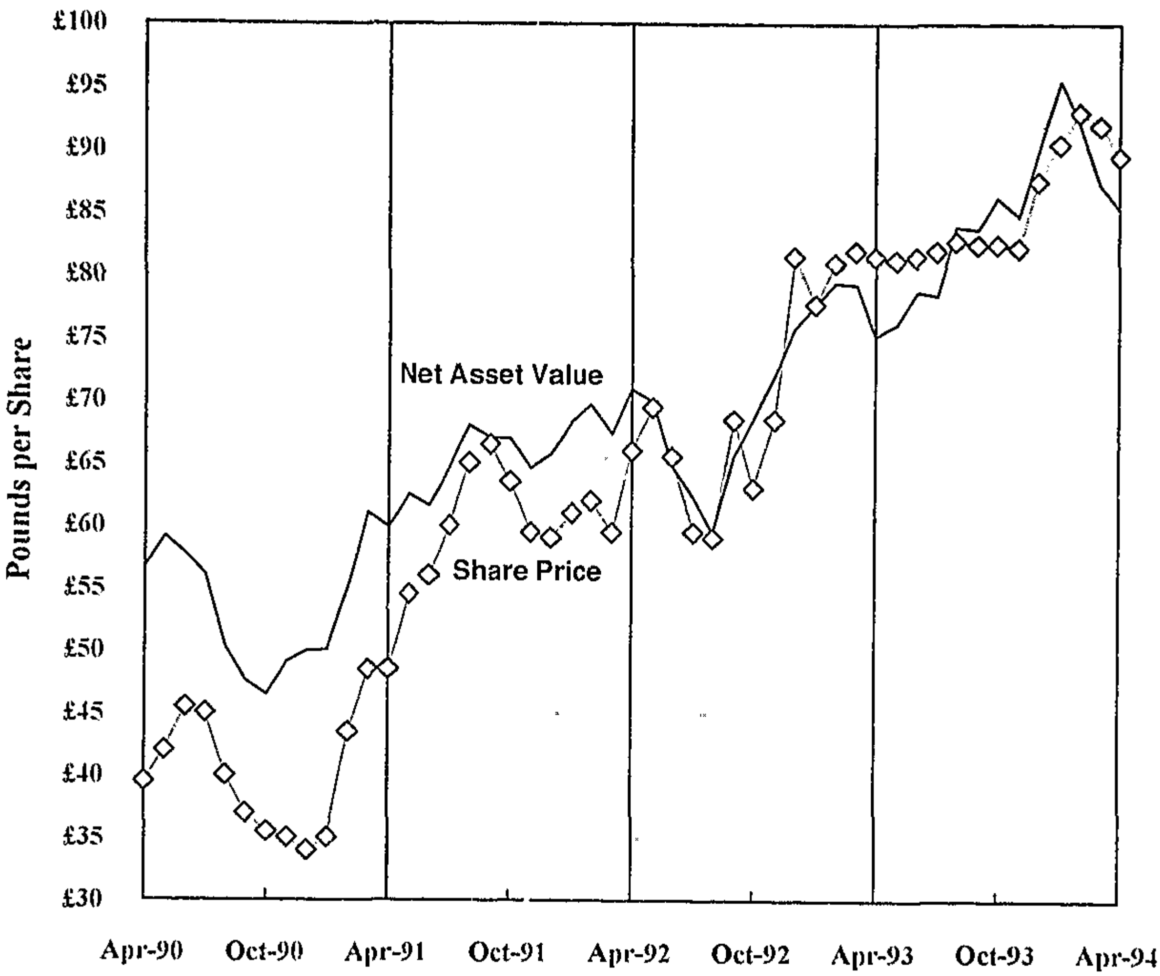
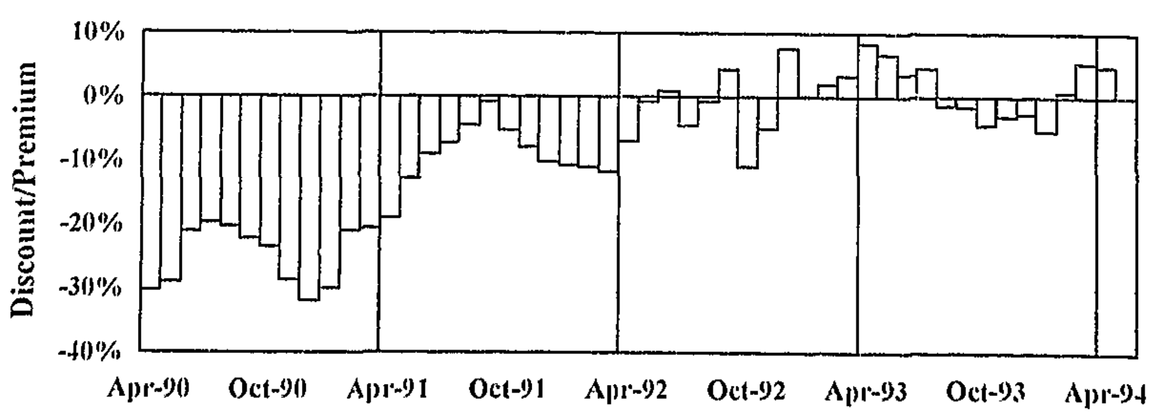


ANNUAL REPORT AND ACCOUNTS 30 APRIL 1994

CAPITAL PERFORMANCE OVER LAST FOUR YEARS



SHARE PRICE DISCOUNT/PREMIUM TO NET ASSET VALUE



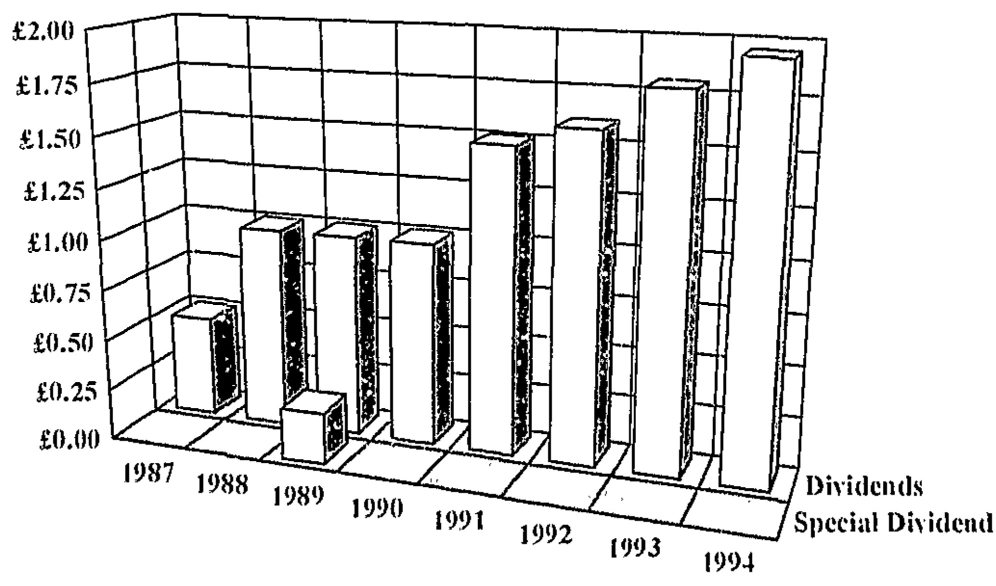
ABOUT YOUR COMPANY

Personal Assets Trust is what its name implies. It is an investment trust run for individual investors who may wish to commit to it a significant proportion of their capital. It differs from other investment trusts in that its activities are defined not by any particular portfolio specialism or investment method, but by a desire to satisfy the investment requirements of its shareholders.

Small and flexible, Personal Assets is free from the constraints of size faced by large general trusts, the restrictions of policy of specialist investment trusts, or the complex capital structures of many new investment trusts. Furthermore, having been established specifically to cater for the needs of individual investors it is free from the necessity of having to take account of the differing and often conflicting objectives of investing institutions. Your Company is run not by an investment management firm but by its Board. The directors and their families together own 31% of the share capital of the Company and we run Personal Assets for people like ourselves.

Our aim is to protect and to increase the value of our shareholders' funds over the long term through successful equity investment and to achieve as high a total return as is possible given our disinclination to expose our money and yours to a level of risk significantly greater than that of investing in the FT-SE-A All-Share Index. We seek also to provide tax-efficient and cost-effective ways for shareholders to invest in the Company and to ensure (so far as is within the Board's power) that the Company's shares do not sell at a discount to their underlying net asset value.

DIVIDEND RECORD



CORPORATE INFORMATION

BOARD OF DIRECTORS

R B Anderson (Chairman)
R J Angus
J M G Hamilton-Sharp
I F Rushbrook
R P White

REGISTRARS

Bank of Scotland
Apex House
9 Haddington Place
Edinburgh EH7 4AL
Tel: 031-442 7777

SECRETARY

G J Neilly, BCom, CA
Ivory & Sime plc
One Charlotte Square
Edinburgh EH2 4DZ
Tel: 031-225 1357

BANKERS

Bank of Scotland
The Mound
Edinburgh EH1 1YZ

The Bank of New York
67 Broad Street
New York, USA

INVESTMENT MANAGER

I F Rushbrook
10(A) St Colme Street
Edinburgh EH3 6AA
Tel: 031-225 1357

SOLICITORS

Shepherd & Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ET

AUDITORS

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

STOCKBROKERS

Cazenove & Co
Tokenhouse Yard
London EC2R 7AN

REGISTERED OFFICE

One Charlotte Square
Edinburgh EH2 4DZ

BOARD OF DIRECTORS

Dick Anderson, Chairman of Personal Assets, was formerly senior partner of Arthur Young, Chartered Accountants, in Edinburgh. During his professional career he was personally responsible for the annual audits of many investment trust companies.

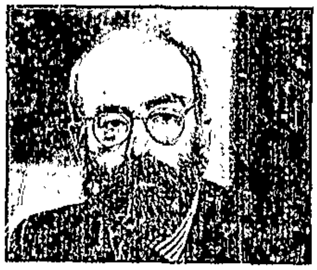
R B Anderson (71)

Ian Rushbrook, Investment Director of Personal Assets, has been responsible for the management of investment trusts for over 25 years. His other directorships include Ivory & Sime and London American Ventures Trust.

I F Rushbrook (53)

Robin Angus is a senior investment trust analyst at NatWest Securities, in Edinburgh. His annual review of investment trust companies is keenly read, not only as an authoritative and stimulating, but also as an entertaining insight into the industry. He is also a consultant to Personal Assets.

R J Angus (41)



Martin Hamilton-Sharp has worked in the City of London for over 30 years and has been an investment manager with Equitable Life since 1968. He is responsible for Equitable Life's investment trust portfolio, valued at over £600 million. His other directorships include Exmoor Dual Investment Trust.

J M G Hamilton-Sharp (51)

Bobby White, after qualifying as a chartered accountant, spent his working life in stockbroking. He was for many years a partner in Wood Mackenzie and later, following ownership changes, was a director of Robert White & Company and Bell Lawrie White.

R P White (58)

CHAIRMAN'S STATEMENT

Over the year to 30 April 1994 Personal Assets' net asset value per share rose by 13.5% compared with a rise of 13.8% in our benchmark, the FT-SE-A All-Share Index. Our share price rose by 9.8%. These are unexciting short-term figures, but as explained in the Management Report we measure ourselves as long-term investors. Over the three and a half years since 31 October 1990 during which the Board has been managing the Company our net asset value per share has grown by 84% and our share price by 152% compared with the FT-SE-A All-Share's 59%, and it is in this context that the year's figures should be seen.

Dividends totalling £1.95 net per share for the year were declared, an increase of 8.3% over last year and a 95% rise in total since the Board took over the management of the Company in 1990. In 1995 we intend to declare dividends totalling £2 net per share, exactly double the 1990 rate.

Last year I wrote that the Board was tackling the question of costs. We are working on this in two ways. The first is to offset some, at least, of our costs through consultancy and other revenues derived from our wholly-owned subsidiary, The Edinburgh Agency Limited. Here we have made good progress in securing a recurring stream of fee income which will, we hope, be augmented in the years to come.

But this does not free us from the necessity of trying to cut the actual amount of your money we spend. While we are pleased with the success of our zero-cost Investment Plans (103 PEPs were taken out during 1993-94) we are concerned about the number of small savers who took out Monthly Investment Plans before the 1993 share consolidation, often for sums as low as £20 per month compared with the current minimum of £500 per month for new Plans. These old Plans are as costly to your Company to run as they must be frustrating for those who save through them, since it may take up to five months for sufficient money to accumulate to buy a single share. I shall be writing to such savers concerning these Plans later in the year.

On a related matter, the Board has responded to the wishes of shareholders whose holdings in the Company are small but who have been discouraged from selling their shares by the cost of doing so, by establishing a scheme whereby holders of 10 shares or fewer may sell their shares at no cost. There are 67 shareholders who have already taken advantage of this scheme, and details of it are available from the Company Secretary.

To end on a note of genuine personal pleasure to me, in February 1994 we were delighted to welcome Bobby White to the Board. Bobby was apprenticed to me when he began his business life in chartered accountancy, before becoming a stockbroker, and we have known him well for many years. He recently retired as a Director of Bell, Lawrie, White & Co and his wide knowledge of equity investment in general and of the private client market in particular is already proving invaluable to us. I shall be proposing his re-appointment as a Director at the Annual General Meeting and I warmly commend him to you.

Richard B. Anderson Richard B. Anderson

Chairman

MANAGEMENT REPORT

How Personal Assets Is Managed

Personal Assets is run by its Board. The day-to-day management of the portfolio is the responsibility of Ian Rushbrook, the Investment Director, and Robin Angus is a consultant to the Company and works alongside Ian on a part-time basis. The full Board meets monthly, the Edinburgh-based directors meet informally at least once a week, and we take all major decisions collectively.

We are long-term investors and we measure our net asset value performance over rolling three-year periods against that of the FT-SE-A All-Share Index. The Board has now been managing the Company for more than three years and so we present here the first of what will be a series of yearly Management Reports on our performance.

This year we also set out the broad principles on which we run your money and ours. We regard our shareholders as our partners and one of our aims is to foster and strengthen this feeling of partnership. To that end we shall from now on be sending you informal Quarterly Reports in March and August, in addition to the Annual Report in May and the Interim Report in November.

How The Board Has Performed

This section is headed 'how the Board has performed' rather than 'how Personal Assets has performed' because investment performance, in bad periods as well as good, is our responsibility and we want you to be able to judge us accordingly. In future Management Reports we shall consider performance on a rolling three-year basis, but this year we look at our performance over the full three and a half years during which the Company has been independently managed.

Between 31 October 1990 and 30 April 1994 our net asset value per share (adjusting for the 1 for 100 consolidation of shares in 1993) grew from £46.44 to £85.34. This represents an increase of 84% overall, equivalent to an annual compound rate of 19%, and compares with 59% overall and 14% compound on the FT-SE-A All-Share Index. This is obviously a strong outperformance of our benchmark. Most of it was achieved, however, in the first eighteen months during which the Board was managing the trust, and over the subsequent two years our net asset value has grown at approximately the same rate as the All-Share.

Our aim is not only to increase but also to protect the value of our shareholders' stake in the Company, and we have succeeded in doing so. But the Company's recent performance has not satisfied us and we have devoted much time this year to reassessing the way in which we appraise the attractions (or lack of them) of stock markets, and select investments within them. By this time next year our portfolio list may have changed a good deal. This will not be turnover for its own sake, which is something we abhor. Instead, we hope it will lay the foundations for the next stage of Personal Assets' growth.

The Rating Of Personal Assets' Shares

Our share price did even better than our net asset value during the three and a half years under review. It rose from £351/2 to £891/2, which represented an increase of 152%, or 30% per annum compound. *This share price outperformance relative to net asset value cannot, however, be repeated.* On 31 October 1990 our shares sold at a discount of 24% to their underlying assets. By 30 April 1994 they were selling at a premium of 5%. We are naturally pleased that Personal Assets' shares have been re-rated by the market to reflect their true worth. But we must stress that even if this premium is maintained the market price of your shares will in future rise only in line with the growth in their net asset value.

The Board's Investment Philosophy

Our objective is to maximise the price performance of Personal Assets' shares over the longer term through achieving superior investment results.

This may seem a statement of the obvious. But it is not, because seldom has a subject been more over-complicated by elaborate theorisings. We referred earlier to the reassessment of our methods of market evaluation and stock selection on which we have been working over the past year. This has involved dusting down many old heresies in order to disprove them again, and the really dangerous ones are not those which most investors cannot understand (like 'beta theory' or 'random walk'), but those which make apparent good sense to intelligent and thoughtful people.

The fundamental objective of portfolio management is not what such people have often come to think. It is not merely 'to buy cheap shares', or 'to invest in good companies', or 'to back management', although these criteria may have a contributory part to play in the portfolio management process. *It is to make money from buying shares for their eventual resale in the long term after they have risen in price more than has a comparable index.* In short, it is to identify undervalued shares.

Undervalued shares, however, are not necessarily those which, in the conventional sense of the word, look 'cheap'. Indeed, by conventional yardsticks of dividend yield and price/earnings ratios they may already seem expensive. After all, well-run companies are usually recognised and priced as such. But paying high prices for good shares does not of itself deter us. Perhaps a high price deserves to be higher still. And here, indeed, is where we think undervaluation is most likely to be found. In the stock market, as in other areas of life, what is cheapest is seldom what is best. Rembrandts are found in junk shops, but not often.

So our task is not to find shares which are 'cheap' (junk remains junk at any price) but *to find companies which, irrespective of what they do or how highly they are rated, still sell for less than their intrinsic worth.* In due course, that worth should be reflected in the company's share price. In the short term, the market is a thermometer. In the long term, it is a steel ruler.

There are a number of guidelines which the Board follows in making investment decisions

- *Meeting Our Shareholders' Needs.* Personal Assets is managed as a flexible investment trust specifically for individual investors who may wish to invest a significant proportion of their capital in the Company as an alternative to holding a diversified equity portfolio. We did not start with a strategy and hope to find shareholders who liked it. We started with our shareholders and are seeking to evolve a strategy which meets their needs.
- *Stable, Long Term Investing.* We hate high turnover because it costs us money. It also wastes opportunity, since good investments often take time to achieve their potential.
- *International Diversification.* Most of our shareholders are UK residents whose personal liabilities are denominated mainly in Sterling. The need for investors to match their liabilities with their assets therefore suggests that it is prudent for our portfolio to have a high Sterling content. Sometimes a degree of international diversification will be

desirable in order to reduce risk. A suitable overseas (or non-Sterling) risk exposure for Personal Assets might accordingly be as high as 40% of total assets. But it might also be nil, because international diversification, like all investment techniques, is a means to an end and not an end in itself.

- *Equity Exposure, Gearing, Liquidity And Derivatives.* Personal Assets is an equity investor We therefore accept the basic risks of equity investment by maintaining, in normal circumstances, a fully invested portfolio. From time to time, however, markets may look particularly attractive and we may wish to increase our market exposure to more than 100% of shareholders' funds. This we will do through using either borrowed funds or derivatives *(futures, options, warrants and the like).* Alternatively, there may be times when the Board believes markets to be dangerously overvalued. At such times Personal Assets will have the freedom either to raise liquidity and hold part of its resources in cash, waiting to go back into equities at lower prices once the market overvaluation has corrected itself, or to use derivatives to lock in gains. If we use derivatives, however, we shall do so only if we are confident that we understand what we are doing.
- *Unlisted Investment.* The Board believes that investing in unlisteds is not an end in itself. Instead, for a trust like Personal Assets they absorb more time and energy than they are worth. We shall therefore make no new unlisted investments and shall continue to value those we still possess on a very conservative basis until they can be sold.
- *Use Of Other Investment Trusts.* Just as our shareholders pay us to manage their money, so we will pay other people to run part of our portfolio if we think they can do it better than we can. Sometimes we may decide to invest in an area in which we lack either expertise or the time to acquire it, or where the amount of money we could commit would be insufficient to achieve the degree of diversification of risk we require. We will then buy other investment trusts which provide the services we need.

Dividend Policy

Our dividend policy is to pay as high a dividend as is compatible with our twin aims of ensuring that future dividend payments are as secure as they reasonably can be, and preserving a high degree of flexibility as regards investment strategy. Here Personal Assets has a considerable advantage over most other investment trusts in that it has a much larger than average Revenue Reserve. Our Group Revenue Reserve now stands at £6.07 per share, more than three times the current rate of dividend payment *(in other words, we could maintain dividends at the current rate for the next three years even if we had no earnings at all).*

We keep our dividend policy constantly under review with the aim of making sure that the portfolio is managed in such a way as to earn the highest possible total return for our shareholders as is compatible with our disinclination to accept a degree of risk significantly higher than that of investing in the FT-SE-A All-Share Index. However, since shareholders will naturally wish to know their income receipts as far into the future as possible, we are happy to be in a position to state that we intend to pay in both 1995 and 1996 dividends totalling £2 net per share, exactly double the 1990 rate.

Investment Trusts For Individual Investors

Until last year we described Personal Assets as a trust run for 'wealthy individuals'. But nobody seemed to like this description and this year we have abandoned it. Indeed, in discussing the term while preparing this Annual Report the Board came to the conclusion that no-one, however 'wealthy' in the colloquial sense, ever truly *feels* wealthy. Wealth is always the amount of money possessed by someone better off than ourselves.

So for whom do we run Personal Assets? We are not competing in the market place for small savers. Rather, our aim is to attract as shareholders people who either already possess a substantial amount of capital or who plan to build it in the future. These people, we hope, will choose us as a conscious alternative to managing their own equity investments, whether directly or through professional advisers.

Some of our shareholders may be younger people with high earnings power but, as yet, little invested capital. Others may be retired, with a fairly modest income but substantial savings which they wish to see grow in readiness for eventual handing over to the next generation. Or they may themselves have inherited a capital sum which they wish to invest prudently and profitably. But in running Personal Assets we assume that our typical shareholders will pay Income Tax at 40% and will be exposed to Capital Gains Tax at the same rate. This suggests that they will have a current income in excess of £30,000 and a total investment portfolio worth £150,000 or more.

This definition has bearing on our corporate actions where our shareholders' tax positions might be of relevance. For example, such a shareholder would, we assume, be interested in having a PEP invested in an investment trust. Personal Assets therefore offers a simple, zero cost PEP, for which the unusually high minimum subscription level ensures that the Company can absorb without strain all the administration costs which would otherwise fall directly on the PEP investor.

Furthermore, it drives our attitude towards investment. Since the Directors and their families together own 31% of the Company, the investment policy we have adopted is exactly the same as that which we would like to see followed on our own behalf. It is not to pursue maximum growth at any price in terms of risk. It is not to specialise in any one geographic or industrial area (which would be to confuse the means with the end). Rather, it is to seek those undervalued investments which we believe will over the long term produce superior growth in total return.

For people with high incomes or with substantial capital, the advantages of investing through investment trusts as opposed to managing their own portfolios directly or through a financial adviser are considerable :

- Such people often do not have the time or the specialist expertise to devote their full attention to their investment portfolios. Investment trusts offer them the benefit of full-time, professional portfolio management, while the direct relationship between the shareholders and the Board of Directors whom they elect (and who are responsible for performance) ensures accountability for investment decisions.
- Investors who manage their portfolios directly or through an adviser cannot offset the investment management and administration costs they incur against their taxable income. Nor can they offset the interest paid on borrowings for equity investment purposes. Investment trusts, however, can offset all such costs against their pre-tax income.
- People with high incomes are taxed at their top rate of Income Tax (currently 40%) on all realised capital gains in excess of £5,800 per annum. They therefore often find themselves faced with the unwelcome choice of either incurring unwanted tax bills or making 'tax-driven' investment decisions which in the end may cost them dear. Investment trusts, however, are wholly free of Capital Gains Tax on gains realised within their portfolios. They can therefore buy and sell investments as required *on investment grounds alone*.

Capital Gains Tax is the enemy of capital accumulation. If your Company's net asset value grew at 20% per annum compound over the next 10 years, it would stand at £528 per share. If, however, it grew at exactly the same compound rate but the gains were realised each year and suffered Capital Gains Tax of 40%, it would stand at £265, only half the amount. This illustrates the long-term value of the investment trust structure to individual investors who would be liable to pay Capital Gains Tax if they managed their portfolios directly or through a financial adviser.

Portfolio Performance In 1993-94

Over the year to 30 April 1994 we matched the rise in the FT-SE-A All-Share Index but failed to achieve our objective of outperforming it. There were two main reasons for this :

- Our UK portfolio was heavily weighted towards larger, lower-risk companies in order to avoid risk. Sometimes, however, in seeking to avoid risk there is a price to be paid in terms of relative performance. Within the UK stock market during the twelve months to 30 April 1994 it was broadly true that the smaller the size of companies in terms of their market capitalisation, the better they performed. Over the year the FT-SE 100 was up 11%, the FT-SE Mid 250 rose 20% and the FT-SE Small Cap gained 22%.
- Even so, we still succeeded in making our UK portfolio outperform the FT-SE-A All-Share. However, we maintained an exposure of around 25% of our total assets to the US stock market. Some of our US holdings, notably Philip Morris and Applied Power, performed very well in comparison with the US market as a whole. But the US market as measured by the Standard & Poor's Composite Index rose by only 6% in Sterling terms compared to a rise of nearly 14% in the UK stock market as measured by the FT-SE-A All-Share.

The outperformance we achieved in the UK was sufficient to make up for the lower returns available from investment in the USA during the period under review. The overall result, however, was that over the year to 30 April 1994 we matched but did not surpass our benchmark. From a longer-term perspective, while we were able satisfactorily to maintain the lead established over the All-Share in previous years, we failed to increase it.

We did little to alter the structure of Personal Assets' portfolio during the year. We believe that turnover, unless carried out for compelling reasons, is wasteful and expensive. We did, however, achieve our aim of adding value through a small number of significant transactions :

- We realised substantial profits on the sale of parts of our holdings in Airtours and Scottish Television, the disposals in each case being made at a price more than 100p per share higher than at present.
- We disposed of our entire holding of BBA at a price 34% higher than our book cost.
- From our US portfolio we sold our holding in Financial Benefit at a price 43% higher than our book cost. We also made a partial sale of 15,000 shares of California Energy at $19.28, no less than six times our book cost.

Looking To The Future

Our general view at the time of writing is that the UK market is appropriately valued, although not cheap. Equities look better value relative to gilts than they did at the end of April 1993 and there is a healthier slope to the gilts yield curve. However, we have maintained the liquidity we raised during the year, not because we believe the UK stock market to be overvalued but to provide balance. While we continue to keep our exposure to the fund management companies we bought two years ago, we recognise that these investments are very geared to stock market movements and our current liquidity of 12% is therefore a useful offset against this.

When the Board took direct responsibility for the management of Personal Assets in 1990 we set out to find a way of increasing the degree of discipline with which we buy and sell shares without infringing our investment freedom and flexibility. So we have put a lot of work since then into developing three long-term models to assist us when considering investment strategy :

- An equity market model which can provide us with a reasonably accurate assessment of over- or under-valuation of the UK stock market based on an historic analysis of investors' evaluation of economic growth, dividend growth, interest rates and inflation – our *thermometer*.
- A financia model to evaluate the relative attractiveness of equities, indexed gilts and long-dated gilts based on the mathematical relationships (with particular thanks to Barry Riley for his regular insights into the subject in the Financial Times) between dividend yields and growth rates, and nominal and real rates of returns – our *steel ruler*.
- A detailed stock analysis and sector selection model covering the entire UK stock market based on the evaluation of the intrinsic business value of companies in terms of three key factors : operating profitability, the quality of the financing, and their growth capability – our *weighing machine*.

We have now completed our work on these models and during the current year we shall be making use of them to help us restructure our portfolio to incorporate our views on the identification and evaluation of companies selling at less than their intrinsic business value. However, it is dangerous to theorise overmuch about the process of investment management and both of us recognise that we may sometimes be inclined to do so. This is not the least of the reasons why we are so pleased to welcome Bobby White to the Board.

We expect Bobby's practical stockbroking experience to act as a healthy counterbalance to our tendency to adopt too theoretical an approach. Our aim in running Personal Assets is not to test an investment theory or to prove the soundness of valuation models, but to make the portfolio outperform the All-Share. You can be sure that we will never forget this, because we cannot afford to do so. It is our money which is at stake, as well as yours.

Ian Rushbrook Investment Director

Robin Angus Director

PORTFOLIO COMPARISONS OVER YEAR TO 30 APRIL 1994

COMPANY	30 April 1993 £'000	Purchases/ (Sales) £'000	30 April 1994 £'000	Business Activities of Companies
Scottish & Newcastle	£465	£98	£650	Brewing and leisure group
British Petroleum	£438		£579	Integrated international oil company
Edinburgh Fund Managers	£334		£564	Edinburgh based investment manager
M&G	£473		£545	Unit trust management group
Mercury Asset Management	£409		£529	Investment management arm of S G Warburg
Rentokil	£440		£526	International environmental services group
General Electric Company	£473		£455	Electricals and electronics
National Westminster Bank	£459		£452	One of the 'Big Four' clearing banks
British Telecom	£485		£442	National telephone company
Scottish Television	£675	(£269)	£440	Central Scotland television broadcaster
Airtours	£400	(£213)	£437	Holiday tour operator
Henderson Administration	£410		£414	London based investment manager
Glaxo Holdings	£416		£403	Pharmaceuticals
Tate & Lyle	£321		£357	Sugar, sweeteners, starch producer
Kwik Fit Holdings	£264		£346	Retailer of car replacement parts
London American Growth Trust	£273	(£93)	£272	USA venture capital investment trust
Ivory & Sime ISIS	£0	£250	£271	UK quality growth investment trust
Redland	£200	£11	£259	Building materials and aggregates
London Smaller Cos Inv Trust	£153		£201	Small companies investment trust
SEEL	£168		£129	* Telecom network design and installation
Bankside U/W Agencies	£163	(£56)	£110	* Lloyd's managing and underwriting agencies
BBA Group	£533	(£713)	Nil	Automotive and engineering equipment
Others	£38	(£75)	£39	
UNITED KINGDOM	**£7,990**	**(£1,060)**	**£8,420**	* Denotes an unlisted security
Philip Morris	£599		£719	Tobacco, brewing, soft drinks, packaged foods
Alltel Corporation	£497		£532	Local, toll, network and other telephone services
Applied Power	£401		£487	Hydraulic and industrial construction equipment
California Energy	£675	(£195)	£445	Geothermal energy exploration and production
Bristol-Myers Squibb	£303		£280	Pharmaceuticals
Wellman	£248		£254	Recycles plastic waste into fibre
Tyco Laboratories	£177		£203	Fire protection systems, cable, solar panels
Novell	£139		£88	Local area computer networks
Financial Benefit	£106	(£152)	Nil	Insurance company
UNITED STATES	**£3,145**	**(£347)**	**£3,008**	
NET CURRENT ASSETS	£306	£1,253	£1,559	
SHAREHOLDERS' FUNDS	**£11,441**		**£12,987**	

COMPARATIVE VALUES	30 April 1993	% Change over Year	30 April 1994
SHARE PRICE	**81.50**	**9.8%**	**89.50**
NET ASSET VALUE/SHARE	**75.18**	**13.5%**	**85.34**
FT-SE-A ALL-SHARE INDEX	1,388.88	13.8%	1,580.44
STANDARD & POOR'S COMP £	280.55	6.0%	297.43
STANDARD & POOR'S COMP $	440.19	2.5%	450.99
$/£ EXCHANGE RATE	1.5690	3.5%	1.5163

WAYS OF INVESTING IN PERSONAL ASSETS

The shares of Personal Assets Trust are listed on The Stock Exchange and private investors can buy or sell shares in the normal way. However, they can acquire shares free of all commissions and charges by using the Company's zero-charge *Single Investment Plan.*

Investments in the Company's shares can also be made through the Company's *PEP* and *Monthly Investment Plan.* Details of these and of how to invest a lump sum in the Company's shares free of charge through the *Single Investment Plan* can be obtained from the Company Secretary at the following address:

The Company Secretary, Personal Assets Trust plc,
One Charlotte Square, Edinburgh EH2 4DZ
Tel: 031-225 1357

The Personal Assets Single Investment Plan

The Personal Assets Single Investment Plan accepts lump sums for investment in the Company's shares, the minimum level of lump sum being £5,000. This Plan is particularly attractive for those who have lump sums to invest and are anxious to avoid the charges inevitably incurred when dealing through stockbrokers, banks, solicitors, accountants or other financial advisers.

The Personal Assets PEP

A zero-charge PEP, as a cost-effective and tax-free form of investment, is a highly attractive way for individuals to invest in the stock market and should be considered as a first course of action for investment in Personal Assets. The Personal Assets PEP, which is invested solely in the ordinary shares of the Company, is available as a lump sum investment of £6,000 or by monthly direct debit of £500.

The Personal Assets Monthly Investment Plan

The Personal Assets Monthly Investment Plan is available by direct debit only. It has a minimum subscription level of £500 per month.

Disposal Of Small Shareholdings

Even following the consolidation of 100 old ordinary shares of Personal Assets into 1 new ordinary share (which effectively converted the interests of all shareholders with fewer than 100 old shares into cash), Personal Assets still has a considerable number of relatively small shareholders, many of whom we know would also welcome the opportunity to realise their holdings.

The Directors have established a scheme whereby holders of 10 shares or fewer in Personal Assets may sell their shares at no cost. Details of the scheme are available from the Company Secretary at the address above.

DIRECTORS' REPORT TO MEMBERS

The Directors have pleasure in presenting their Annual Report together with the Accounts of the Company and the Group for the year to 30 April 1994.

PRINCIPAL ACTIVITY AND STATUS

The Company carries on the business of an investment trust and has been approved as such by the Inland Revenue up to 30 April 1993. Subsequently the Company's affairs have been conducted so as to enable it to continue to seek approval. The Company has two wholly owned subsidiaries, both incorporated in Scotland : The Edinburgh Dealing Company Limited, an investment company, and The Edinburgh Agency Limited, a general commercial company.

A review of the Company's business is contained in the Chairman's Statement.

DIVIDEND

	£'000
Revenue available for dividends	298
Interim dividend (95p per share) paid on 11 November 1993	(145)
Second interim dividend (100p per share) payable on 13 May 1994	(152)
Transfer to Revenue Reserve (1p per share)	1

MANAGEMENT

The investment management of the Company is carried out by the Company's Investment Director, Mr Rushbrook, who is employed on the basis of a rolling twelve month contract of employment.

Mr Angus is a consultant to the Company. He commits the annual equivalent of one day per week to the Company's affairs at a fee of £16,000 per annum.

Ivory & Sime provides secretarial and other corporate services to the Company under an agreement that can be terminated by either party at any time by giving one year's notice.

Ivory & Sime also provides computing facilities and services to Mr Rushbrook used for the investment management of the Company.

DIRECTORS

Mr White, who was appointed a Director on 1 February 1994, retires at the first Annual General Meeting following his appointment to the Board and, being eligible, offers himself for re-appointment at the Annual General Meeting.

Mr Hamilton-Sharp retires by rotation and, being eligible, offers himself for re-election at the Annual General Meeting.

Mr de Salaberry retired as a Director following the Annual General Meeting on 11 June 1993.

DIRECTORS' REPORT TO MEMBERS

DIRECTORS' INTERESTS

The Directors' interests in the shares of the Company at 30 April 1994 and 1993 were as follows:

Director	Interest	1994	1993
R B Anderson	Beneficial	1,010	933
R J Angus	Beneficial	1,387	1,203
J M G Hamilton-Sharp	Beneficial	585	72
I F Rushbrook	Beneficial	26,500	26,500
R P White	Beneficial	120	120 *

There have been no changes in the above holdings between 30 April 1994 and 12 May 1994.

* Mr White's holding at the date of his appointment.

SUBSTANTIAL INTERESTS

The following interests in excess of 3% of the shares of the Company had been declared as at 30 April 1994 and remained unchanged as at 12 May 1994:

Name	1994	Percent
Rushbrook Investment Company Limited	18,100	11.9%
I F Rushbrook	8,400	5.5%
Ivory & Sime Personal Equity Plans	17,623	11.6%
New World Trust Corporation	14,000	9.2%
F Rushbrook	13,500	8.9%
Ivory & Sime Investment Trust Purchase Scheme	8,743	5.7%
St Clair Investment Trust Company	6,000	3.9%

CORPORATE GOVERNANCE

Personal Assets is run by its Board. The day-to-day management of the portfolio is the responsibility of Ian Rushbrook, the Investment Director, and Robin Angus is a consultant to the Company. The full Board meets monthly, the Edinburgh-based directors meet informally at least once a week, and we take all major decisions collectively. Arrangements to ensure the appropriate level of corporate governance have been put in place by the Board. The Board believes that these are appropriate to an investment trust and enable the Company to operate within the spirit of the Cadbury Committee's Code of Best Practice (the Code) in so far as it has been brought into application to date.

While these arrangements do not comply with the Code in certain areas, as detailed below, they are considered by the Board to be more appropriate than those set out in the Code, given the close involvement of all directors in the management of the Company and the business activity of the Company as an investment trust.

The Code states that the Board should have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company are firmly in its hands. The Board considers that all matters relating to the direction and control of the Company are reserved to it, and where responsibility for any matters has been delegated, the duties and responsibilities so delegated are set out in an agreement between the Company and the appropriate parties.

The Board carries out all functions necessary on behalf of the shareholders and considers that it is inappropriate to establish separate Audit, Remuneration and Nomination Committees as recommended by the Code. In particular in terms of the Remuneration function, the Board acts as the Remuneration Committee. Any Director who has a personal interest in any matter, declares his interest and takes no part in such discussions.

The Board also considers that it is not appropriate for Directors to be appointed for a specified term as recommended by the Code. The Articles of Association require that all Directors are subject to re-election procedures by rotation at the Annual General Meeting.

The Code recommended that Directors have the right to seek independent advice. The Directors have always operated on the basis that they have the right, either collectively or individually, to obtain external professional advice at the Company's expense. This has now been formalised and was approved by the Board on 15 April 1994.

The Company's Auditors, Ernst & Young, have reviewed this statement in so far as it relates to the paragraphs of the Code specified for review. The Auditors have reported to the Directors that, based on their review, in their opinion the statement appropriately reflects the extent of the Company's compliance with the Code.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare accounts for each financial period which give a true and fair view of the state of the Company and of the Group as at the end of the financial period and of the profit or loss for that period.

They are also responsible for maintaining adequate accounting records and safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts have been prepared on a going concern basis, appropriate accounting policies have been used and consistently applied and reasonable and prudent judgements and estimates have been made in the preparation of the accounts. Applicable UK accounting standards have been followed.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board

Gordon Neilly

Gordon Neilly
Secretary
One Charlotte Square
Edinburgh EH2 4DZ

12 May 1994

REVENUE ACCOUNT FOR YEAR TO 30 APRIL 1994

		Company 1994 £'000	Company 1993 £'000	Group 1994 £'000	Group 1993 £'000
INCOME					
Franked investment income					
Listed on UK Stock Exchange		307	539	307	652
Unlisted		16	17	16	17
Subsidiary undertakings		94	-	-	-
Unfranked investment income					
Listed on other stock exchanges		74	62	74	62
Unlisted		3	9	3	9
Stock dividends		-	11	-	11
Other income					
Deposit interest		11	11	13	11
Underwriting commission		4	-	4	-
Income from subsidiary companies		-	-	116	(72)
TOTAL INCOME		509	649	533	690
EXPENSES					
Management costs charged to revenue		33	27	33	27
Other administrative expenses		52	77	71	77
Overdraft interest		-	1	-	1
Directors' fees (see below)		25	29	25	29
Auditors' remuneration		6	6	6	6
TOTAL EXPENSES		116	140	135	140
REVENUE BEFORE TAXATION		393	509	398	550
Taxation	Note 3	95	144	76	172
REVENUE AFTER TAXATION		298	365	322	378
Dividends paid/payable		297	273	297	273
NET REVENUE TRANSFERRED TO RESERVES		1	92	25	105
EARNINGS PER SHARE	Note 2	**£1.96**	**£2.43**	**£2.12**	**£2.52**
DIVIDEND PER SHARE		**£1.95**	**£1.80**	**£1.95**	**£1.80**

DIRECTORS' EMOLUMENTS	Company 1994	Company 1993	Group 1994	Group 1993
Fee of the Chairman	8,500	7,200	8,500	7,200
Three Directors received Directors' fees of £5,000 each	15,000	14,220	15,000	14,220
One Director received a Director's fee of £968	968	4,740	968	4,740
One Director received a Director's fee of £825	825	-	825	-
A former Director received a Director's fee of £Nil	-	3,160	-	3,160

Management costs charged to Revenue were £33,000 (1993 - £27,000) and charged to Realised Capital Reserve were £109,000 (1993 - £93,000). The total management costs were £142,000 (1993 - £120,000) which included the Investment Director's salary of £87,089 (1993 - £67,342).

A consultancy fee of £17,333 for a period of thirteen months was paid to Mr Angus (1993, £4,000 for three months).

The Accounting Policies on page 20 and the Notes on pages 20 to 22 form part of these accounts.

BALANCE SHEET AS AT 30 APRIL 1994

		Company		Group	
		1994	1993	1994	1993
FIXED ASSETS - INVESTMENTS		£'000	£'000	£'000	£'000
UK ordinary and preference shares		8,381	7,923	8,381	7,923
UK fixed interest shares		-	53	-	53
Overseas securities		3,008	3,145	3,008	3,145
Subsidiary undertakings		39	14	-	-
	Note 4	11,428	11,135	11,389	11,121
NET CURRENT ASSETS					
Current assets					
Investments held by subsidiary		-	-	21	34
Debtors: Dividends receivable		137	68	62	68
Due from subsidiary		21	106	-	-
Taxation recoverable		1	2	1	2
Cash at bank and on deposit		1,581	312	1,696	398
Current liabilities (amounts falling due within one year)					
Other creditors		(29)	(38)	(30)	(38)
Dividend payable		(152)	(144)	(152)	(144)
Net current assets		1,559	306	1,598	320
SHAREHOLDERS' ASSETS		12,987	11,441	12,987	11,441

NET ASSET VALUE PER SHARE	**£85.34**	**£75.18**	**£85.34**	**£75.18**

Authorised Share Capital 200,000 Ordinary Shares of £12.50 each (£2,500,000 30 April 1994 - £2,000,000 30 April 1993)		1994 £'000	1993 £'000	1994 £'000	1993 £'000
Called-up Share Capital 152,187 Ordinary Shares of £12.50 each issued, allotted and fully paid (1993 152,187)					
Share Capital		1,902	1,902	1,902	1,902
Share Premium Account		885	885	885	885
Reserves	Note 5				
Realised Capital Reserve		5,581	5,069	5,581	5,069
Unrealised Capital Reserve		3,732	2,699	3,695	2,686
Revenue Reserve		887	886	924	899
CAPITAL AND RESERVES		12,987	11,441	12,987	11,441

Richard K. Anderson, Director

Robert White, Director

The Accounting Policies on page 20 and the Notes on pages 20 to 22 form part of these accounts

CASH FLOW STATEMENT FOR THE YEAR TO 30 APRIL 1994

		Company		Group	
		1994	1993	1994	1993
OPERATING ACTIVITIES		£'000	£'000	£'000	£'000
Cash received from investments (net of tax)					
Franked investment income		253	452	253	537
Overseas income		63	53	63	53
Fixed interest income		2	7	2	7
Deposit interest		11	11	13	11
Other income		4	-	152	-
		333	523	483	608
Management costs		(33)	(27)	(33)	(27)
Cash paid to and on behalf of Directors		(25)	(29)	(25)	(29)
Other cash payments		(66)	(78)	(188)	(78)
Net cash inflows from operating activities	Note 6	209	389	237	474
SERVICING OF FINANCE					
Dividends paid on ordinary shares		(290)	(255)	(290)	(255)
Bank overdraft interest paid		-	(1)	-	(1)
Net cash outflow from servicing of finance		(290)	(256)	(290)	(256)
TAXATION					
Tax recovered		2	3	2	3
INVESTING ACTIVITIES					
Purchase of UK ordinary and preference shares		(348)	(1,227)	(347)	(1,226)
Sale of UK ordinary and preference shares		1,402	849	1,402	849
Purchase of overseas shares		-	(198)	-	(198)
Sale of overseas shares		347	568	347	568
Proceeds from liquidation payment		-	26	-	26
Sale of UK fixed interest investments		56	42	56	42
Management costs charged to capital		(109)	(93)	(109)	(93)
Net cash inflow/(outflow) from investing activities		1,348	(33)	1,349	(32)
NET CASH INFLOW		1,269	103	1,298	189
FINANCING					
Increase in cash from all sources		1,269	317	1,298	403
Cash from allotment of shares		-	(214)	-	(214)
NET CASH INFLOW		1,269	103	1,298	189

The Accounting Policies on page 20 and the Notes on pages 20 to 22 form part of these accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 APRIL 1994

		Company		Group	
		1994 £'000	1993 £'000	1994 £'000	1993 £'000
CAPITAL PROFITS ON INVESTMENTS					
Realised gains and losses *		512	398	512	398
Unrealised gains and losses		1,033	148	1,009	135
Capital profit on investments		1,545	546	1,521	533
Revenue profit available for distribution		298	365	322	378
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR		1,843	911	1,843	911
DISTRIBUTABLE PROFITS					
Revenue profit available for distribution		298	365	322	378
Dividends		(297)	(273)	(297)	(273)
Transfer to distributable reserves		1	92	25	105
NON-DISTRIBUTABLE PROFITS					
Transfer to non-distributable reserves		1,545	546	1,521	533
TOTAL MOVEMENT IN ORDINARY SHAREHOLDERS' FUNDS	Note 7	1,546	638	1,546	638

* Includes management costs charged to capital and realised exchange differences.

The Accounting Policies on page 20 and the Notes on pages 20 to 22 form part of these accounts

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Preparation

The accounts are prepared under the historic cost convention modified to include revaluation of fixed asset investments and in accordance with applicable accounting standards.

Fixed Asset Investments

Quoted investments are valued at middle market prices.

Unquoted investments are valued by the Directors.

Current Asset Investments

Current asset investments are valued at the lower of cost or market value.

Capital and Reserves

Gains and losses on realisation of investments are taken to Realised Capital Reserve.

Unrealised appreciation or depreciation of investments is taken to Unrealised Capital Reserve.

Income and Expenses

Investment income and deposit interest with any tax credits where applicable are included in the Revenue Account on an accruals basis. Expenses and interest payable are dealt with on an accruals basis.

Allocation of Management Costs

The management costs of the Company are allocated between Revenue and Capital. The basis of this policy is to charge the fixed element of the fee paid to Ivory & Sime, being £25,000 adjusted annually for inflation from June 1990, to Revenue and the residual amount against the Realised Capital Reserve of the Company.

2. CALCULATIONS OF EARNINGS PER SHARE

Earnings per share are calculated on 152,187 shares in issue during year to 30 April 1994 (year to 30 April 1993, weighted average 150,289).

3. TAXATION

	Company		Group	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Tax on franked investment	84	135	65	163
Overseas tax	11	9	11	9
	95	144	76	172

Advance Corporation Tax on dividends paid will be set off against surplus franked investment income

NOTES TO THE ACCOUNTS

4. FIXED ASSETS - INVESTMENTS

		Company		Group	
		1994	1993	1994	1993
		£'000	£'000	£'000	£'000
Value of investments at	**30-Apr-93**	11,135	10,585	11,121	10,585
Unrealised appreciation at	30-Apr-93	(2,699)	(2,551)	(2,686)	(2,551)
Cost of investments at	30-Apr-93	8,436	8,034	8,435	8,034
Purchases at cost during year		359	1,425	358	1,424
Sales at cost during year		(1,099)	(1,023)	(1,099)	(1,023)
Cost of investments	30-Apr-94	7,696	8,436	7,694	8,435
Unrealised appreciation at	30-Apr-94	3,732	2,699	3,695	2,686
Value of investments at	**30-Apr-94**	11,428	11,135	11,389	11,121

	Company 1994	Company 1993	Group 1994	Group 1993
Listed: on the UK Stock Exchange	8,142	7,621	8,142	7,621
on other stock exchanges	3,008	3,145	3,008	3,145
Unlisted as valued by the Directors	239	355	239	355
Subsidiary undertakings	39	14	-	-
	11,428	11,135	11,389	11,121

	Company 1994	Company 1993	Group 1994	Group 1993
Equity securities	11,428	11,082	11,389	11,068
Fixed interest securities	-	53	-	53
	11,428	11,135	11,389	11,121

5. RESERVES

Realised Capital Reserve		Company £'000	Group £'000
At 30 April 1993		5,069	5,069
Gain/(loss) on sale of investments	Listed	731	731
	Unlisted	(110)	(110)
Management costs charged to capital		(109)	(109)
At 30 April 1994		5,581	5,581

Unrealised Capital Reserve		Company £'000	Group £'000
At 30 April 1993		2,699	2,686
Movement for year	Listed	928	928
	Unlisted	81	81
	Subsidiaries	24	-
At 30 April 1994		3,732	3,695

Revenue Reserve	Company £'000	Group £'000
At 30 April 1993	886	899
Surplus on Revenue Account	1	25
At 30 April 1994	887	924

Note: Revenue Reserve per share	**£5.83**	**£6.07**

NOTES TO THE ACCOUNTS

6. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Company 1994 £'000	Company 1993 £'000	Group 1994 £'000	Group 1993 £'000
Revenue before interest payable and tax	393	510	398	551
(Decrease)/increase in other creditors	(9)	8	(80)	80
(Increase)/decrease in debtors (inclusive of tax)	(100)	32	(6)	32
Tax on investment income	(75)	(161)	(75)	(189)
Net cash inflow from operating activities	209	389	237	474

Analysis of changes in cash during the year	£'000	£'000	£'000	£'000
Balance at 1 May 1993	312	28	398	[illegible]
Net cash inflow from all sources	1,269	317	1,298	403
Realised exchange difference	-	(33)	-	(33)
Balance at 30 April 1994	1,581	312	1,696	398

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Company 1994 £'000	Company 1993 £'000	Group 1994 £'000	Group 1993 £'000
Revenue profit available for distribution	298	365	322	378
Dividends	(297)	(273)	(297)	(273)
	1	92	25	105
Other recognised gains and losses relating to year (net)	1,545	546	1,521	533
New capital subscribed	-	214	-	214
Net addition to shareholders' funds	1,546	852	1,546	852
Opening shareholders' funds	11,441	10,589	11,441	10,589
Closing shareholders' funds	12,987	11,441	12,987	11,441

8. SIGNIFICANT INTERESTS OF COMPANY

As at 30 April 1994, Personal Assets Trust held more than 10 per cent of the allotted share capital of the following company :

Company	Country of Registration and Business	Class of Capital	% of Class Held	% of Equity Held	Value 30 April 1994
SEEL Limited	Scotland	Ord Shares of £1 each	43.7	15.6	£129,360

9. SUBSIDIARY UNDERTAKINGS

As at 30 April 1994, Personal Assets Trust's subsidiary undertakings which have been consolidated were as follows :

The Edinburgh Dealing Company Limited	Scotland	Ord Shares of £1 each	100.0	100.0	£8,800
The Edinburgh Agency Limited	Scotland	Ord Shares of £1 each	100.0	100.0	£29,641

REPORT OF THE AUDITORS
TO THE MEMBERS OF
PERSONAL ASSETS TRUST PUBLIC LIMITED COMPANY

We have audited the accounts on pages 16 to 22 which have been prepared under the historical cost convention modified to include the revaluation of fixed asset investments and on the basis of accounting policies set out on page 20.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 15 the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 1994 and of the revenue of the Company and of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young

Chartered Accountants
Registered Auditor
Edinburgh

12 May 1994

HISTORIC RECORD

Date 30 April		Shareholders' Funds £'000	Net Asset Value per Share	Share Price	Earnings per Share	Dividend per Share
Launch Sept	1983	5,397	£36.15	£22		
	1984	4,797	£32.13	£30	£0.43	£0.40
	1985	6,011	£40.26	£39	£0.21	£0.20
	1986	6,988	£46.80	£40	£0.38	£0.35
	1987	9,168	£61.40	£54	£0.61	£0.50
	1988	8,283	£55.47	£44	£1.12	£1.00
	1989	9,174	£61.44	£51	£1.46	£1.25 *
	1990	8,462	£56.67	£39 1/2	£1.09	£1.00
	1991	9,006	£60.32	£48 1/2	£1.45	£1.50
	1992	10,589	£70.92	£66	£1.67	£1.60
	1993	11,441	£75.18	£81 1/2	£2.43	£1.80
	1994	12,987	£85.34	£89 1/2	£1.96	£1.95

Per share values have been adjusted for the 1 for 100 consolidation of Ordinary shares in January 1993.

* Includes special dividend of £0.25 per share.

INDUSTRIAL AND GEOGRAPHIC ANALYSIS OF INVESTMENTS

Category	UK £'000	USA £'000	Total	Percent
Consumer	2,891	1,531	4,422	38.7
Capital Goods	455	690	1,145	10.0
Technology	129	88	217	1.9
Financial	3,359	-	3,359	29.4
Energy	579	445	1,024	9.0
Others	1,007	254	1,261	11.0
Total	8,420	3,008	11,428	100.0
Percent	73.7	26.3	100.0	

RATES OF EXCHANGE TO STERLING

As at 30 April	1994	1993
US Dollar	1.5163	1.5690

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirteenth Annual General Meeting of Personal Assets Trust Public Limited Company will be held at One Charlotte Square, Edinburgh, on Tuesday, 28 June 1994 at 12:30pm for the following purposes:

To consider and, if thought fit, pass the following Ordinary Resolutions:

1. That the Report and Accounts for the year to 30 April 1994 be approved.

2. That Mr J M G Hamilton-Sharp, who retires by rotation, be re-elected as a Director.

3. That Mr R P White, who retires at the first Annual General Meeting following his appointment to the Board, be re-appointed as a Director.

4. That Ernst & Young, Chartered Accountants, be appointed as Auditors and that the Directors be authorised to determine their remuneration.

To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

5. That the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot Ordinary Shares of £12.50 for cash in accordance with the authority conferred on them as if subsection 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of Ordinary Shares up to a maximum nominal value of £597,662.50 and shall expire, unless renewed, on the date of the next Annual General Meeting after the passing of this resolution.

By Order of the Board

Claude Neilly Claud Neilly

G J Neilly
Secretary
One Charlotte Square
Edinburgh
EH2 4DZ

12 May 1994

Notes

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not be a member of the Company. A form of Proxy for use by members is enclosed with this Report. Completion of the Form of Proxy will not prevent a member from attending the meeting and voting in person.

The contract of service between Mr Rushbrook and the Company and minute of appointment of Mr Angus as consultant to the Company will be available for inspection at the registered office of the Company prior to the Annual General Meeting.

Members are requested to inform the Bank of Scotland, Registrar Department, Apex House, 9 Haddington Place, Edinburgh EH7 4AL, of any change of address. This Report is sent to the address at present registered with the Company for communications.