

CORPORATE INFORMATION

Board of Directors	: <u><i>Executive Directors</i></u> Martin James Gilbert, Chief Executive Christopher David Fishwick Beverley Hendry Andrew Arthur Laing John Plumptre William John Rattray Hugh Young <u><i>Non-executive Directors</i></u> Angus Maitland Pelham Burn, Chairman Ronald Scott Brown, Deputy Chairman David Ernest Woods, Deputy Chairman Richard Henry Booth Norval MacKenzie Bryson Joseph Burnett-Stuart Anthony Frank Bushell Clive Mace Gilchrist Philip McLoughlin James Legh Pope <u><i>Alternate Directors</i></u> David Ren�� Pepin (alternate to Philip McLoughlin) Richard Clark Shaw (alternate to Richard Henry Booth)
Company Secretary	: Brian Malcolm Ross
Registered Office	: 10 Queen's Terrace Aberdeen AB10 1QG United Kingdom
Sponsor to the Introduction	: Overseas Union Bank Limited 1 Raffles Place OUB Centre Singapore 048616
Registrar and Share Transfer Office	: Bank of Scotland Registrar Department Apex House 9 Haddington Place Edinburgh EH7 4AL United Kingdom
Auditors	: KPMG Audit Plc Chartered Accountants 37 Albyn Place Aberdeen AB10 1JB United Kingdom

Solicitors to the Introduction : Allen & Gledhill
36 Robinson Road #18-01
City House
Singapore 068877

**Solicitors to the Company
as to UK Law** : Brough Skerrett
The City Law Partnership
One Dyers Building
London EC1N 2SX
United Kingdom

Principal Banker : Bank of Scotland
53 Castle Street
Aberdeen AB11 8AG
United Kingdom

DEFINITIONS

In this Introductory Document, the following definitions apply throughout where the context so admits:-

General

<i>“Aberdeen” or the “Company”</i>	Aberdeen Asset Management PLC
<i>“Aberdeen Group” or the “Group”</i>	Aberdeen and its subsidiaries
<i>“Acquisition”</i>	the acquisition of Prolific by Aberdeen pursuant to the Acquisition Agreement
<i>“Acquisition Agreement”</i>	the agreement dated 30 July 1997 relating to the Acquisition, further details of which are set out on page 17 of and Appendix I to this Introductory Document
<i>“Act”</i>	the Companies Act 1985 of the UK
<i>“A Warrants”</i>	the 5,391,737 A Warrants to subscribe for Ordinary Shares outstanding as at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document
<i>“Board” or “Directors”</i>	the directors of the Company as at the date of this Introductory Document
<i>“City Code”</i>	The City Code on Takeovers and Mergers of the UK
<i>“CDP”</i>	The Central Depository (Pte) Limited
<i>“Deferred Shares”</i>	the non-voting deferred redeemable shares of 10 pence each in the capital of the Company issued in connection with the Performance Share Scheme
<i>“ESOT”</i>	the Aberdeen employee share ownership scheme constituted by a trust deed dated 14 March 1991
<i>“Executive Share Option Scheme”</i>	the Aberdeen executive share option scheme adopted on 2 September 1987
<i>“IIMR”</i>	Institute of Investment Management and Research, UK
<i>“Introduction”</i>	the admission of the entire issued Ordinary Share capital of the Company and the new Ordinary Shares which may be issued upon the exercise of the Warrants, the A Warrants and the options granted under the Share Option Schemes to the Official List of the SES
<i>“Investment Management Agreement”</i>	the agreement dated 8 September 1997 entered into between PAM and Scottish Provident, further details of which are set out on pages 17 and 20 of and Appendix I to this Introductory Document
<i>“Loan Notes”</i>	the US\$37.5 million 7 per cent. convertible subordinated loan notes issued by Aberdeen, further details of which are set out on page 14 of and Appendix II to this Introductory Document

<i>"London Stock Exchange" or "LSE"</i>	London Stock Exchange Limited
<i>"Market Day"</i>	a day on which the SES is open for trading in securities
<i>"NTA"</i>	net tangible assets
<i>"Official List"</i>	the Daily Official List of the London Stock Exchange
<i>"Ordinary Shares"</i>	the ordinary shares of 10 pence each in the capital of the Company
<i>"PAM"</i>	Prolific Asset Management Limited, a subsidiary of Prolific
<i>"Panel"</i>	The Panel on Takeovers and Mergers of the UK
<i>"Performance Shares"</i>	the non-voting deferred convertible redeemable shares of 50 pence each in the capital of the Company issued in connection with the Performance Share Scheme
<i>"Performance Share Scheme"</i>	the Aberdeen Asset Management PLC Performance Share Scheme
<i>"Prolific"</i>	Prolific Financial Management plc
<i>"Prolific Group"</i>	Prolific and its subsidiaries
<i>"PSS"</i>	the Aberdeen profit sharing scheme constituted by a trust deed dated 14 March 1991
<i>"Relationship Agreement"</i>	the agreement dated 8 September 1997 entered into between Scottish Provident and Aberdeen regulating the relationship between Scottish Provident and the Group following the Acquisition, further details of which are set out on pages 17 and 20 of and Appendix I to this Introductory Document
<i>"SCCS"</i>	Securities Clearing & Computer Services (Pte) Ltd
<i>"Scottish Provident"</i>	The Scottish Provident Institution
<i>"Scottish Provident Funds"</i>	the main life assurance funds, special with profit fund and certain unit-linked funds of Scottish Provident managed by PAM as at the date of this Introductory Document on behalf of Scottish Provident
<i>"Scottish Provident Group"</i>	Scottish Provident and its subsidiaries
<i>"Securities Account"</i>	a securities account maintained by a Depositor with CDP
<i>"Share Option Schemes"</i>	the 1994 Executive Share Option Scheme and the Executive Share Option Scheme
<i>"Shareholders"</i>	holders of Ordinary Shares
<i>"Sponsor" or "OUB"</i>	Overseas Union Bank Limited
<i>"Stock Exchange" or "SES"</i>	Stock Exchange of Singapore Limited

<i>"UK"</i>	United Kingdom
<i>"USA" or "US"</i>	United States of America
<i>"Warrants"</i>	the 197,218 Warrants to subscribe for Ordinary Shares outstanding as at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document
<i>"1994 Executive Share Option Scheme"</i>	the Aberdeen executive share option scheme adopted on 25 February 1994

Currencies and units of measurement

<i>"£" and "pence" or "p"</i>	Sterling pounds and pence respectively
<i>"\$" and "cents" or "¢"</i>	Singapore dollars and cents respectively
<i>"US\$"</i>	U.S. dollars
<i>"sq.ft."</i>	square feet
<i>"%" or "per cent."</i>	per centum or percentage

The terms "Depositor" and "Depository Agent" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Introductory Document to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, Chapter 50 of Singapore or any statutory modification thereof and used in this Introductory Document shall, where applicable, have the meaning assigned to it under the Companies Act, Chapter 50 of Singapore or such statutory modification, as the case may be.

Any reference to a time of day in this Introductory Document shall be a reference to Singapore time unless otherwise stated.

CONTENTS

	Page
CORPORATE INFORMATION	1
DEFINITIONS	3
DETAILS OF THE INTRODUCTION	
– Listing on the SES	7
– Listing on the LSE	7
– Directors' Responsibility Statement	7
– Dealing and Settlement Procedures for Secondary Trading	7
SUMMARY OF FINANCIAL INFORMATION	11
GENERAL INFORMATION ON THE COMPANY AND THE GROUP	
– The Company	13
– Share and Loan Capital	13
– Share Prices	15
– Directors' and Shareholders' Interests	16
– Group Structure	17
– History and Business	18
– Information on the Acquisition	20
– Review of Past Performance	22
– Customers	23
– Competition	23
– Vulnerability	23
– Properties and Fixed Assets	24
– Directors	25
– Service Agreements	25
LETTER FROM THE AUDITORS IN RELATION TO THE UNAUDITED INTERIM RESULTS OF ABERDEEN FOR THE SIX MONTHS ENDED 31 MARCH 1997	27
INTERIM RESULTS OF ABERDEEN FOR THE SIX MONTHS ENDED 31 MARCH 1997	28
AUDITORS' REPORT	33
GENERAL AND STATUTORY INFORMATION	62
Appendix I – Details of the Acquisition Agreement, the Investment Management Agreement and the Relationship Agreement	75
Appendix II – Summary of Terms of the Loan Notes	78
Appendix III – Summary of Terms of the Share Option Schemes, ESOT, PSS and Performance Share Scheme	82
Appendix IV – Accountants' Report on the Prolific Group	91
Appendix V – Funds Managed by the Group	105
Appendix VI – UK Taxation	114

DETAILS OF THE INTRODUCTION

LISTING ON THE SES

Application has been made to the SES for permission to deal in and for quotation of all the Ordinary Shares of the Company already issued as well as the new Ordinary Shares which may be issued upon the exercise of the Warrants, the A Warrants and the options granted under the Share Option Schemes. Such permission will be granted when the Company has been admitted to the Official List of the SES.

The Directors consider that the listing of the Company and the quotation of the Ordinary Shares on the SES will reinforce the Group's decision to headquarter all its Asian business in Singapore, enhance the Group's profile in Asia and also provide additional access to capital markets.

The SES assumes no responsibility for the correctness of any of the statements made, reports set out or opinions expressed in this Introductory Document. Admission to the Official List of the SES is not to be taken as an indication of the merits of the Introduction, the Group or the Ordinary Shares.

LISTING ON THE LSE

The LSE is the principal stock exchange on which the Ordinary Shares are listed.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Introductory Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this Introductory Document is true and accurate in all material respects and is not misleading, that the opinions and statements of intention contained in this Introductory Document are honestly held and that there are no other material facts the omission of which would make any statement in this Introductory Document misleading.

DEALING AND SETTLEMENT PROCEDURES FOR SECONDARY TRADING

Dealing, Brokerage and Fees on the SES

1. Dealings in the Ordinary Shares on the SES will be conducted in Sterling pounds. The Ordinary Shares will be traded in board lots of 1,000 Ordinary Shares or any other board lot sizes as may be determined by the SES.
2. The brokerage commission in respect of trades of the Ordinary Shares on the SES shall be negotiable. Brokerage commission may be subject to Goods and Services Tax in Singapore ("GST").
3. A Singapore clearing fee is payable at a rate of 0.05 per cent. of the transaction value (up to a maximum of £40 per transaction). Clearing fees may be subject to GST.
4. In addition, contract note stamp duty at the rate of \$0.50 per \$1,000 or part thereof of the contract value is also payable to the Commissioner of Stamp Duties of Singapore. Investors who are persons outside Singapore or approved fund managers dealing through a securities company approved by the Ministry of Finance are exempted from such contract note stamp duty in certain circumstances. Investors are advised to obtain independent advice as to whether they are "persons outside Singapore" or "approved fund managers" for the purpose of this exemption.

Settlement of Dealings in Singapore

1. In accordance with the bye-laws of the SES relating to settlement of dealings on the SES, it is mandatory for dealings on the SES to be effected through CDP on a scripless basis. The settlement will take place on the seventh calendar day following the date of transaction ("Due Date") or in the event that the Due Date falls on a public holiday, the settlement will take place on the next Market Day immediately after the Due Date.
2. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any Depository Agent. A Depository Agent may be a member company of the SES, bank, merchant bank, or finance company. A non-resident investor must, however, maintain a sub-account with a Depository Agent unless he can appoint a local agent to handle his entitlements.
3. Shareholders should ensure that the Ordinary Shares to be dealt in on the SES are credited to their direct accounts or sub-accounts with Depository Agents before dealing in the Ordinary Shares since no assurance can be given that the Ordinary Shares can be transferred to CDP in time for settlement if the transfer is effected following dealing. If settlement cannot be effected on the Due Date following dealing, the buy-in procedures of the SES will be implemented.

Settlement of Dealings in the UK

1. CRESTCo Limited ("CRESTCo") is the company which was set up in 1994 to build and operate the CREST settlement system. CRESTCo is owned by 70 financial firms including the London and Irish Stock Exchanges. It is constituted in a way that is intended to ensure that it operates in the interests of the totality of its user community. CREST is the book-entry dematerialised settlement system for corporate securities in the UK and Ireland. CREST is subject to the supervision of the Financial Services Authority in the UK and the Department of Enterprise and Employment in Ireland.

CREST does not act as a central nominee holding securities on behalf of its members. In CREST, the members are themselves the direct legal owners of the securities they hold and their names appear on the issuers' registers. CREST maintains book entries which mirror the entries in the register. CREST does not act as a central counterparty and consequently no counterparty exposures arise at the point of settlement.

2. CREST is a real time settlement system, meaning that instructions are generally processed within minutes of being entered into the system. Although the standard settlement cycle for the UK is the fifth trading day after the transaction date ("T+5"), it is possible for transactions to be entered into CREST for same day settlement or for longer than T+5 settlement. Thus, provided all the instructions match and the securities and credit are available in the relevant accounts, it is possible for securities to be transferred within the course of a day.
3. CREST offers simultaneous settlement of securities and funds transfer. At settlement, the buyer's payment bank assumes an unconditional and irrevocable obligation to pay the seller's payment bank; this obligation is discharged at the end of the payment day. Also at the point of settlement a book entry transfer is made within CREST giving the buyer a statutory defined equitable interest in the securities which should be registered by the registrar for the securities within two hours of settlement to give the purchaser full title.

Ongoing Transfer Procedures

Citibank, N.A., Singapore branch ("Citibank") has been appointed by CDP as its global custodian (the "Custodian") to hold the Ordinary Shares through a CREST member in the CREST system. The CREST member acting on behalf of Citibank is Vidacos Nominees Ltd.

(a) *Transfer of Ordinary Shares to CDP*

An investor whose Ordinary Shares are held in the CREST system in the UK and who wishes to trade such Ordinary Shares on the SES can request a transfer of such Ordinary Shares to CDP. The investor must ensure that such Ordinary Shares are transferred into his Securities Account with CDP before dealing in such Ordinary Shares since no assurance can be given that the Ordinary Shares can be transferred to CDP in time for settlement if the transfer is effected following dealing.

The investor may transfer his Ordinary Shares by submitting a duly completed CDP transfer form, together with the applicable CDP transfer fee and GST and the UK stamp duty reserve tax of 1.5 per cent. of the market value of the Ordinary Shares transferred, to CDP. The investor must also instruct his CREST sponsor or the member acting on his behalf in CREST to transfer such Ordinary Shares to Vidacos Nominees Ltd on the same day.

Upon receipt of the duly completed CDP transfer form, CDP will advise the Custodian to expect receipt of the Ordinary Shares for CDP's account and to match the relevant transfer. Upon notification by the Custodian to CDP of the receipt of the Ordinary Shares, CDP will credit the Securities Account of the investor concerned with the relevant number of Ordinary Shares. CDP will send a confirmation of the credit to the investor.

(b) *Transfer of Ordinary Shares out of CDP*

An investor whose Ordinary Shares are deposited with CDP and who wishes to trade on the LSE must arrange to transfer such Ordinary Shares into his CREST account for settlement of such trade.

For such a transfer, the investor must submit a duly completed CDP transfer form, together with the applicable CDP transfer fee and GST to CDP. The investor must also provide the CDP with the CREST participant identification number of his CREST sponsor or the member acting on his behalf in CREST, to which the Ordinary Shares should be transferred. Simultaneously, the investor must instruct his CREST sponsor to expect receipt of the relevant number of Ordinary Shares from Vidacos Nominees Ltd and to match the relevant transfer.

Upon receipt of the duly completed CDP transfer form, CDP will debit the investor's Securities Account for the relevant number of Ordinary Shares and then instruct the Custodian to transfer such Ordinary Shares to the investor's CREST account as specified by the investor. CDP will send a confirmation of the debit to the investor.

For transfer out of CDP, UK stamp duty of 0.5 per cent. of the market value of the Ordinary Shares transferred is payable by the investor to his CREST sponsor or the member acting on his behalf in CREST.

Time Needed for Transfer of Ordinary Shares

In the absence of unforeseen circumstances, the transfer of Ordinary Shares into and out of CDP will take a minimum of three Market Days after the duly completed documentation has been submitted to CDP for processing, assuming that proper instructions have been given by the investor to his CREST sponsor.

It must be noted that instructions and forms received by CDP after 10.00 a.m. on a given Market Day will be treated as being received on the next Market Day and, as such, will be processed on the next Market Day.

Trading In Sterling Pounds

Investors in Singapore who trade in the Ordinary Shares on the SES should note that their trades will be effected in Sterling pounds. Accordingly, investors should be aware of the foreign exchange risks associated with such trading.

Separate Quotations

The 58,414,994 new Ordinary Shares issued by Aberdeen to the Scottish Provident Group pursuant to the Acquisition are not entitled to receive any dividend made, paid or declared in respect of the financial year ended 30 September 1997 and, accordingly, are quoted separately from the existing Ordinary Shares as "Ord 10p (Rfd-01/10/97)" on the LSE and will be quoted as "A Shares" on the SES.

Payment of Dividends to Singapore residents

Dividends are declared by the Company in Sterling pounds and are payable to Shareholders in the same currency. Shareholders whose Shares are held through CDP will receive their dividends in Singapore dollars. The Company has authorised CDP to make the necessary arrangements to convert the dividends received from the Company in Sterling pounds into Singapore dollars as soon as practicable upon receipt of dividends by CDP. The Company and CDP shall not be liable for any loss howsoever arising from the conversion of the dividend entitlement of Shareholders from Sterling pounds to Singapore dollars. Further information on the withholding tax applicable to the payment of dividends can be found on page 114 of this Introductory Document.

Voting Procedures

CDP will take instructions from Securities Account holders or Depository Agents on the exercise of voting rights.

Taxation

Professional advisers should be consulted if in any doubt as to the taxation implications of purchasing, holding or disposing of the Ordinary Shares. None of the Company, the Directors, OUB or any other person involved in the Introduction accepts any responsibility for any tax effect on, or liability of Shareholders resulting from, the purchase, holding or disposal of Ordinary Shares.

SUMMARY OF FINANCIAL INFORMATION

The following financial information should be read in conjunction with the full text of this Introductory Document, including the Auditors' Report and financial information on the Aberdeen Group set out on pages 33 to 61 of this Introductory Document. The financial information set out below excludes any contribution from Prolific, which was acquired after 31 March 1997.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Financial Year ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March 1997</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover				
Continuing activities	15,150	15,659	19,631	10,037
Discontinued activities	2,567	1,914	—	—
	17,717	17,573	19,631	10,037
Administrative expenses	(10,671)	(11,520)	(13,044)	(6,531)
Goodwill written off	(891)	—	—	—
Operating profit				
Continuing activities	7,474	6,756	6,587	3,506
Discontinued activities	(1,319)	(703)	—	—
	6,155	6,053	6,587	3,506
Share of profit of associated undertakings	85	119	33	—
Loss on disposal of branches by discontinued activities	(538)	(1,399)	—	—
Profit on ordinary activities before interest	5,702	4,773	6,620	3,506
Net interest payable	(666)	(626)	(542)	(222)
Profit on ordinary activities before taxation	5,036	4,147	6,078	3,284
Tax on profit on ordinary activities	(1,651)	(1,388)	(1,676)	(903)
Profit on ordinary activities after taxation	3,385	2,759	4,402	2,381
Equity minority interests	—	(38)	(28)	(24)
Profit for the financial year	3,385	2,721	4,374	2,357
Dividends	(1,691)	(2,117)	(2,795)	(1,095)
Retained profit for the financial year	1,694	604	1,579	1,262
Earnings per share - FRS 3 ⁽¹⁾				
Continuing activities	6.36p	5.32p	5.08p	2.69p
Discontinued activities	(2.35p)	(2.11p)	—	—
	4.01p	3.21p	5.08p	2.69p
Earnings per share - IIMR headline ⁽²⁾				
Continuing activities	6.49p	5.46p	6.01p	2.76p
Discontinued activities	(0.65p)	(0.46p)	—	—
	5.84p	5.00p	6.01p	2.76p
Dividend per share	2.00p	2.50p	3.20p	1.25p
Funds under management at period end	£2,323m	£2,703m	£2,840m	£3,013m

Notes:-

- (1) Earnings per share, calculated in accordance with FRS 3, are based on profits attributable to ordinary shareholders and the average number of Ordinary Shares in issue during each financial period.
- (2) Earnings per share, measured in accordance with FRS 3, is affected by items of a non-recurring nature and the Directors believe that the Group's results are more fairly represented by the IIMR headline earnings per share figure, which excludes the effects of exceptional items and goodwill charged to the profit and loss account.

CONSOLIDATED BALANCE SHEET

	<i>As at 30 September</i>			<i>As at</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March 1997</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
ASSETS				
Fixed assets				
Intangible assets	13,025	16,151	16,228	16,228
Goodwill	3,899	4,470	4,008	3,948
Tangible assets	4,066	4,238	4,730	4,975
Investments	9,212	9,451	8,567	9,039
	30,202	34,310	33,533	34,190
Current assets				
Stocks	550	244	344	Not Disclosed
Debtors	5,354	13,466	28,250	
Investments	134	137	1,462	
Cash at bank and in hand	2,324	2,866	23,027	
	8,362	16,713	53,083	42,587
Assets attributable to equity shareholders	38,564	51,023	86,616	76,777
Assets of long-term life assurance business	—	62,561	65,565	63,054
Total assets	38,564	113,584	152,181	139,831
LIABILITIES				
Capital and reserves				
Called up share capital	8,467	8,480	8,738	Not Disclosed
Share premium account	13,189	13,225	14,267	
Merger reserve	1,641	2,629	2,720	
Other reserves	(317)	—	—	
Profit & loss account	1,755	2,441	3,940	
Equity shareholders' funds	24,735	26,775	29,665	30,988
Creditors: due within one year	6,703	15,727	32,789	22,752
Creditors: due after more than one year				
Convertible Subordinated Loan Notes	—	—	23,987	Not Disclosed
Other creditors	6,921	8,376	—	
	6,921	8,376	23,987	22,838
Provisions for liabilities and charges	205	124	126	126
Equity minority interests	—	21	49	73
	38,564	51,023	86,616	76,777
Liabilities of long-term life assurance business	—	62,561	65,565	63,054
Total liabilities	38,564	113,584	152,181	139,831

GENERAL INFORMATION ON THE COMPANY AND THE GROUP

THE COMPANY

The Company was incorporated and registered in Scotland under the Companies Acts 1948 to 1981 on 2 March 1983 with registered number 82015 as a private company limited by shares with the name of Arisino Limited. The Company changed its name to Aberdeen Fund Managers Limited on 13 April 1983, to Abtrust Holdings Limited on 23 December 1987 and to Aberdeen Trust Holdings Limited on 13 June 1988. The Company re-registered as a public limited company on 12 September 1989 and it changed its name to Aberdeen Trust PLC on 22 March 1991 and to Aberdeen Asset Management PLC on 1 May 1997. The principal legislation under which the Company operates is the Companies Act 1985 as amended by the Companies Act 1989. The registered office of the Company is at 10 Queen's Terrace, Aberdeen AB10 1QG.

SHARE AND LOAN CAPITAL

(a) During the three years preceding the date of this Introductory Document, the Company has made the following issues of share capital and loan capital:-

(i) options granted under the Share Option Schemes have been exercised resulting in an aggregate of 725,000 Ordinary Shares being issued at the following exercise prices:-

<i>Number of Ordinary Shares</i>	<i>Exercise Price</i>
251,250	56 pence
18,750	45 pence
100,000	40 pence
125,000	38 pence
230,000	33 pence

(ii) 2,430 Ordinary Shares have been issued upon exercise of Warrants and 2,330,265 Ordinary Shares have been issued upon exercise of A Warrants, in each case at an exercise price of 50 pence;

(iii) on 16 April 1996, the Company issued the Loan Notes to Phoenix Home Life Mutual Insurance Company;

(iv) the Company issued 688,000 Performance Shares as follows:-

<i>Date</i>	<i>Number</i>	<i>Subscription Price</i>
11 July 1997	194,500 1997 Performance Shares	56 pence
19 August 1997	281,500 1997 Performance Shares	59 pence
14 October 1997	212,000 1998 Performance Shares	68 pence

(v) on 8 September 1997, the Company issued 58,414,994 new Ordinary Shares at 95 pence each to the Scottish Provident Group to acquire Prolific.

(b) The authorised and issued share capital of the Company as at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document, are as follows:-

	<i>Authorised (£)</i>	<i>Issued and fully paid (£)</i>
Ordinary Shares	22,500,000	14,614,281.80
Performance Shares 1997	250,000	238,000
Performance Shares 1998	250,000	106,000
Performance Shares 1999	250,000	—
Performance Shares 2000	250,000	—
Performance Shares 2001	250,000	—
Deferred Shares	1,250,000	—

- (c) As at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document, there were US\$37.5 million in principal amount of the Loan Notes outstanding. A summary of the terms of the Loan Notes and procedures for conversion, exchange or subscription of such securities is set out in Appendix II to this Introductory Document.
- (d) The existing Ordinary Shares, A Warrants and Warrants are listed on the London Stock Exchange. The Performance Shares and the Deferred Shares are not and will not be listed on any stock exchange.
- (e) The authorised but unissued ordinary share capital of the Company is £7,885,718.20 representing approximately 35.05 per cent. of the authorised ordinary share capital. Of this amount, up to £2,725,831.50 will be reserved for the issue of Ordinary Shares in respect of the Loan Notes (£1,744,186), the Warrants (£19,721.80), the A Warrants (£539,173.70), the Executive Share Option Scheme (£295,000) and the 1994 Executive Share Option Scheme (£127,750).

The 688,000 Performance Shares which have been issued as at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document, may be converted into 3,440,000 Ordinary Shares under certain circumstances provided in the rights of and privileges attached to the Performance Shares as stated in the Articles of Association of the Company.

Listing applications will be made at the appropriate time to the LSE and the SES in respect of Ordinary Shares that may arise from the conversion of the Loan Notes and the Performance Shares.

Further details of the options granted under the Share Option Schemes are set out on pages 54 and 55 of this Introductory Document.

A summary of the terms of the Share Option Schemes and the Performance Share Scheme is set out in Appendix III to this Introductory Document.

- (f) Both the Warrants and the A Warrants entitle the holder to subscribe for one Ordinary Share at a price of 50 pence at any time up to 30 September 1999. As at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document, there were 197,218 Warrants in issue and 5,391,737 A Warrants in issue.
- (g) Save as disclosed above, in the last three years, there have been no changes in the issued share capital of the Company and no material changes in the issued share capital or loan capital of any of its subsidiaries other than intra-group issues by wholly owned subsidiaries, except *pro rata* issues by partly owned subsidiaries or changes in the capital structure of subsidiaries which have remained wholly owned throughout the period.
- (h) No commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries in the two years immediately preceding the date of this Introductory Document.
- (i) Save as disclosed above, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (j) Save as disclosed above, the Company has no other class of shares. Save as disclosed above, there are no founder, management, deferred or unissued shares reserved for issuance for any purpose.

SHARE PRICES

The Ordinary Shares are listed on the LSE. The table below sets out the monthly price movement of the Ordinary Shares on the LSE during the last two years:-

	High (£)	Low (£)	Close (£)	Volume (Ordinary Shares)
1996				
January	1.230	1.070	1.170	3,983,092
February	1.240	1.150	1.220	5,132,829
March	1.420	1.170	1.190	29,693,859
April	1.210	1.170	1.190	3,049,362
May	1.200	1.030	1.040	3,557,366
June	1.050	1.017	1.030	13,080,312
July	1.030	0.930	0.950	7,195,570
August	0.960	0.910	0.920	481,091
September	0.930	0.830	0.840	4,367,896
October	0.950	0.810	0.930	3,305,955
November	0.940	0.890	0.910	1,653,453
December	0.970	0.890	0.960	7,574,483
1997				
January	1.020	0.950	1.010	2,257,083
February	1.020	0.945	1.000	17,110,674
March	1.010	0.960	0.975	315,952
April	0.950	0.900	0.910	678,804
May	0.920	0.850	0.855	232,045
June	0.930	0.840	0.915	8,130,347
July	1.090	0.910	1.080	9,550,174
August	1.130	1.070	1.095	4,680,008
September*	1.100	1.020	1.040	2,912,045
October*	1.065	0.975	0.990	799,628

The following table sets out the daily high, low and closing prices of the Ordinary Shares* on the LSE between 1 November 1997 and 17 November 1997, being the latest practicable date on which the Ordinary Shares were transacted prior to the printing of this Introductory Document:-

	High (£)	Low (£)	Close (£)	Volume (Ordinary Shares)
3 November	0.995	0.985	0.985	—
4 November	0.985	0.985	0.985	525,954
5 November	0.985	0.985	0.985	—
6 November	0.985	0.980	0.980	1,000
7 November	0.985	0.975	0.980	—
10 November	0.985	0.975	0.980	7,000
11 November	0.980	0.970	0.970	21,800
12 November	0.975	0.970	0.970	86,093
13 November	0.975	0.970	0.970	200
14 November	0.975	0.970	0.970	12,500
17 November	0.975	0.970	0.970	—

* No prices have been provided for the Ordinary Shares designated as "Ord 10p (Rfd-01/10/97)" as no transactions in such Ordinary Shares have been recorded on the LSE since their issue.

DIRECTORS' AND SHAREHOLDERS' INTERESTS

- (a) The interests of the Directors and their immediate families in the share capital of the Company which have been notified to the Company pursuant to section 324 or section 328 of the Act or which are required to be entered in the register of directors' interests maintained under the provisions of section 325 of the Act including (to the extent known or which can with reasonably diligent enquiry be ascertained by the Directors) the interests of the persons connected with the Directors (within the meaning of section 346 of the Act) which would, if the connected person was a Director, be required to be disclosed pursuant to those provisions of the Act as at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document, are as follows:-

	Number of Ordinary Shares	Percentage of existing issued share capital beneficially owned (%)	Options over Ordinary Shares	Performance Shares 1997	Performance Shares 1998	A Warrants	Warrants
Executive Directors							
M J Gilbert	1,369,694	0.94	685,000	50,000	—	500,000	—
C D Fishwick	20,032	0.01	445,000	40,000	—	—	—
B Hendry	30,025	0.02	472,500	30,000	—	6,250	—
A A Laing	177,318	0.12	565,000	30,000	—	80,000	—
J Plumptre	—	—	—	—	24,000	—	—
W J Rattray	51,545	0.04	470,000	30,000	—	6,293	—
H Young	62,025	0.04	535,000	50,000	—	14,250	—
Non-executive Directors							
A M Pelham Burn	110,000	0.08	—	—	—	15,000	2,500
R Scott Brown	3,006,746	2.06	100,000	—	—	765,000	—
D E Woods	—	—	—	—	—	—	—
R H Booth	—	—	—	—	—	—	—
N M Bryson	—	—	—	—	—	—	—
J Burnett-Stuart	100,000	0.07	—	—	—	—	—
A F Bushell	69,917	0.05	—	—	—	—	—
C M Gilchrist	15,000	0.01	—	—	—	—	—
P McLoughlin	—	—	—	—	—	—	—
J L Pope	—	—	—	—	—	—	—
Alternate Directors							
D R Pepin	—	—	—	—	—	—	—
R C Shaw	—	—	—	—	—	—	—

A F Bushell also holds a non-beneficial interest in 15,000 A Warrants.

- (b) Save as disclosed above, as at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document, no Director, or any immediate family member of any Director, or any person connected with him, has any interest in the share capital of the Company or any of its subsidiaries.
- (c) In addition to the interests of Directors disclosed above, the Directors are aware of the following shareholders who are interested in 3 per cent. or more of the issued share capital of the Company as at 17 November 1997, being the latest practicable date prior to the printing of this Introductory Document.

Name	Number of Ordinary Shares	Percentage of enlarged issued share capital (%)
The Scottish Provident Institution	59,901,754	41.00
Phoenix Home Life Mutual Insurance Company	16,550,000	11.32
Philadelphia International Equities Inc.	15,000,000	10.26
Shell Contributory Pension Fund	5,867,200	4.01

- (d) Save as disclosed above, the Directors are not aware of any person who is interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.
- (e) No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed, except that:-

Mr Philip McLoughlin is a director of Phoenix Home Life Mutual Insurance Company ("Phoenix") and other companies within the Phoenix group while Mr Richard H Booth and Mr Richard C Shaw are directors of several companies within the Phoenix group. On 4 April 1996, Aberdeen Fund Managers, Inc entered into a joint venture agreement with P M Holdings Inc, a subsidiary of Phoenix, to provide investment management services to investors. Simultaneous with entering into the joint venture agreement, Aberdeen issued the Loan Notes, constituted by a Note Purchase Agreement, to Phoenix. Further details of the Note Purchase Agreement are set out in Appendix II to this Introductory Document.

Mr Angus M Pelham Burn, Mr David E Woods and Dr Norval M Bryson are directors of both the Company and Scottish Provident. On 31 July 1997, the Company and Scottish Provident entered into the Acquisition Agreement for the acquisition by Aberdeen of Prolific, Scottish Provident's investment management subsidiary, together with its subsidiaries. Following the Acquisition, the Group, through PAM, has entered into the Investment Management Agreement with Scottish Provident whereby PAM will continue to manage the Scottish Provident Funds on commercial terms. Aberdeen has also entered into the Relationship Agreement with Scottish Provident to regulate their relationship following the Acquisition. The Relationship Agreement deals with such matters as the exercise of voting rights, appointment of directors, competition, acquisition of and dealings in the Company's Ordinary Shares, anti-dilution rights, arm's length transactions, conflicts of interest, and certain other matters. Further details of the Acquisition Agreement, the Investment Management Agreement and the Relationship Agreement are set out in Appendix I to this Introductory Document.

- (f) There are no outstanding loans granted by any member of the Group to any of the Directors nor has any guarantee been provided by any member of the Group for their benefit.
- (g) Save for the provisions of the Relationship Agreement relating to the Scottish Provident Group's shareholding in the Company, there are no moratoria or restrictions on the trading of Ordinary Shares held by any shareholders of the Company. Details of the Relationship Agreement are set out in Appendix I to this Introductory Document.

GROUP STRUCTURE

The Company is the holding company of the Group and its principal trading subsidiary and associated undertakings and their activities are as shown below:-

Name	Nature of Business	% Owned	Country of Incorporation
<u>Subsidiary Undertakings</u>			
Aberdeen Asset Management Asia Limited	Fund management	100	Singapore
Aberdeen Asset Managers Limited	Fund management	100	Scotland
Aberdeen Fund Managers, Inc	Fund management	100	Delaware, USA
Aberdeen International Limited	Long term assurance	100	Guernsey
Aberdeen Unit Trust Managers Limited	Unit trust management	100	England
Prolific Asset Management Limited	Fund management	100	England
Prolific International Management Ireland Limited	Fund management	100	Ireland
Prolific Objective Unit Trust Management Limited	Unit trust management	100	England
Prolific Unit Trust Managers Limited	Unit trust management	100	England

Name	Nature of Business	% Owned	Country of Incorporation
<i>Associated undertakings</i>			
Phoenix-Aberdeen International Advisors, LLC	Fund management	50	Delaware, USA
Prolific Objective Asset Management Limited	Fund management	75	England

All of the above investments consist of holdings of ordinary share capital.

The Company owns 100 per cent. of the deferred shares issued by Aberdeen Unit Trust Managers Limited as well as all of its ordinary shares. The Company also holds investments in other subsidiary undertakings, the results of which are not significant.

The Company owns, through a subsidiary, 75 per cent. of the A ordinary shares and 75 per cent. of the C ordinary shares of Prolific Objective Asset Management Limited. The B ordinary shares are owned by the management of that company. The Company is not able to exercise dominant influence over Prolific Objective Asset Management Limited and therefore treats this company as an associated undertaking.

None of the above principal subsidiary and associated undertakings of the Company is listed on any stock exchange.

No Director or substantial shareholder of the Company has an interest (direct or indirect) in any of the subsidiary undertakings.

HISTORY AND BUSINESS

Aberdeen is the parent company of an asset management group which manages assets for a range of institutions, investment trusts, unit trusts, offshore funds and private clients. Aberdeen has been listed on the LSE since 1991, although its origins date back to an investment company founded in 1876 to assist Scottish farmers to set up in the Canadian prairies. Following the Acquisition, the Aberdeen Group now manages 38 unit trusts, 20 investment trusts and 22 offshore funds. Total funds under management (derived from the Aberdeen Group's management information) were approximately £11.7 billion as at 30 September 1997. The Group operates from its head office in Aberdeen and from offices in London, Singapore, Fort Lauderdale, Chicago, Edinburgh, Inverness, Kendal and Dublin.

In April 1996, Aberdeen entered into a joint venture with Phoenix which has provided Aberdeen with the opportunity to introduce its international expertise to the US market through Phoenix's established distribution network as well as additional strength to Aberdeen's balance sheet through the issue of the Loan Notes. The joint venture arrangements will continue to be an important part of the Aberdeen Group's business.

On 8 September 1997, Aberdeen completed the acquisition of Prolific, Scottish Provident's investment management subsidiary, together with its subsidiaries from Scottish Provident following approvals being obtained from Shareholders and the relevant authorities. As a result of the above, the Scottish Provident Group became a substantial minority shareholder in Aberdeen. Further details of the Acquisition are set out on page 20 of and Appendix I to this Introductory Document.

Prolific is a well known UK investment management group and acts as the investment manager for the Scottish Provident Funds as well as managing third party unit trusts, personal equity plans ("PEPs") and offshore mutual funds and marketing these funds to external clients. The Acquisition added approximately £7.9 billion to the Group's funds under management, of which approximately £0.7 billion was managed on behalf of external clients. Further financial information relating to the Prolific Group is set out in Appendix IV to this Introductory Document.

The investment trusts, unit trusts and offshore funds managed by the Group are as follows:-

Funds Managed By Aberdeen

Unit Trusts ⁽¹⁾

Aberdeen American Fund
Aberdeen Emerging Markets Fund
Aberdeen Ethical Fund
Aberdeen European Fund
Aberdeen Exempt Managed Fund
Aberdeen Extra Income Fund
Aberdeen Far East Emerging Economies Fund
Aberdeen Fixed Interest Fund
Aberdeen Frontier Markets Fund
Aberdeen Fund of Investment Trusts
Aberdeen Gilt Income Fund
Aberdeen Global Bond Fund
Aberdeen Japan Fund
Aberdeen Latin American Fund
Aberdeen Master Growth Fund
Aberdeen Master Income Fund
Aberdeen Pacific Fund
Aberdeen Property Share Fund
Aberdeen UK Emerging Companies Fund
Aberdeen UK Growth Fund
Aberdeen World Portfolio Fund

Investment Trusts ⁽²⁾

Aberdeen European Investment Trust PLC
Aberdeen Lloyd's Insurance Trust PLC
Aberdeen New Dawn Investment Trust PLC
Aberdeen New Thai Investment Trust PLC
Abtrust Asian Smaller Companies Investment Trust PLC
Abtrust Convertible Income Trust PLC
Abtrust Emerging Asia Investment Trust Limited
Abtrust Emerging Economies Investment Trust PLC
Abtrust High Income Trust PLC
Abtrust Latin American Investment PLC
Abtrust New Preferred Income Investment Trust PLC
Abtrust Preferred Income Investment Trust PLC
Abtrust Scotland Investment Company PLC
Danae Investment Trust PLC
Jove Investment Trust PLC
Radiotrust PLC
The Smaller Companies Investment Trust PLC
The Taverners Trust PLC
The Turkey Trust PLC

Offshore Funds ⁽³⁾

Aberdeen Atlas Continental Europe Portfolio
Aberdeen Atlas Dollar Portfolio
Aberdeen Atlas Global Capital Portfolio
Aberdeen Atlas Gold Portfolio
Aberdeen Atlas Japan Portfolio
Aberdeen Atlas Pacific Portfolio
Aberdeen Atlas Sterling Portfolio
Aberdeen Atlas UK Growth of Income Portfolio
Aberdeen Atlas United States Portfolio
Aberdeen India Fund Limited
Aberdeen Singapore Growth Fund

Funds Managed By Prolific

Unit Trusts

Prolific American Income Unit Trust
Prolific American Opportunities Unit Trust
Prolific Convertible & Gilt Unit Trust
Prolific European Growth Unit Trust
Prolific European Special Opportunities Unit Trust
Prolific Extra Income Unit Trust
Prolific Far East Unit Trust
Prolific Global Income Unit Trust
Prolific High Income Unit Trust
Prolific International Unit Trust
Prolific Japan Unit Trust
Prolific North American Unit Trust
Prolific Preference & Fixed Interest Unit Trust
Prolific Recovery Unit Trust
Prolific Special Situations Unit Trust
Prolific Technology Unit Trust
Prolific UK Blue Chip Unit Trust

Investment Trusts

Prolific Income PLC

Offshore Funds

Prolific International American Fund
Prolific International Asia Pacific Fund
Prolific International China Opportunities Fund
Prolific International European Growth Fund
Prolific International Global Growth Fund
Prolific International India Opportunities Fund
Prolific International Japan Growth Fund
Prolific International Sterling High Yield Fund
Prolific International Technology Fund
Prolific International UK Equity Income Fund
Prolific International World Bond Fund

Notes:-

⁽¹⁾ Unit trusts are open ended funds designed primarily for retail investors.

⁽²⁾ Investment trusts are closed ended investment companies listed on the LSE.

⁽³⁾ Aberdeen and Prolific offshore funds are open ended funds designed for international investors.

Further details of the investment objectives of the above funds are set out in Appendix V to this Introductory Document.

INFORMATION ON THE ACQUISITION

Background to the Acquisition

The Board believes that the investment management industry continues to be subject to powerful competitive pressures and increasing international challenges. In this climate, the Board believes that investment managers, even those with strong investment performance records, must seek to increase funds under management and strength and depth in their fund management teams, and expand into new markets in order to gain the critical mass necessary to compete successfully.

Aberdeen has for many years pursued a strategy of growth through acquisition, while maximising as far as possible the proportion of revenue arising as recurring fee income. The Acquisition is a major step forward for Aberdeen consistent with this strategy.

Terms of the Acquisition

The principal features of the Acquisition were as follows:-

- Aberdeen acquired the entire issued share capital of Prolific;
- Aberdeen issued 58,414,994 new Ordinary Shares to the Scottish Provident Group which, when aggregated with Scottish Provident's existing holding of 1,486,760 Ordinary Shares, represented approximately 41 per cent. of the issued ordinary share capital of Aberdeen as enlarged following completion of the Acquisition. The Acquisition valued Prolific at approximately £55.5 million based on the prevailing market price on 30 July 1997 of 95 pence;
- the new Ordinary Shares were issued credited as fully paid up and ranking *pari passu* in all respects with the existing Ordinary Shares except that they are not entitled to receive any dividend made, paid or declared in respect of the financial year ended 30 September 1997;
- Aberdeen and Scottish Provident entered into the Relationship Agreement under which Scottish Provident is entitled to appoint two non-executive directors to the Aberdeen board and to representation on certain Aberdeen board committees. The Scottish Provident Group has also confirmed its present intention to retain its shareholding in Aberdeen as a long term strategic investment. The Relationship Agreement contains, *inter alia*, anti-dilution provisions in respect of the Scottish Provident Group's holding in Aberdeen and arrangements in respect of the orderly marketing of any sale of shares by the Scottish Provident Group;
- Scottish Provident and PAM entered into the Investment Management Agreement on commercial terms under which PAM will continue to manage the Scottish Provident Funds; and
- David E Woods (Group Managing Director of Scottish Provident) became a non-executive Deputy Chairman of Aberdeen and Norval M Bryson (Deputy Group Managing Director and Group Finance Director of Scottish Provident) joined the Aberdeen board as a non-executive director. John Plumpton (Investment Director of Prolific) joined the Aberdeen board as an executive director. In addition, Scottish Provident is also represented on the audit and remuneration committees of the Aberdeen board.

Further details relating to the terms of the Acquisition Agreement, the Investment Management Agreement and the Relationship Agreement are set out in Appendix I to this Introductory Document.

Proforma Statement of Combined Net Assets of the Group following the Acquisition

The following is an illustrative and unaudited proforma statement of the combined net assets of the enlarged Group and is derived from the audited consolidated balance sheet of the Aberdeen Group as at 30 September 1996 and the audited consolidated balance sheet of the Prolific Group as at 31 December 1996 being the dates to which the last audited accounts were drawn up for each company. It is provided for illustrative purposes only and, because of its nature, cannot give a complete picture of the enlarged Group's financial position.

	Aberdeen Group at 30 September 1996 £'000	Prolific Group at 31 December 1996 £'000	Adjustments £'000	Proforma Enlarged Group £'000
Fixed assets				
Intangible assets	16,228	—	—	16,228
Goodwill	4,008	—	—	4,008
Tangible assets	4,730	2,393	(800)	6,323
Investments	8,567	1,967	—	10,534
	<u>33,533</u>	<u>4,360</u>	<u>(800)</u>	<u>37,093</u>
Current assets				
Stock	344	150	—	494
Debtors	28,250	6,326	(3)	34,573
Investments	1,462	—	—	1,462
Cash at bank and in hand	23,027	15,452	(104)	38,375
	<u>53,083</u>	<u>21,928</u>	<u>(107)</u>	<u>74,904</u>
Assets of long-term life assurance business	65,565	—	—	65,565
Total assets	<u>152,181</u>	<u>26,288</u>	<u>(907)</u>	<u>177,562</u>
Creditors : due within one year	(32,789)	(17,796)	1,609	(48,976)
Creditors : due after more than one year				
– Convertible Subordinated Loan Notes	(23,987)	—	—	(23,987)
– Other	—	(624)	—	(624)
Provisions for liabilities and charges	(126)	(679)	—	(805)
Minority interests	(49)	—	—	(49)
	<u>(56,951)</u>	<u>(19,099)</u>	<u>1,609</u>	<u>(74,441)</u>
Liabilities of long-term life assurance business	(65,565)	—	—	(65,565)
Total liabilities	<u>(122,516)</u>	<u>(19,099)</u>	<u>1,609</u>	<u>(140,006)</u>
Net assets	<u>29,665</u>	<u>7,189</u>	<u>702</u>	<u>37,556</u>

Notes:-

- No account has been taken of the results of the Aberdeen Group or the Prolific Group since 30 September 1996 and 31 December 1996 respectively.
- No adjustment has been made in respect of the estimated costs of the Acquisition.
- It has been assumed that no trading took place between Aberdeen and Prolific.
- The Prolific Group's balance sheet at 31 December 1996 includes the net assets of Prolific Property Development (Kent) Limited. As this company was not acquired by Aberdeen pursuant to the Acquisition Agreement, a corresponding adjustment has been made to the proforma net assets statement to reflect this.

REVIEW OF PAST PERFORMANCE

The review of past performance excludes any contribution from Prolific as the latter was acquired only towards the end of the financial year ended 30 September 1997.

Financial Year ended 30 September 1994

The Group's results for 1994 showed a strong improvement in profitability and cash flow, reflecting the benefits of an increased range of funds under management and control of fixed overhead. As a result, the level of gearing was considerably reduced during the year.

Profit before taxation improved by 60 per cent. to £5.04 million on turnover which increased from £14.76 million to £17.72 million. However, the full extent of the growth in profitability was masked by the charge in the 1994 results of £1.5 million of goodwill written off relating to the Group's accountancy and taxation activities (which were subsequently discontinued) to comply with new accounting requirements. The underlying profit for 1994, excluding that charge, showed an improvement of 106 per cent. to £6.46 million.

Financial Year ended 30 September 1995

The results for 1995 reflected a solid performance by the Group's continuing activities. Although down on the 1994 results, profits and cash flow remained strong, and the Group continued to benefit from management fee income derived from a diverse range of funds under management. The Group's accountancy and taxation activities, which had an adverse effect on the year's results, were sold during the year.

The Group's fund management activities generated an operating profit of £6.76 million for the year, on turnover of £15.66 million. However, the operating profit was stated after charging £400,000 of non-recurring costs relating to the purchase of Prosperity Unit Trust Management ("Prosperity"); excluding these costs, the operating margin was 45.7 per cent., compared to 49.3 per cent. in 1994.

The 3.4 per cent. increase in fund management income benefited from the additional fee income following the purchases of Prosperity and, to a lesser extent, Abtrust Pointon Fund Managers. Against this, however, income growth was restricted by the poor performance, in Sterling terms, of the stock markets of the Far East and other emerging markets. The quality of fund management income remained high, with over 90 per cent. being generated from recurring management fees. The additional fee income from the issues by Abtrust Asian Smaller Companies and Abtrust High Income Trusts shortly after the year end further enhanced the base of recurring income.

Administrative expenses increased to £8.90 million, from £7.68 million in the previous year. However, if non-recurring costs were excluded, the underlying increase in costs was approximately 10 per cent. The increase in the cost base was due to the development of the Group's sales and marketing activities, together with a number of additions to the fund management team.

Financial Year ended 30 September 1996

Profit before taxation for the year to 30 September 1996 was £6.08 million, after recording exceptional costs of £0.92 million which arose in respect of the transaction with Phoenix Home Life Mutual Insurance Company. This result showed considerable improvement on the 1995 profit of £4.15 million, which was adversely affected by losses on discontinued activities.

Excluding the effects of exceptional costs in each year, profits improved by 26.3 per cent. to £7.00 million (1995 - £5.55 million). Earnings per share measured on the IIMR headline basis, which excludes the effects of goodwill and exceptional items, improved by 20.2 per cent. to 6.01p.

Fund management turnover increased by 25.4 per cent. to £19.63 million, and approximately 94 per cent. of turnover was generated from recurring management fees. Growth in fee income was driven by two principal factors: the value of funds under management, and the average revenue margin earned on those funds. Although overall growth in funds under management was slowed by the reduction in the value of Lloyd's syndicate funds following the implementation of Equitas, these funds were replaced with new business which generates a higher rate of management fee, further improving the quality of the Group's recurring fee income.

Administrative expenses, excluding exceptional items, increased to £12.12 million, from £8.90 million arising on continuing activities in the previous year. This increase reflected the Group's commitment to investing in a structure capable of dealing efficiently with opportunities for growth of the business, which is expected to bring rewards in the form of increased levels of income in future years.

Interim Results for the 6 months ended 31 March 1997

Profit before tax for the six month period to 31 March 1997 was £3.28 million, compared to £3.38 million for the equivalent period in the previous year. Operating expenses were similar to the second half of 1996. Income growth was held back by the 6 per cent. increase in the average value of Sterling compared to the previous year. Despite the adverse effect of Sterling on the valuation of the Group's international funds, the Group's funds under management grew by 6 per cent. during the period, to £3.01 billion at 31 March 1997, with half of the total fund growth during the period due to new funds attracted.

CUSTOMERS

The Group manages assets for a range of clients. The proportion of funds managed under each client type as at 30 September 1997 is as follows:-

	£ m	%
Life funds	6,565	56.1%
Unit trusts and unit-linked funds	2,879	24.6%
Investment trusts	916	7.8%
Institutional funds	733	6.2%
Offshore funds	514	4.4%
Private clients	101	0.9%
Total	<u>11,708</u>	<u>100.0%</u>

Save for Century Life plc, which represented 8.8 per cent., 9.3 per cent. and 8.9 per cent. of the Group's turnover for the financial years ended 30 September 1994, 1995 and 1996, respectively, no customer accounted for more than 5 per cent. of the Group's turnover (excluding any contribution from Prolific) over the last three financial years.

COMPETITION

The Group competes with numerous fund management companies around the world. At present, its principal competitors are active managers based in the UK that offer unit trusts, offshore funds and investment trust products to English-speaking retail and institutional investors.

VULNERABILITY

The Directors believe that the Group may be vulnerable to the factors summarised below.

Investment Performance

Most of the Group's clients are primarily interested in the investment returns of their funds. If the Group's investment management ability declines over time relative to its competitors, its clients might terminate their management agreements. Relative investment performance is in turn dependent on several factors, the most important of which is the ability of the Group to attract and retain talented fund managers.

In addition, the Group's financial performance is dependent on changes in absolute stock market levels around the world because management fee income, which accounts for nearly all the Group's revenue base, is generally linked to the absolute value of funds under management from time to time.

Financial Performance

The Group's financial performance is, in part, dependent on retaining existing clients and gaining new funds. In order to win new funds, the Group needs effective sales and marketing capabilities. Further, new funds are difficult to launch unless the overall financial and political climate is favourably disposed towards savings and investment.

Other factors that influence the Group's financial performance include the application of information technology necessary to compete in a market which is highly dependent on information; cost controls; strategic planning; and the effective management of the Group's employees.

PROPERTIES AND FIXED ASSETS

(a) The Company's head office and principal place of business is at 10 Queen's Terrace, Aberdeen AB10 1QG.

(b) The principal establishments of the Group are as follows:-

<i>Company</i>	<i>Location</i>	<i>Approximate Area (sq. ft.)</i>	<i>Tenure</i>	<i>Expiry of Lease</i>
Aberdeen Asset Management Asia Limited	88A Circular Road, Singapore	3,223	Leasehold	30 November 1998
Aberdeen Asset Management PLC	2nd and 3rd floors, 99 Charterhouse Street, London	6,458	Leasehold	23 June 2009
	4th and 5th floors, 99 Charterhouse Street, London	5,119	Leasehold	24 March 2010
	7-10 Queen's Terrace, Aberdeen	18,810	Freehold	n/a
Aberdeen Fund Managers Inc	Suite 2210, 22nd floor, NationsBank Tower, Fort Lauderdale, Florida	1,093	Leasehold	1 October 2000
Prolific Financial Management plc	Walbrook House, Walbrook, London EC4N 8LD	16,911	Leasehold	31 December 1999
	20 South St Andrew Street Edinburgh EH2	3,182 & 3,000	Leasehold Leasehold	11 November 2015 31 December 2000
	Barclay House 6 Pembroke Place Dublin 2	1,070	Leasehold	15 October 2000

DIRECTORS

The Board of Directors is entrusted with the responsibility for the overall management of the Company. The particulars of the Directors are as follows:-

Name	Age	Residence	Designation
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Executive Directors

Martin J Gilbert	42	UK	Chief Executive
Christopher D Fishwick	35	UK	Executive Director
Beverley Hendry	43	US	Executive Director
Andrew A Laing	44	UK	Managing Director
John Plumptre	45	UK	Executive Director
William J Rattray	39	UK	Finance Director
Hugh Young	39	Singapore	Executive Director

Non-executive Directors

Angus M Pelham Burn	65	UK	Non-executive Chairman
Ronald Scott Brown	60	UK	Non-executive Deputy Chairman
David E Woods	49	UK	Non-executive Deputy Chairman
Richard H Booth	50	US	Non-executive Director
Norval M Bryson	48	UK	Non-executive Director
Joseph Burnett-Stuart	67	UK	Non-executive Director
Anthony F Bushell	64	UK	Non-executive Director
Clive M Gilchrist	47	UK	Non-executive Director
Philip McLoughlin	51	US	Non-executive Director
James L Pope	48	US	Non-executive Director

Alternate Directors

David R Pepin	54	US	Alternate Director (alternate to Mr McLoughlin)
Richard C Shaw	49	US	Alternate Director (alternate to Mr Booth)

The audit committee comprises Messrs Bushell (Chairman), Scott Brown, Pope, Booth and Dr Bryson. The remuneration committee comprises Messrs Gilchrist (Chairman), Burnett-Stuart, Pelham Burn, Woods and McLoughlin. The nomination committee comprises Messrs Pelham Burn, Gilbert, Scott Brown and Woods.

SERVICE AGREEMENTS

Details of the existing service contracts of the Executive Directors of Aberdeen are set out below.

Each of the Aberdeen Executive Directors' service contracts will continue until either the Company gives the Executive Director two years' notice or the Executive Director gives the Company one year's notice. Mr Gilbert is entitled to receive a salary of £185,000 per annum. Mr Laing is entitled to receive a salary of £125,000 per annum. Mr Rattray is entitled to receive a salary of £105,000 per annum. Mr Fishwick is entitled to receive a salary of £125,000 per annum. Mr Plumptre is entitled to receive a salary of £120,000 per annum plus a company car. Mr Hendry is entitled to receive a salary of £96,750 per annum. Mr Young is entitled to receive a salary of £176,677 per annum. Mr Young and Mr Hendry are both entitled to rent-free accommodation. In addition, each of the Executive Directors is entitled to a discretionary annual bonus and to participate in the Company's pension scheme. In the event of any such contract being terminated by the Company, the relevant Executive Director is entitled to liquidated damages equating to twice his gross annual salary. In the event of a hostile takeover, each Executive Director is entitled to give 30 days' notice to terminate his service contract and to receive liquidated damages equating to twice his gross annual salary.

Directors' Remuneration

Details of Directors' remuneration for the two financial years ended 30 September 1996 are as follows:-

	1996						1995		
	Salary & fees	Bonus payment	Other benefits (a)	Total before pensions	Pension costs	Total	Total before pensions	Pension costs	Total
	£	£	£	£	£	£	£	£	£
Executive									
<i>For duties performed mainly within the UK</i>									
R Scott Brown ^(b)	27,083	—	571	27,654	2,957	30,611	66,575	7,089	73,664
M J Gilbert	185,000	65,000	1,775	251,775	19,105	270,880	201,200	13,589	214,789
C D Fishwick	125,000	45,000	2,096	172,096	13,105	185,201	—	—	—
B Hendry	—	—	—	—	—	—	96,575	8,089	104,664
A A Laing	125,000	45,000	1,828	171,828	13,105	184,933	141,350	9,589	150,939
W J Rattray	105,000	30,000	1,646	136,646	11,105	147,751	110,325	7,964	118,289
	567,083	185,000	7,916	759,999	59,377	819,376	616,025	46,320	662,345
<i>For duties performed mainly outwith the UK</i>									
B Hendry	87,500	30,000	41,746	159,246	8,750	167,996	—	—	—
H Young	174,922	45,000	107,456	327,378	13,605	340,983	302,690	11,991	314,681
	262,422	75,000	149,202	486,624	22,355	508,979	302,690	11,991	314,681
Non-executive									
A M Pelham Burn	36,000	—	—	36,000	—	36,000	35,000	—	35,000
R Scott Brown ^(b)	9,042	—	—	9,042	—	9,042	—	—	—
R H Booth	5,812	—	—	5,812	—	5,812	—	—	—
J Burnett-Stuart	15,500	—	—	15,500	—	15,500	15,000	—	15,000
A F Bushell	15,500	—	—	15,500	—	15,500	15,000	—	15,000
C M Gilchrist	15,500	—	—	15,500	—	15,500	15,000	—	15,000
Alternate									
J L Pope	15,500	—	—	15,500	—	15,500	7,500	—	7,500
R C Shaw	5,812	—	—	5,812	—	5,812	—	—	—
	118,666	—	—	118,666	—	118,666	87,500	—	87,500
	948,171	260,000	157,118	1,365,289	81,732	1,447,021	1,006,215	58,311	1,064,526

Notes:-

(a) For UK Directors, other benefits represent the cost of medical expenses insurance and the value of shares allotted under the Group's profit sharing trust. Benefits for Mr Young and Mr Hendry include house rental in Singapore and Fort Lauderdale, respectively.

(b) Mr Scott Brown retired as an executive on 29 February 1996 but continues to serve as a non-executive Director.

LETTER FROM THE AUDITORS IN RELATION TO THE UNAUDITED INTERIM RESULTS OF ABERDEEN FOR THE SIX MONTHS ENDED 31 MARCH 1997

The following report of the Auditors should be read solely in conjunction with the financial information presented on pages 28 to 32 of this Introductory Document.

KPMG Audit Plc
37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

The Directors
Aberdeen Asset Management PLC
10 Queen's Terrace
Aberdeen AB10 1QG
United Kingdom

24 November 1997

Dear Sirs

This letter has been prepared for inclusion in the Introductory Document dated 24 November 1997, in connection with the admission of the entire issued ordinary share capital of Aberdeen Asset Management PLC to the official list of the Stock Exchange of Singapore Limited. For the purposes of this letter we have undertaken only the procedures necessary to support the findings expressed below. Such procedures do not constitute an audit and provide only the assurance expressed in the findings.

We refer to the financial information presented on pages 28 to 32 of the Introductory Document for which the Directors are solely responsible. We confirm that the information contained therein has been extracted without material adjustment from the unaudited consolidated interim report of Aberdeen Asset Management PLC for the six month period ended 31 March 1997, on which a review report, addressed to and solely for the benefit of the Company, was given in accordance with the Bulletin *Review Of Interim Financial Information* issued by the UK Auditing Practices Board (such reviews are substantially less in scope than audits performed in accordance with UK Auditing Standards issued by the UK Auditing Practices Board).

Yours faithfully

KPMG Audit Plc
Chartered Accountants

INTERIM RESULTS OF ABERDEEN FOR THE SIX MONTHS ENDED 31 MARCH 1997

Set out below is the full text of the unaudited interim results of Aberdeen for the six months ended 31 March 1997 which were released on 19 May 1997.

Aberdeen Asset Management PLC, the international asset management group formerly known as Aberdeen Trust PLC, today announce interim results for the six months to 31 March 1997.

Highlights

	<i>6 months to 31 March 1997</i>	<i>6 months to 31 March 1996</i>
Turnover	£10.04m	£9.17m
Profits before taxation	£3.28m	£3.38m
Earnings per share - IIMR Headline Rate	2.76p	2.96p
Interim dividend per share	1.25p	1.00p

Investment administration and fund accounting for all Group clients outsourced to Henderson plc.

Chairman's Interim Statement

This is my first report following the Company's change of name from Aberdeen Trust PLC which took effect on 1 May.

Profit before taxation for the six month period to 31 March 1997 was £3.28 million, compared to £3.38 million for the equivalent period last year. Operating expenses were similar to the second half of 1996 but, as I stated at the Annual General Meeting in February, income growth has been held back by the 6% increase in the average value of Sterling compared to last year.

The Group's funds under management have grown by 6% during the period, to £3.01 billion at 31 March 1997, despite the adverse effect of the pound on the valuation of our international funds. It is encouraging to note that half of the total fund growth during the period is due to net new money attracted and, since the end of the period, we have won several other mandates which will be reflected in funds under management in the second half of this year.

Our unit trust subsidiary has produced a strong sales performance during the first half year, with net sales already exceeding the 1996 full year figures. Of particular note has been the level of PEP sales achieved - £32 million for the 6 months to 31 March, with a further £23 million in April. During this period we have added over 5,000 unitholders, representing a 10% increase on September 1996. This very high level of business has resulted in increased operating costs, largely associated with processing PEP applications. Although this depresses the operating margin in the short term, the Group will benefit in the longer term from the further increase in recurring management fees.

Our US joint venture with Phoenix Home Life continues to develop steadily, and we have achieved a close working relationship on a number of fronts. We have now transferred a member of staff to Chicago to begin to market our international asset management capability to the US institutional market in conjunction with Phoenix Duff and Phelps. We have also enhanced our UK institutional marketing team and the marketing effort in Singapore is producing a steady stream of new mandates.

It has been clear for some time that the asset management industry has become increasingly dependent on computer systems. Our evaluation of this trend is that the level of ongoing investment required in system development will continue to accelerate. We have therefore decided to outsource the investment administration and fund accounting for all group clients to Henderson plc. This transfer, which is expected to be completed during July 1997, will enable the Group to concentrate on its core activity of international asset management. After initial transitional costs, this move should begin to make a positive contribution to Group profitability from 1998.

The need for continuous systems development, which would otherwise have involved significant capital expenditure, will be largely eliminated as a result of this decision. Resources which the Group would have been obliged to invest in administration technology will instead be applied to enhance our client service, compliance, statistical and marketing functions. A core team will be retained to monitor the outsourced activities.

It has always been our policy to pursue long term growth from recurring fee income rather than seeking to maximise any short term revenues which can be generated from the funds we manage. To this end, we have taken steps to ensure that, in line with what we believe will become accepted best practice, any element of double charging is removed from our pricing structure. Although representing a small proportion of total turnover foregone, this decision has nevertheless reduced the Group's income in the period under review. We believe, however, that the improved transparency will be of considerable benefit in our marketing effort.

The Board believes that the steps which have been taken are key to the Group's focus on developing our fund management business and that, notwithstanding the negative effects on short term results, the Group's longer term prospects remain very positive. We have therefore decided to pay an increased interim dividend of 1.25p net per share, partly to reduce the disparity which arose between the 1996 interim and final payments.

A M Pelham Burn
Chairman

19 May 1997

Group Profit and Loss Account
For the six months to 31 March 1997

	<i>6 months to 31 March 1997 £'000</i>	<i>6 months to 31 March 1996 £'000</i>	<i>Year to 30 September 1996 £'000</i>
Turnover	10,037	9,170	19,631
Administrative expenses	(6,531)	(5,559)	(12,119)
Exceptional costs	—	—	(925)
Operating profit	3,506	3,611	6,587
Share of profit of associated undertakings	—	33	33
Profit before interest and taxation	3,506	3,644	6,620
Interest payable	(222)	(264)	(542)
Profit before taxation	3,284	3,380	6,078
Taxation	(903)	(913)	(1,676)
Profit after taxation	2,381	2,467	4,402
Equity minority interests	(24)	(15)	(28)
Profit attributable to shareholders	2,357	2,452	4,374
Dividends	(1,095)	(872)	(2,795)
Retained profit	1,262	1,580	1,579
Earnings per share – FRS3	2.69p	2.89p	5.08p
– IIMR headline	2.76p	2.96p	6.01p

Statement of Total Recognised Gains and Losses
For the six months to 31 March 1997

	<i>6 months to 31 March 1997 £'000</i>	<i>6 months to 31 March 1996 £'000</i>	<i>Year to 30 September 1996 £'000</i>
Profit attributable to shareholders	2,357	2,452	4,374
Translation of foreign currency net investments	(33)	(13)	11
Total recognised gains and losses	2,324	2,439	4,385

Aberdeen Asset Management PLC

Summary Group Balance Sheet At 31 March 1997

	<i>31 March 1997 £'000</i>	<i>31 March 1996 £'000</i>	<i>30 September 1996 £'000</i>
ASSETS			
Fixed assets			
Intangible assets	16,228	16,201	16,228
Goodwill	3,948	4,052	4,008
Tangible assets	4,975	4,561	4,730
Investments	9,039	8,573	8,567
	<hr/> 34,190	<hr/> 33,387	<hr/> 33,533
Current assets	42,587	14,420	53,083
	<hr/> 76,777	<hr/> 47,807	<hr/> 86,616
Assets attributable to equity shareholders			
Assets of long-term life assurance business	63,054	67,020	65,565
	<hr/> 139,831	<hr/> 114,827	<hr/> 152,181
LIABILITIES			
Equity shareholders' funds	30,988	29,538	29,665
Creditors due within one year	22,752	11,839	32,789
Creditors due outwith one year	22,838	6,270	23,987
Provisions for liabilities and charges	126	124	126
Equity minority interests	73	36	49
	<hr/> 76,777	<hr/> 47,807	<hr/> 86,616
Liabilities of long-term life assurance business	63,054	67,020	65,565
	<hr/> 139,831	<hr/> 114,827	<hr/> 152,181
Total liabilities			

Summary Group Cash Flow Statement
For the six months to 31 March 1997

	<i>6 months to 31 March 1997 £'000</i>	<i>6 months to 31 March 1996 £'000</i>	<i>6 months to 30 September 1996 £'000</i>
Net cash inflows (outflows) from:			
Operating activities	1,921	2,864	10,439
Returns on investments and servicing of finance	(188)	(264)	228
Taxation refunded (paid)	88	(294)	(2,008)
Capital expenditure and financial investment	(846)	(329)	(1,166)
Acquisitions and disposals	—	—	177
Equity dividends paid	(1,922)	(1,524)	(2,394)
Net cash (outflow) inflow before financing	(947)	453	5,276
Issue of share capital	94	1,196	1,300
(Decrease) increase in debt	—	(1,273)	13,574
(Decrease) increase in cash	(853)	376	20,150

Aberdeen Asset Management PLC

Notes

1. The interim dividend of 1.25p per share will be paid on 16 July 1997 to qualifying shareholders on the register at 13 June 1997.
2. The interim results have been prepared on the basis of the accounting policies set out in the Group's 1996 statutory accounts. The financial information for the year to 30 September 1996 has been abridged from these accounts, which have been filed with the Registrar of Companies and on which the report of the auditors was unqualified.
3. Copies of this statement are being sent to all shareholders and warrant holders. Copies can be obtained from the Company's registered office, 10 Queen's Terrace, Aberdeen AB10 1QG.

Funds Under Management

	<i>March 1997 £m</i>	<i>September 1996 £m</i>
Unit trusts	1,041	967
Investment trusts	835	772
Institutional funds	1,041	1,005
Private clients	96	96
	3,013	2,840
Equities:		
UK	1,280	1,199
Far East	510	511
Emerging markets	167	146
Europe	130	119
USA	89	93
Japan	19	20
	2,195	2,088
Fixed interest	818	752
	3,013	2,840

AUDITORS' REPORT

The following report of the Auditors should be read solely in conjunction with the financial information presented on pages 34 to 61 of this Introductory Document.

KPMG Audit Plc
37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

The Directors
Aberdeen Asset Management PLC
10 Queen's Terrace
Aberdeen AB10 IQG
United Kingdom

24 November 1997

Dear Sirs

This letter has been prepared for inclusion in the Introductory Document dated 24 November 1997, in connection with the admission of the entire issued ordinary share capital of Aberdeen Asset Management PLC to the official list of the Stock Exchange of Singapore Limited. For the purposes of this letter we have undertaken only the procedures necessary to support the findings expressed below. Such procedures do not constitute an audit and provide only the assurance expressed in the findings.

We refer to the financial information presented on pages 34 to 61 of the Introductory Document for which the Directors are solely responsible. We confirm that the information contained therein has been extracted without material adjustment from the consolidated statutory accounts of Aberdeen Asset Management PLC, audited solely for the purposes of Part VII of the UK Companies Act 1985 in accordance with UK Law and Auditing Standards issued by the UK Auditing Practices Board, for the years ended 30 September 1994, 1995 and 1996.

Yours faithfully

KPMG Audit Plc
Chartered Accountants

FINANCIAL INFORMATION RELATING TO THE ABERDEEN GROUP

1. Nature of financial information

The financial information contained in paragraphs 2 to 8 below is extracted without material adjustment from the audited consolidated accounts of Aberdeen Asset Management PLC for the years ended 30 September, 1994, 1995 and 1996.

This financial information contained in paragraphs 2 to 8 below does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for each of the years ended 30 September, 1994, 1995 and 1996, on which unqualified audit reports (not containing a statement under section 237(2) or (3) of the Companies Act 1985) have been given by the Company's auditors, have been delivered to the Registrar of Companies.

2. Accounting Policies

Format

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

The consolidated financial statements incorporate the accounts of Aberdeen Asset Management PLC and all its subsidiary undertakings. As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account of the Company is not presented.

The consolidated profit and loss account includes the results of subsidiary undertakings acquired during the year from their effective date of acquisition, the results of subsidiary undertakings disposed of during the year up to their effective date of disposal, and the Group's share of the results of associated undertakings.

Associated undertakings are included in the consolidated balance sheet at cost plus attributable share of retained profits.

Goodwill

Purchased goodwill relating to the Group's fund management activity is capitalised and amortised over a period of up to 40 years. Goodwill arising on consolidation, which represents the excess of the cost of acquisition of subsidiaries over the fair value of the net tangible assets and identifiable intangible assets at the date of acquisition, if not written off immediately, is capitalised and amortised over a period of up to 40 years. Where a permanent diminution in the value of goodwill has occurred and accordingly the Directors' valuation is lower than cost, an appropriate write-down is made through the profit and loss account. The estimated value of unit trust and investment trust management contracts is included in the calculation of the fair value of the net assets acquired. Other management contracts are excluded from the calculation of net assets acquired and are treated as goodwill. Where goodwill is written off immediately on acquisition, any resulting adverse balance on reserves is transferred to distributable reserves over a period of up to 40 years.

Investments

In the accounts of the Company, investments held as fixed assets are stated at cost, less provisions for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value.

Fixed intangible assets: unit trust and investment trust management contracts

Management contracts are stated at the lower of cost and Directors' valuation. Where a permanent diminution in the value of the contracts has occurred and accordingly the Directors' valuation is lower than cost, an appropriate write-down is made through the profit and loss account.

Stocks

Stocks of units in managed funds are stated at the lower of cost and market value, calculated at the bid price on the balance sheet date. Professional work in progress is stated at the lower of staff cost plus attributable overheads and net realisable value.

Turnover

Turnover represents the amount receivable in respect of the Group's activities in providing fund management services and until these activities were discontinued in 1995, accountancy and taxation services.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

Leases

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

Depreciation

Depreciation is provided by the Group to write off the cost, less any anticipated residual value, of fixed tangible assets by equal instalments over their estimated useful economic lives as follows:

Leasehold property	: over the period of the lease
Property improvements	: 5 years or the period of the lease
Computers, fixtures and fittings	: 3-10 years
Motor vehicles	: 4 years

No depreciation is provided on heritable property where the residual value is expected to exceed cost. The appraisal of residual values is based on prices prevailing at the time of acquisition. In the event of a permanent diminution in residual values, an appropriate write-down is made through the profit and loss account.

Foreign exchange

Transactions of UK companies which are denominated in foreign currencies are converted at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

The results of overseas subsidiary undertakings are translated at average exchange rates. Assets and liabilities of overseas subsidiary undertakings are translated at the year end rates and exchange differences are taken direct to reserves.

Pension costs

The main pension scheme operated by the Group is a self-administered money purchase scheme. Benefits from the scheme are based on contributions made. Payments made to the scheme represent current service contributions and are charged to the profit and loss account.

The Group also operates a pension scheme which provides benefits based on average pensionable pay. Contributions to this scheme, which are paid according to the advice of an actuary, are charged to the profit and loss account so as to spread the cost over the expected working lives of active members.

3. Consolidated profit and loss account

	Notes	Years ended 30 September		
		1996 £'000	1995 £'000	1994 £'000
Turnover				
Continuing activities		19,631	15,659	15,150
Discontinued activities		—	1,914	2,567
	1	19,631	17,573	17,717
Operating expenses				
Administrative expenses	5	(13,044)	(11,520)	(10,671)
Goodwill written off	5	—	—	(891)
Operating profit				
Continuing activities		6,587	6,756	7,474
Discontinued activities		—	(703)	(1,319)
	1,2	6,587	6,053	6,155
Share of profit of associated undertakings		33	119	85
Loss on disposal of branches by discontinued activities	5	—	(1,399)	(538)
Profit on ordinary activities before interest		6,620	4,773	5,702
Net interest payable	6	(542)	(626)	(666)
Profit on ordinary activities before taxation		6,078	4,147	5,036
Tax on profit on ordinary activities	7	(1,676)	(1,388)	(1,651)
Profit on ordinary activities after taxation		4,402	2,759	3,385
Equity minority interests		(28)	(38)	—
Profit for the financial year	8	4,374	2,721	3,385
Dividends	9	(2,795)	(2,117)	(1,691)
Retained profit for the financial year		1,579	604	1,694
Earnings per share - FRS 3				
Continuing activities		5.08p	5.32p	6.36p
Discontinued activities		—	(2.11p)	(2.35p)
	10	5.08p	3.21 p	4.01 p
Earnings per share - ILMR headline				
Continuing activities		6.01p	5.46p	6.49p
Discontinued activities		—	(0.46p)	(0.65p)
	10	6.01p	5.00p	5.84p

4. Consolidated balance sheet

		As at 30 September		
	Notes	1996 £'000	1995 £'000	1994 £'000
ASSETS				
Fixed assets				
Intangible assets	11	16,228	16,151	13,025
Goodwill	12	4,008	4,470	3,899
Tangible assets	13	4,730	4,238	4,066
Investments	14	8,567	9,451	9,212
		<hr/>	<hr/>	<hr/>
		33,533	34,310	30,202
Current assets				
Stocks	15	344	244	550
Debtors	16	28,250	13,466	5,354
Investments	17	1,462	137	134
Cash at bank and in hand	18	23,027	2,866	2,324
		<hr/>	<hr/>	<hr/>
		53,083	16,713	8,362
Assets attributable to equity shareholders				
		86,616	51,023	38,564
Assets of long-term life assurance business	26	65,565	62,561	—
		<hr/>	<hr/>	<hr/>
Total assets		152,181	113,584	38,564
<hr/>				
LIABILITIES				
Capital and reserves				
Called up share capital	19	8,738	8,480	8,467
Share premium account	20	14,267	13,225	13,189
Merger reserve	20	2,720	2,629	1,641
Other reserves	20	—	—	(317)
Profit and loss account	20	3,940	2,441	1,755
		<hr/>	<hr/>	<hr/>
Equity shareholders' funds		29,665	26,775	24,735
Creditors: due within one year	22	32,789	15,727	6,703
Creditors: due after more than one year				
Convertible Subordinated Loan Notes		23,987	—	—
Other creditors		—	8,376	6,921
		<hr/>	<hr/>	<hr/>
	23	23,987	8,376	6,921
Provisions for liabilities and charges		126	124	205
Equity minority interests		49	21	—
		<hr/>	<hr/>	<hr/>
		86,616	51,023	38,564
Liabilities of long-term life assurance business		65,565	62,561	—
		<hr/>	<hr/>	<hr/>
Total liabilities		152,181	113,584	38,564

5. Statement of total recognised gains and losses

	Year ended 30 September		
	1996 £'000	1995 £'000	1994 £'000
Profit for the financial year	4,374	2,721	3,385
Translation of foreign currency net investments	11	(6)	(1)
Total gains recognised in the financial year	<u><u>4,385</u></u>	<u><u>2,715</u></u>	<u><u>3,384</u></u>

6. Consolidated cash flow statement

		Years ended 30 September					
		1996		1995		1994	
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Net cash inflows from operating activities	2		10,439		6,872		7,896
Returns on investments and servicing of finance							
Net interest received (paid)			228		(626)		(765)
Taxation paid			(2,008)		(1,572)		(821)
Capital expenditure and financial investment							
Purchase of intangible fixed assets	11	(77)		(211)		—	
Purchase of tangible fixed assets	13	(1,106)		(636)		(1,010)	
Payment of deferred consideration on purchase of goodwill		—		—		(108)	
Purchase of fixed asset investments		—		(190)		(188)	
Purchase of current asset investments		(105)		(3)		—	
Sale of management contract		—		140		—	
Sale of tangible fixed assets		46		107		2	
Sale of fixed asset investments		12		28		—	
Sale of current asset investments		64		—		—	
			(1,166)		(765)		(1,304)
Acquisitions and disposals							
Purchase of subsidiary undertakings		—		(3,920)		—	
Sales of subsidiary and associated undertakings	14	177		—		—	
			177		(3,920)		—
Equity dividends paid			(2,394)		(1,778)		(1,347)
Cash inflow (outflow) before financing			5,276		(1,789)		3,659
Financing							
Issue of share capital	19		1,300		49		212
Increase (decrease) in debt:							
Due within one year:							
bank loans repaid	24	(10,413)		(1,170)		(3,094)	
bank loan drawn		—		875		—	
Due beyond one year:							
7% Convertible Subordinated Loan Notes issued	23	23,987		—		—	
bank loan drawn		—		2,625		—	
			13,574		2,330		(3,094)
Capital element of finance lease rental payments			—		(42)		(83)
Increase in cash in year			20,150		548		694

7. Reconciliation of Net Cash Flow to Movement in Net Debt

	<i>Notes</i>	<i>Years ended 30 September</i>		
		<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>	<i>1994</i> <i>£'000</i>
Increase in cash in year		20,150	548	694
Cash inflow from increase in debt financing	23	(13,574)	(2,288)	3,177
Change in net debt resulting from cash flows		6,576	(1,740)	3,871
Translation difference		11	(6)	(1)
Movement in net debt in the year		6,587	(1,746)	3,870
Net debt at 1 October, 1995	23	(7,547)	(5,801)	(9,671)
Net debt at 30 September, 1996	23	(960)	(7,547)	(5,801)

8. Notes to the Accounts

(1) Segmental Information

The Group is involved in a single business activity of providing fund management services. The additional activity of providing accountancy and taxation services was discontinued in 1995.

	<i>Years ended 30 September</i>						
	<i>1996</i>	<i>1995</i>			<i>1994</i>		
	<i>Total</i> <i>£'000</i>	<i>Fund</i> <i>management</i> <i>£'000</i>	<i>Accountancy</i> <i>and taxation</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>	<i>Fund</i> <i>management</i> <i>£'000</i>	<i>Accountancy</i> <i>and taxation</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Turnover	19,631	15,659	1,914	17,573	15,150	2,567	17,717
Operating expenses							
Administrative expenses	(13,044)	(8,903)	(2,617)	(11,520)	(7,676)	(2,995)	(10,671)
Goodwill written off (note 5)	—	—	—	—	—	(891)	(891)
Operating profit	6,587	6,756	(703)	6,053	7,474	(1,319)	6,155
Share of profit of associated undertakings	33	119	—	119	85	—	85
Loss on disposal of branches by discontinued activities	—	—	(1,399)	(1,399)	—	(538)	(538)
Profit on ordinary activities before interest	6,620	6,875	(2,102)	4,773	7,559	(1,857)	5,702
Interest payable	(542)	(480)	(146)	(626)	(541)	(125)	(666)
Profit on ordinary activities before taxation	6,078	6,395	(2,248)	4,147	7,018	(1,982)	5,036

Although the Group has subsidiary undertakings which operate in Singapore and the USA, the services of these companies are provided mainly to UK clients. The proportion of turnover, profits and net assets which relate to activities outwith the UK are less than 5 per cent. of the respective Group amounts and are therefore not separately disclosed.

The information above relating to the year ended 30 September, 1994 has been restated in accordance with the disclosure requirements of FRS 3.

The net assets of the discontinued accountancy and taxation segment are not material and so analysis is not considered meaningful.

(2) Operating profit

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Operating profit is stated after charging (crediting):</i>			
Auditors' remuneration – audit fees	110	101	79
– fees for non-audit services	62	48	38
Operating lease payments	676	728	749
Depreciation – owned assets	510	358	310
Depreciation – short leasehold property	58	52	153
Amortisation of goodwill	123	120	108
Directors' remuneration	1,447	1,065	1,142
Gain on disposal of associated undertaking	(95)	—	—
	<u> </u>	<u> </u>	<u> </u>

Reconciliation of operating profit to operating cash flow

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating profit – continuing activities	6,587	6,756	7,474
Depreciation charges	568	356	421
Amortisation of goodwill	123	120	108
Amortisation of pension variation cost	—	14	—
Gain on disposal of associated undertaking	(95)	—	—
Goodwill written off	—	—	891
Cost of investment written off	—	—	19
(Increase) decrease in stocks	(100)	123	58
Increase in debtors	(14,157)	(6,954)	(28)
Increase in creditors	17,513	6,296	(36)
	<u> </u>	<u> </u>	<u> </u>
Net cash inflow from continuing activities	10,439	6,711	8,907
Net cash inflow/(outflow) in respect of discontinued activities	—	161	(1,011)
	<u> </u>	<u> </u>	<u> </u>
Net cash inflow from operating activities	<u>10,439</u>	<u>6,872</u>	<u>7,896</u>

(3) Employees

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Aggregate employee costs, including Directors:			
Salaries	4,722	4,427	4,460
Bonuses and other benefits	1,120	916	905
Social security costs	383	495	441
Other pension costs	492	1,347	739
	<u> </u>	<u> </u>	<u> </u>
	<u>6,717</u>	<u>7,185</u>	<u>6,545</u>

	<i>Number</i>	<i>Number</i>	<i>Number</i>
Average number of employees during the year:			
Fund management	131	101	85
Accountancy and taxation services	—	72	98
	<u>131</u>	<u>173</u>	<u>183</u>

(4) Directors' remuneration

	<i>Year ended 30 September 1996</i>					
	<i>Salary and fees</i>	<i>Bonus payments</i>	<i>Other benefits (a)</i>	<i>Total before pensions</i>	<i>Pension costs</i>	<i>Total</i>
	£	£	£	£	£	£
Executive						
<i>For duties performed mainly within the UK</i>						
M J Gilbert	185,000	65,000	1,775	251,775	19,105	270,880
C D Fishwick	125,000	45,000	2,096	172,096	13,105	185,201
B Hendry	—	—	—	—	—	—
A A Laing	125,000	45,000	1,828	171,828	13,105	184,933
W J Rattray	105,000	30,000	1,646	136,646	11,105	147,751
R Scott Brown (b)	27,083	—	571	27,654	2,957	30,611
	<u>567,083</u>	<u>185,000</u>	<u>7,916</u>	<u>759,999</u>	<u>59,377</u>	<u>819,376</u>
<i>For duties performed mainly outwith the UK</i>						
B Hendry	87,500	30,000	41,746	159,246	8,750	167,996
H Young	174,922	45,000	107,456	327,378	13,605	340,983
	<u>262,422</u>	<u>75,000</u>	<u>149,202</u>	<u>486,624</u>	<u>22,355</u>	<u>508,979</u>
Non Executive						
A M Pelham Burn	36,000	—	—	36,000	—	36,000
R H Booth	5,812	—	—	5,812	—	5,812
J Burnett-Stuart	15,500	—	—	15,500	—	15,500
A F Bushell	15,500	—	—	15,500	—	15,500
C M Gilchrist	15,500	—	—	15,500	—	15,500
J L Pope	15,500	—	—	15,500	—	15,500
R Scott Brown (b)	9,042	—	—	9,042	—	9,042
R C Shaw	5,812	—	—	5,812	—	5,812
	<u>118,666</u>	<u>—</u>	<u>—</u>	<u>118,666</u>	<u>—</u>	<u>118,666</u>
	<u>948,171</u>	<u>260,000</u>	<u>157,118</u>	<u>1,365,289</u>	<u>81,732</u>	<u>1,447,021</u>

- (a) For UK Directors, other benefits represent the cost of medical expenses insurance and the value of shares allotted under the Group's profit sharing trust. Benefits for Mr Young and Mr Hendry include house rental in Singapore and Fort Lauderdale respectively.

- (b) Mr Scott Brown retired as an executive on 29 February, 1996 but continues to serve as a Non-executive Director.

	Year ended 30 September 1995			Year ended 30 September 1994		
	<i>Total before pensions</i>	<i>Pension costs</i>	<i>Total</i>	<i>Total before pensions</i>	<i>Pension costs</i>	<i>Total</i>
	£	£	£	£	£	£
Executive						
<i>For duties performed mainly within the UK</i>						
M J Gilbert	201,200	13,589	214,789	258,635	13,575	272,210
B Hendry	96,575	8,089	104,664	104,147	8,075	112,222
A A Laing	141,350	9,589	150,939	147,439	9,175	156,614
W J Rattray	110,325	7,964	118,289	106,547	7,575	114,122
R Scott Brown	66,575	7,089	73,664	66,547	7,075	73,622
	616,025	46,320	662,345	683,315	45,475	728,790
<i>For duties performed mainly outwith the UK</i>						
H Young	302,690	11,991	314,681	338,052	9,183	347,235
	302,690	11,991	314,681	338,052	9,183	347,235
Non Executive						
A M Pelham Burn	35,000	—	35,000	30,000	—	30,000
J Burnett-Stuart	15,000	—	15,000	12,000	—	12,000
A F Bushell	15,000	—	15,000	12,000	—	12,000
C M Gilchrist	15,000	—	15,000	12,000	—	12,000
J L Pope	7,500	—	7,500	—	—	—
R C Shaw	—	—	—	—	—	—
	87,500	—	87,500	66,000	—	66,000
	1,006,215	58,311	1,064,526	1,087,367	54,658	1,142,025

Other information

The total emoluments of the Chairman and of the highest paid UK Director are disclosed in the tables above. The statutory analysis of Directors' remuneration into bands of £5,000 is not given because this information can be derived from the detailed figures disclosed in respect of each director. No contracts of significance subsisted during or at the end of the financial year in which a Director of the Company is or was materially interested.

(5) Exceptional costs

Recognised within operating profit

Professional fees and other non-recurring costs amounting to £925,000 were incurred in 1996 by the Group in negotiating and completing the US joint operating agreement with the issue of US\$37.5 million Convertible Subordinated Loan Notes to Phoenix Home Life Mutual Insurance Company. These costs have been treated as exceptional items within administrative expenses.

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Recognised in arriving at operating profit			
Goodwill written off	—	—	891
Recognised below operating profit			
Loss on disposal of branches:			
Goodwill written off	—	1,393	586
Unamortised pension variation cost	—	572	102
Other costs	—	393	—
	—	2,358	688
Disposal proceeds	—	(959)	(150)
	—	1,399	538

The effect on the taxation charge of the exceptional items recognised below operating profit is disclosed in note 7.

(6) Net interest payable

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
On bank loans and overdrafts	—	—	657
On term loans	405	819	—
On 7% Convertible Subordinated Loan Notes	770	—	—
On hire purchase and other finance	—	—	9
	1,175	819	666
Received on deposits and other interest bearing accounts	(633)	(193)	—
	542	626	666

(7) Taxation

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Taxation			
UK Corporation tax at 33%	1,517	1,265	1,321
Less: double taxation relief	(140)	(43)	—
	<hr/>	<hr/>	<hr/>
	1,377	1,222	1,321
Deferred taxation	2	(95)	165
Overseas taxation	286	242	167
	<hr/>	<hr/>	<hr/>
	1,665	1,369	1,653
Overprovision in respect of prior years	—	(25)	(30)
	<hr/>	<hr/>	<hr/>
	1,665	1,344	1,623
Associated undertakings	11	44	28
	<hr/>	<hr/>	<hr/>
	1,676	1,388	1,651
	<hr/>	<hr/>	<hr/>

The corporation tax charge for the year has been reduced by the utilisation of losses brought forward. In 1995 the effect on the tax charge arising from exceptional items recognised below operating profit was a credit of £60,000 (1994 – credit of £34,000).

(8) Profit for the financial year

The profit dealt with in the accounts of the Company was £4,279,000 (1995 – £2,087,000, 1994 – £2,463,000).

(9) Dividends

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
On ordinary shares:			
Interim paid – 1.0p (1995 – 0.7p, 1994 – 0.6p)	872	591	506
Final proposed – 2.2p (1995 – 1.8p, 1994 – 1.4p)	1,923	1,526	1,185
	<hr/>	<hr/>	<hr/>
	2,795	2,117	1,691
	<hr/>	<hr/>	<hr/>

(10) Earnings per share

Earnings per share, calculated in accordance with FRS 3, are based on profits attributable to ordinary shareholders of £4,374,000 (1995 – £2,721,000, 1994 – £3,385,000) and an average of 86,106,069 (1995 – 84,701,394, 1994 – 84,347,321) ordinary shares of 10p in issue during the year.

This measure of earnings per share is affected by items of a non-recurring nature and the Directors believe that the Group's results are more fairly represented by the IIMR headline earnings per share figure, which excludes the effects of exceptional items and goodwill charged to the profit and loss account.

The two measures of earnings per share can be reconciled as follows:

	Years ended 30 September						
	1996	1995			1994		
		Continuing Activities	Dis-continued Activities	Total	Continuing Activities	Dis-continued Activities	Total
	Total						
Calculated in accordance with FRS 3	5.08p	5.32p	(2.11p)	3.21p	6.36p	(2.35p)	4.01p
Add: goodwill written off	—	—	—	—	—	1.06p	1.06p
Add: amortisation of goodwill	0.14p	0.14p	—	0.14p	0.13p	—	0.13p
Add: exceptional costs	0.79p	—	—	—	—	—	—
Add: loss on disposal of branches	—	—	1.65p	1.65p	—	0.64p	0.64p
IIMR headline earnings per share	6.01p	5.46p	(0.46p)	5.00p	6.49p	(0.65p)	5.84p

Fully diluted earnings per share are not disclosed as the dilution is less than 5 per cent.

(11) Fixed intangible assets

The cost of unit trust and investment trust management contracts purchased by the Group is as follows:

	<i>£'000</i>
At 1 October, 1993 and 30 September, 1994	13,025
Net additions during the year	3,126
At 30 September, 1995	<u>16,151</u>
At 1 October, 1995	16,151
Additions during the year	77
At 30 September, 1996	<u>16,228</u>

(12) Goodwill

	<i>Consolidation goodwill £'000</i>	<i>Purchased goodwill £'000</i>	<i>Total £'000</i>
Cost			
At 1 October, 1993 and 30 September, 1994	3,148	1,167	4,315
At 1 October, 1994	3,148	1,167	4,315
Additions (note 14)	691	—	691
30 September, 1995	3,839	1,167	5,006
At 1 October, 1995	3,839	1,167	5,006
Disposals	(395)	—	(395)
At 30 September, 1996	3,444	1,167	4,611
Amortisation			
At 1 October, 1993	237	71	308
Charge for year	79	29	108
At 30 September, 1994	316	100	416
At 1 October, 1994	316	100	416
Charge for year	91	29	120
At 30 September, 1995	407	129	536
At 1 October, 1995	407	129	536
Disposals	(56)	—	(56)
Charge for year	94	29	123
At 30 September, 1996	445	158	603
Net book value			
At 30 September, 1996	2,999	1,009	4,008
At 30 September, 1995	3,432	1,038	4,470
At 30 September, 1994	2,832	1,067	3,899

(13) Fixed tangible assets

	<i>Heritable property £'000</i>	<i>Short leasehold property £'000</i>	<i>Computers fixtures and fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost					
At 1 October, 1993	2,625	400	2,116	32	5,173
Additions	479	17	514	—	1,010
Disposals	—	(9)	(157)	(11)	(177)
At 30 September, 1994	3,104	408	2,473	21	6,006
At 1 October, 1994	3,104	408	2,473	21	6,006
Additions	66	55	515	—	636
On purchase of subsidiary undertakings (note 14)	—	—	105	15	120
Disposals	—	(72)	(848)	—	(920)
At 30 September, 1995	3,170	391	2,245	36	5,842
At 1 October, 1995	3,170	391	2,245	36	5,842
Additions	57	86	893	70	1,106
Disposals	—	—	(45)	(36)	(81)
At 30 September, 1996	3,227	477	3,093	70	6,867
Depreciation					
At 1 October, 1993	—	220	1,403	11	1,634
Charge for year:					
Owned assets	—	—	305	5	310
Hire purchase and leased	—	82	71	—	153
On disposals	—	(9)	(139)	(9)	(157)
At 30 September, 1994	—	293	1,640	7	1,940
At 1 October, 1994	—	293	1,640	7	1,940
Purchase of subsidiary undertakings (note 14)	—	—	58	9	67
Charge for year:					
Owned assets	—	—	350	8	358
Hire purchase and leased	—	52	—	—	52
On disposals	—	(72)	(741)	—	(813)
At 30 September, 1995	—	273	1,307	24	1,604
At 1 October, 1995	—	273	1,307	24	1,604
Charge for year:					
Owned assets	—	—	497	13	510
Hire purchase and leased	—	58	—	—	58
On disposals	—	—	(7)	(28)	(35)
At 30 September, 1996	—	331	1,797	9	2,137
Net book value					
At 30 September, 1996					
Owned assets	3,227	—	1,296	61	4,584
Hire purchase and leased	—	146	—	—	146
	3,227	146	1,296	61	4,730

	<i>Heritable property £'000</i>	<i>Short leasehold property £'000</i>	<i>Computers fixtures and fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
At 30 September, 1995					
Owned assets	3,170	—	938	12	4,120
Hire purchase and leased	—	118	—	—	118
	<u>3,170</u>	<u>118</u>	<u>938</u>	<u>12</u>	<u>4,238</u>
At 30 September, 1994					
Owned assets	3,104	—	833	14	3,951
Hire purchase and leased	—	115	—	—	115
	<u>3,104</u>	<u>115</u>	<u>833</u>	<u>14</u>	<u>4,066</u>

(14) Fixed asset investments

	<i>Associated undertakings (unlisted) £'000</i>	<i>Other investments (unlisted) £'000</i>	<i>Total £'000</i>
Shares at cost			
At 1 October, 1993	225	3,134	3,359
Additions	—	188	188
Transfer from current asset investments	—	88	88
Written off during the year	—	(19)	(19)
At 30 September, 1994	<u>225</u>	<u>3,391</u>	<u>3,616</u>
At 1 October, 1994	225	3,391	3,616
Additions	140	—	140
Disposals	—	(12)	(12)
At 30 September, 1995	<u>365</u>	<u>3,379</u>	<u>3,744</u>
At 1 October, 1995	365	3,379	3,744
Disposals	(365)	(12)	(377)
At 30 September, 1996	<u>—</u>	<u>3,367</u>	<u>3,367</u>
Loans			
At 1 October, 1993 and 30 September, 1994	237	5,200	5,437
At 1 October, 1994	237	5,200	5,437
Advanced during year	50	—	50
Repaid during year	(16)	—	(16)
At 30 September, 1995	<u>271</u>	<u>5,200</u>	<u>5,471</u>
At 1 October, 1995	271	5,200	5,471
Repaid during year	(271)	—	(271)
At 30 September, 1996	<u>—</u>	<u>5,200</u>	<u>5,200</u>

	<i>Associated undertakings (unlisted) £'000</i>	<i>Other investments (unlisted) £'000</i>	<i>Total £'000</i>
Share of results			
At 1 October, 1993	102	—	102
Share of retained profit for the year	57	—	57
At 30 September, 1994	159	—	159
At 1 October, 1994	159	—	159
Share of retained profit for the year	77	—	77
At 30 September, 1995	236	—	236
At 1 October, 1995	236	—	236
Share of retained profit for the year	22	—	22
Disposals	(258)	—	(258)
At 30 September, 1996	—	—	—
Net book value			
At 30 September, 1996	—	8,567	8,567
At 30 September, 1995	872	8,579	9,451
At 30 September, 1994	621	8,591	9,212

The principal companies in which the Group's interest was more than 10 per cent. at 30 September, 1996 were as follows:

Subsidiary undertakings

	<i>Principal activity</i>	<i>% owned</i>	<i>Country of registration</i>	<i>Country of operation</i>
Aberdeen Asset Managers Limited	Fund management	100	Scotland	UK
Aberdeen Asset Management Asia Ltd	Fund management	100	Singapore	Singapore
Aberdeen Fund Managers, Inc.	Fund management	100	USA	USA
Abtrust Pointon Pension Fund Managers Limited	Fund management	75	England	UK
Abtrust Securities Limited	Fund management	100	England	UK
Aberdeen Unit Trust Managers Limited	Unit trust management	100	England	UK
Aberdeen International Limited	Long term assurance	100	Guernsey	Guernsey

Associated Undertaking

Phoenix-Aberdeen International Advisors, LLC	Fund management	50	USA	USA
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All of the above investments consist of holdings of ordinary share capital.

The Company owns 100 per cent. of the deferred shares issued by Aberdeen Unit Trust Managers Limited and 100 per cent. of the convertible redeemable shares issued by Abtrust Securities Limited, as well as all of the ordinary shares of those companies. The Company also holds investments in other subsidiary undertakings, the results of which are not significant in the Group context.

The accounting treatment of associated undertakings disposed of during the year ended 30 September, 1996 was as follows:

	<i>Aberdeen America Inc £'000</i>	<i>Abtrust Bell Lawrie Limited £'000</i>	<i>Total £'000</i>
Consideration			
Shares in current asset investments	700	584	1,284
Cash	107	70	177
	<hr/> 807	<hr/> 654	<hr/> 1,461
Less: provision for contingent clawback of proceeds (note 28)	(133)	—	(133)
	<hr/> 674	<hr/> 654	<hr/> 1,328
Net assets disposed of			
Cost of investment	90	275	365
Loan stock	201	70	271
Share of results	44	214	258
	<hr/> 335	<hr/> 559	<hr/> 894
Goodwill	339	—	339
	<hr/> 674	<hr/> 559	<hr/> 1,233
Net gain on disposal	<hr/> —	<hr/> 95	<hr/> 95

The accounting treatment of subsidiary undertakings purchased during the year ended 30 September, 1995 was:

	<i>Aberdeen International Limited £'000</i>	<i>Prosperity Unit Trust Management Limited £'000</i>	<i>Arthur House Management Limited £'000</i>	<i>APFM Wind-up Limited £'000</i>	<i>Total £'000</i>
Total consideration	1,471	4,152	90	700	6,413
Net tangible assets acquired:					
Fixed assets	53	—	—	—	53
Bank	1,176	975	90	252	2,493
Stock	—	64	—	—	64
Debtors	157	922	—	176	1,255
Creditors due within one year	(189)	(1,045)	—	(162)	(1,396)
Fair value of assets acquired	1,197	916	90	266	2,469
	274	3,236	—	434	3,944
Additions to goodwill (note 12)	274	—	—	417	691
Additions to management contracts	—	3,236	—	—	3,236
Equity minority interests	—	—	—	17	17
	274	3,236	—	434	3,944
Date of acquisition	31 March 1995	30 December 1994	6 June 1995	20 November 1994	
Summary of results					
Profit (loss) from date of acquisition	—	(12)	—	117	
Profit (loss) for current financial period	—	(12)	—	113	
Profit (loss) for previous financial period	262	238	(178)	(61)	

The business activities of Prosperity Unit Trust Management Limited and Arthur House Management Limited were transferred to other Group companies shortly after purchase.

All subsidiary undertakings acquired during the year ended 30 September, 1995 have been accounted for by the acquisition method of accounting.

(15) Stocks

	<i>As at 30 September</i>		
	<i>1996 £'000</i>	<i>1995 £'000</i>	<i>1994 £'000</i>
Units in managed funds	344	80	139
Professional work in progress	—	164	411
	344	244	550

(16) Debtors

	<i>As at 30 September</i>		
	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>	<i>1994</i> <i>£'000</i>
<i>(a) Amounts due within one year</i>			
Unit trust trustees for units liquidated	17,411	5,758	408
Debtors for unit sales	4,639	1,472	288
	<u>22,050</u>	<u>7,230</u>	<u>696</u>
Other trade debtors	2,262	2,597	2,356
Amounts due by subsidiary undertakings	—	—	—
Prepayments and accrued income	1,220	903	1,211
Other debtors	2,199	1,814	519
	<u>27,731</u>	<u>12,544</u>	<u>4,782</u>
<i>(b) Amounts due outwith one year</i>			
Proceeds of sale of discontinued activities	519	922	—
Unamortised pension variation cost	—	—	572
	<u>519</u>	<u>922</u>	<u>572</u>
Total debtors	<u>28,250</u>	<u>13,466</u>	<u>5,354</u>

(17) Current asset investments

	<i>As at 30 September</i>		
	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>	<i>1994</i> <i>£'000</i>
Listed on London Stock Exchange	1,390	25	—
Unlisted	72	112	134
	<u>1,462</u>	<u>137</u>	<u>134</u>

The market value of listed investments held at the balance sheet date was £1,390,000 (1995 — £34,000).

(18) Analysis of balances of cash as shown in the balance sheet

	<i>1996</i> <i>£'000</i>	<i>Change</i> <i>in year</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>	<i>Change</i> <i>in year</i> <i>£'000</i>	<i>1994</i> <i>£'000</i>	<i>Change</i> <i>in year</i> <i>£'000</i>	<i>1993</i> <i>£'000</i>
Cash at bank and in hand	<u>23,027</u>	<u>20,161</u>	<u>2,866</u>	<u>542</u>	<u>2,324</u>	<u>693</u>	<u>1,631</u>

Analysis of changes in cash

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net cash inflow before adjustment for the effects of foreign exchange rates	20,150	548	694
Effects of foreign exchange rate changes	11	(6)	(1)
	<u>20,161</u>	<u>542</u>	<u>693</u>

(19) Share capital

	<i>Years ended 30 September</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Ordinary Shares			
Authorised	<u>14,000</u>	<u>12,500</u>	<u>12,500</u>
Allotted, called up and fully paid	<u>8,738</u>	<u>8,480</u>	<u>8,467</u>

In the year ended 30 September, 1996 a total of 260,000 Ordinary Shares were issued at an average price of 53.0p pursuant to the exercise of options granted to employees under the Executive share option scheme.

In the year ended 30 September, 1995 a total of 122,500 Ordinary Shares were issued at an average price of 39.57p pursuant to the exercise of options granted to employees under the Executive share option scheme.

In the year ended 30 September, 1994 a total of 475,000 Ordinary Shares were issued at an average price of 44.4p pursuant to the exercise of options granted to employees under the Executive share option scheme.

Warrants and A Warrants

	<i>1996</i>	<i>1995</i>	<i>1994</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Warrants in issue	<u>199,482</u>	<u>199,582</u>	<u>199,648</u>
A Warrants in issue	<u>5,394,937</u>	<u>7,722,002</u>	<u>7,722,002</u>

Both the Warrants and the A Warrants entitle the holder to subscribe for 1 new ordinary share of 10p at a price of 50p at any time up to 30 September, 1999. 100 Warrants and 2,327,065 A Warrants were exercised during the year ended 30 September, 1996 (1995: 66 Warrants and 1994: nil).

Executive Share Option Scheme

The following share options were in place at 30 September, 1996:

<i>Date option granted</i>	<i>Option price per share</i>	<i>Period of exercise</i>	<i>Number of shares</i>	
			<i>Total</i>	<i>Directors</i>
30 March, 1989	45p	30 March, 1992 – 29 March, 1999	493,750	400,000
9 March, 1990	56p	9 March, 1993 – 8 March, 2000	1,011,250	915,000
7 March, 1991	38p	7 March, 1994 – 6 March, 2001	640,000	495,000
2 March, 1992	33p	2 March, 1995 – 1 March, 2002	577,500	287,500
23 July, 1993	40p	23 July, 1996 – 22 July, 2003	445,000	295,000
28 January, 1994	82p	28 January, 1997 – 27 January, 2004	125,000	125,000

1994 Executive share option scheme

30 March, 1994	91p	30 March, 1999 – 29 March, 2004	1,047,500	835,000
15 February, 1995	83p	15 February, 2000 – 14 February, 2005	230,000	—

Options granted under the 1994 Executive Share Option Scheme may only be exercised if the Remuneration Committee is satisfied that earnings per share have increased over a period of three years or longer by 5 per cent. per annum in excess of the average growth in the stock markets in which the Group's funds are invested.

Directors' interests in share options

	<i>Date of Grant</i>	<i>Number at 30 September</i>			<i>Exercise Price</i>	<i>Earliest Exercise</i>	<i>Latest Exercise</i>
		<i>1996</i>	<i>1995</i>	<i>1994</i>			
M J Gilbert	30.03.89	137,500	137,500	137,500	45p	Mar 1992	Mar 1999
	09.03.90	252,500	252,500	252,500	56p	Mar 1993	Mar 2000
	07.03.91	110,000	110,000	110,000	38p	Mar 1994	Mar 2001
	23.07.93	35,000	35,000	35,000	40p	Jul 1996	Jul 2003
	30.03.94	150,000	150,000	150,000	91p	Mar 1999	Mar 2004
		<hr/>	<hr/>	<hr/>			
		685,000	685,000	685,000			
C D Fishwick	02.03.92	80,000	80,000	80,000	33p	Mar 1995	Mar 2002
	23.07.93	120,000	120,000	120,000	40p	Jul 1996	Jul 2003
	28.01.94	125,000	125,000	125,000	82p	Jan 1997	Jan 2004
	30.03.94	200,000	200,000	200,000	91p	Mar 1999	Mar 2004
		<hr/>	<hr/>	<hr/>			
		525,000	525,000	525,000			
A A Laing	30.03.89	137,500	137,500	137,500	45p	Mar 1992	Mar 1999
	09.03.90	162,500	162,500	162,500	56p	Mar 1993	Mar 2000
	07.03.91	110,000	110,000	110,000	38p	Mar 1994	Mar 2001
	02.03.92	7,500	7,500	7,500	33p	Mar 1995	Mar 2002
	23.07.93	35,000	35,000	35,000	40p	Jul 1996	Jul 2003
	30.03.94	112,500	112,500	112,500	91p	Mar 1999	Mar 2004
		<hr/>	<hr/>	<hr/>			
		565,000	565,000	565,000			

	<i>Date of Grant</i>	<i>Number at 30 September</i>			<i>Exercise Price</i>	<i>Earliest Exercise</i>	<i>Latest Exercise</i>
		<i>1996</i>	<i>1995</i>	<i>1994</i>			
W J Rattray	30.03.89	37,500	37,500	37,500	45p	Mar 1992	Mar 1999
	09.03.90	62,500	62,500	62,500	56p	Mar 1993	Mar 2000
	07.03.91	125,000	125,000	125,000	38p	Mar 1994	Mar 2001
	02.03.92	100,000	100,000	100,000	33p	Mar 1995	Mar 2002
	23.07.93	35,000	35,000	35,000	40p	Jul 1996	Jul 2003
	30.03.94	110,000	110,000	110,000	91p	Mar 1999	Mar 2004
		<u>470,000</u>	<u>470,000</u>	<u>470,000</u>			
B Hendry	30.03.89	50,000	50,000	50,000	45p	Mar 1992	Mar 1999
	09.03.90	125,000	125,000	125,000	56p	Mar 1993	Mar 2000
	07.03.91	50,000	50,000	50,000	38p	Mar 1994	Mar 2001
	02.03.92	100,000	100,000	100,000	33p	Mar 1995	Mar 2002
	23.07.93	35,000	35,000	35,000	40p	Jul 1996	Jul 2003
	30.03.94	112,500	112,500	112,500	91p	Mar 1999	Mar 2004
		<u>472,500</u>	<u>472,500</u>	<u>472,500</u>			
H Young	30.03.89	37,500	37,500	37,500	45p	Mar 1992	Mar 1999
	09.03.90	212,500	212,500	212,500	56p	Mar 1993	Mar 2000
	07.03.91	100,000	100,000	100,000	38p	Mar 1994	Mar 2001
	23.07.93	35,000	35,000	35,000	40p	Jul 1996	Jul 2003
	30.03.94	150,000	150,000	150,000	91p	Mar 1999	Mar 2004
		<u>535,000</u>	<u>535,000</u>	<u>535,000</u>			
R Scott Brown	09.03.90	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	56p	Mar 1993	Mar 2000

The middle market price of the Company's Ordinary Shares at 30 September, 1996 was 90.5p (30 September, 1995 – 99.5p, 30 September, 1994 – 75.5p) and the range during the year ended 30 September, 1996 was 84p to 141p.

(20) Reserves

	<i>Share Premium account £'000</i>	<i>Merger reserve £'000</i>	<i>Other reserves £'000</i>	<i>Profit & loss account £'000</i>
Group				
At 1 October, 1993	13,025	765	(966)	50
Goodwill previously written off reserves now charged to profit and loss account	—	681	595	201
Goodwill written back	—	60	—	—
Arising on the issue of shares	164	—	—	—
Transfer to distributable reserves	—	135	54	(189)
Exchange losses	—	—	—	(1)
Retained profit for year	—	—	—	1,694
At 30 September, 1994	<u>13,189</u>	<u>1,641</u>	<u>(317)</u>	<u>1,755</u>

	<i>Share Premium account £'000</i>	<i>Merger reserve £'000</i>	<i>Other reserves £'000</i>	<i>Profit & loss account £'000</i>
At 1 October, 1994	13,189	1,641	(317)	1,755
Goodwill previously written off reserves now charged to profit and loss account	—	871	299	223
Arising on the issue of shares	36	—	—	—
Transfer to distributable reserves	—	117	18	(135)
Exchange losses	—	—	—	(6)
Retained profit for year	—	—	—	604
At 30 September, 1995	<u>13,225</u>	<u>2,629</u>	<u>—</u>	<u>2,441</u>
At 1 October, 1995	13,225	2,629	—	2,441
Arising on the issue of shares	1,042	—	—	—
Transfer to distributable reserves	—	91	—	(91)
Retained profit for year	—	—	—	1,579
Exchange gains	—	—	—	11
At 30 September, 1996	<u>14,267</u>	<u>2,720</u>	<u>—</u>	<u>3,940</u>

The cumulative amount of goodwill written off to the Group's reserves at 30 September, 1996, net of goodwill relating to undertakings disposed of, is £5,657,000 (1995 – £5,657,000, 1994 – £7,050,000).

(21) Reconciliation of movements in shareholders' funds

	<i>1996 £'000</i>	<i>1995 £'000</i>	<i>1994 £'000</i>
Profit for the financial year	4,374	2,721	3,385
Translation of foreign currency net investments	11	(6)	(1)
Dividends	(2,795)	(2,117)	(1,691)
Issue of share capital (note 19)	1,300	49	212
Goodwill previously written off to reserves now charged to profit & loss account	—	1,393	1,477
Goodwill written back	—	—	60
Net movement in shareholders' funds	<u>2,890</u>	<u>2,040</u>	<u>3,442</u>
At 1 October	<u>26,775</u>	<u>24,735</u>	<u>21,293</u>
At 30 September	<u>29,665</u>	<u>26,775</u>	<u>24,735</u>

(22) Creditors: due within one year

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>	<i>1994</i> <i>£'000</i>
Unit trust trustees for units created	11,362	3,558	60
Creditors for unit repurchases	13,733	3,236	347
	<u>25,095</u>	<u>6,794</u>	<u>407</u>
Bank loans (note 24)	—	2,045	1,170
Other trade creditors	1,126	1,529	183
Obligation under finance leases	—	—	42
Accruals	2,176	1,154	897
UK corporation tax	1,346	1,088	872
Tax and social security	364	563	526
Dividends payable	1,925	1,606	1,185
Other creditors	757	948	1,421
	<u>32,789</u>	<u>15,727</u>	<u>6,703</u>

(23) Creditors: due after more than one year

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>	<i>1994</i> <i>£'000</i>
Bank loans (note 24)	—	8,368	6,913
7% Convertible Subordinated Loan Notes	23,987	—	—
Other creditors	—	8	8
	<u>23,987</u>	<u>8,376</u>	<u>6,921</u>

US\$37.5 million 7 per cent. Convertible Subordinated Loan Notes were issued to Phoenix Home Life Mutual Insurance Company on 16 April, 1996. The Notes are convertible at any time, at the option of the holder, into a maximum of 17,441,860 Ordinary Shares at a price of US\$2.15. If not converted the Loan Notes are repayable on 29 March, 2003, except that the Company has the option to extend the term of all or part of the Loan Notes for a maximum of two years thereafter. The Company has entered into currency swap arrangements to hedge the exchange risk related to the Loan Note liability.

Analysis of net debt

	<i>At 1 October,</i> <i>1995</i> <i>£'000</i>	<i>Cash flow</i> <i>£'000</i>	<i>Other non</i> <i>cash</i> <i>changes</i> <i>£'000</i>	<i>Exchange</i> <i>movement</i> <i>£'000</i>	<i>At 30</i> <i>September,</i> <i>1996</i> <i>£'000</i>
Cash at bank and in hand	2,866	20,150	—	11	23,027
Debt due within one year	(2,045)	10,413	(8,368)	—	—
Debt due after more than one year	(8,368)	(23,987)	8,368	—	(23,987)
	<u>(10,413)</u>	<u>(13,574)</u>	<u>—</u>	<u>—</u>	<u>(23,987)</u>
Total	<u>(7,547)</u>	<u>6,576</u>	<u>—</u>	<u>11</u>	<u>(960)</u>

	<i>At 1 October, 1994 £'000</i>	<i>Cash flow £'000</i>	<i>Other non cash changes £'000</i>	<i>Exchange movement £'000</i>	<i>At 30 September, 1995 £'000</i>
Cash at bank and in hand	2,324	548	—	(6)	2,866
Debt due within one year	(1,170)	295	(1,170)	—	(2,045)
Debt due after more than one year	(6,913)	(2,625)	(1,170)	—	(8,368)
Finance leases	(42)	42	—	—	—
	(8,125)	(2,288)	—	—	(10,413)
Total	(5,801)	1,740	—	(6)	(7,547)

	<i>At 1 October, 1993 £'000</i>	<i>Cash flow £'000</i>	<i>Other non cash changes £'000</i>	<i>Exchange movement £'000</i>	<i>At 30 September, 1994 £'000</i>
Cash at bank and in hand	1,631	694	—	(1)	2,324
Debt due within one year	(356)	3,094	(3,908)	—	(1,170)
Debt due after more than one year	(10,821)	—	3,908	—	(6,913)
Finance leases	(125)	83	—	—	(42)
	(11,302)	3,177	—	—	(8,125)
Total	(9,671)	3,871	—	(1)	(5,801)

(24) (a) Bank loans

	<i>1996 £'000</i>	<i>1995 £'000</i>	<i>1994 £'000</i>
Payable outwith 5 years	—	463	513
Payable within 2-5 years	—	4,985	5,230
Payable within 1-2 years	—	2,920	1,170
	—	8,368	6,913
Payable within 1 year	—	2,045	1,170
At 30 September	—	10,413	8,083
Analysis of changes in bank loans:			
At 1 October	10,413	8,083	11,177
New loans drawn	—	3,500	—
Repaid	(10,413)	(1,170)	(3,094)
At 30 September	—	10,413	8,083

(b) Obligations under finance leases and hire purchase contracts

Analysis of changes in finance leases and hire purchase contracts:

At 1 October	—	42	125
Repaid	—	(42)	(83)
At 30 September	—	—	42

(25) Provisions for liabilities and charges

	<i>Deferred Taxation £'000</i>
At 1 October, 1993	77
Advance corporation tax recoverable	(37)
Charge to profit and loss account	165
	<hr/>
At 30 September, 1994	205
	<hr/>
At 1 October, 1994	205
Advance corporation tax recoverable	14
Charge to profit and loss account	(95)
	<hr/>
At 30 September, 1995	124
	<hr/>
At 1 October, 1995	124
Charge to profit and loss account	2
	<hr/>
At 30 September, 1996	126
	<hr/> <hr/>

Deferred taxation has been fully provided for in the financial statements as follows:

	<i>1996 £'000</i>	<i>1995 £'000</i>	<i>1994 £'000</i>
Unamortised pension variation cost, net of available losses	—	—	287
Other timing differences	317	376	184
Advance corporation tax recoverable	(191)	(252)	(266)
	<hr/>	<hr/>	<hr/>
	126	124	205
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other timing differences represent deferred taxation in respect of the profits of certain overseas subsidiary undertakings to the extent that dividends will be remitted to the UK in the foreseeable future.

(26) Assets of long-term life assurance business

The assets of the long-term life assurance business held to meet liabilities to policyholders, based on market values were:

	<i>1996 £'000</i>	<i>1995 £'000</i>	<i>1994 £'000</i>
Listed investments	19,756	18,009	—
Unit trusts	34,148	36,092	—
Unlisted investments	3,717	893	—
Deposits	7,944	7,567	—
	<hr/>	<hr/>	<hr/>
	65,565	62,561	—
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	1996 £'000
Analysis of long-term business account	
Premium income	445
Investment income and gains	9,669
Claims and benefits	(6,196)
Commission and administration	(664)
	<hr/>
Increase in fund	3,254
Fund brought forward	62,561
	<hr/>
	65,815
Less: transferred to shareholders' funds	(250)
	<hr/>
Fund carried forward	65,565
	<hr/> <hr/>

(27) Commitments

Capital expenditure

Amounts authorised by the Directors but not contracted for were £70,000 (1995 – £31,000, 1994 – £30,000) for the Group.

Operating leases

The Group has commitments for payments in the next year under operating leases which expire as follows:

	<i>Land and Buildings</i>			<i>Motor vehicles and plant and equipment</i>		
	1996 £'000	1995 £'000	1994 £'000	1996 £'000	1995 £'000	1994 £'000
Within one year	11	141	72	7	13	9
Between two and five years	113	200	59	16	63	63
After five years	682	677	710	—	—	—
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	806	1,018	841	23	76	72
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(28) Contingent liabilities

The Group's bankers have provided guarantees in respect of contingent liabilities of £90,000 that existed in subsidiary undertakings at the date of purchase. No provision has been made for these liabilities.

The contract for the sale of an associated undertaking, Aberdeen America Inc, included a provision which would result in the clawback of a portion of the sale proceeds in the event that a particular management contract was terminated prior to 31 March, 1999. This contingent liability, which reduces on a monthly basis, amounted to £450,000 (net of provisions made) at 30 September, 1996. The Directors are not currently aware of any circumstances which would crystallise this liability.

(29) Pension costs

	1996 £'000	1995 £'000	1994 £'000
a) In respect of the Group's money purchase scheme:			
Pension cost charged to profit on ordinary activities	383	270	202
Contributions outstanding, included in creditors due within one year	—	—	28
b) In respect of the Group's defined benefit scheme:			
Ongoing contributions due for existing members			
Continuing activities	25	23	68
Discontinued activities	—	471	432
	25	494	500
Unamortised variation costs	—	572	—
	25	1,066	500

This cost is based on the independent actuarial valuation carried out as at 1 January, 1996, made by a qualified actuary using the projected unit method. The main assumptions were:

Investment return	9%
Pensions increases	4%

The market value of the defined benefit scheme as at 1 January, 1996 was £3,615,000 and the actuarial value of these assets represented 99 per cent. of the value of the benefits that had accrued to members.

INTRODUCTORY DOCUMENT DATED 24 NOVEMBER 1997

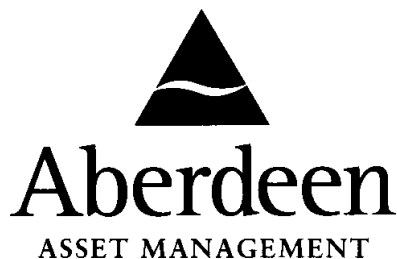
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Application has been made to the SES for permission to deal in and for quotation of all the Ordinary Shares of the Company already issued as well as the new Ordinary Shares which may be issued upon the exercise of the Warrants, the A Warrants and the options granted under the Share Option Schemes. Such permission will be granted when the Company has been admitted to the Official List of the SES.

The SES assumes no responsibility for the correctness of any of the statements made or reports contained or opinions expressed in this Introductory Document. Admission to the Official List of the SES is not to be taken as an indication of the merits of the Company, its subsidiaries or the Ordinary Shares.

This Introductory Document has not been registered with the Registrar of Companies and Businesses in Singapore.

The London Stock Exchange Limited ("LSE") is the principal stock exchange on which the Ordinary Shares are listed. This Introductory Document has not been reviewed by the LSE.



ABERDEEN ASSET MANAGEMENT PLC

(Registered in Scotland under the Companies Acts 1948 to 1981 with registered number 82015)

ADMISSION OF THE ENTIRE ISSUED ORDINARY SHARE CAPITAL OF ABERDEEN ASSET MANAGEMENT PLC TO THE OFFICIAL LIST OF THE STOCK EXCHANGE OF SINGAPORE LIMITED BY WAY OF AN INTRODUCTION

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OVERSEAS UNION BANK LIMITED