4897881

Premier Utilities Trust PLC

Annual Report

For the year ended
31 December 2005

Investment Objectives, Policies and Capital Structure

Investment Objectives and Policy

The Company's investment objectives are to achieve high income from its Portfolio and to realise long-term growth in the capital value of the Portfolio. The Company will seek to achieve these objectives by investing principally in equity and equity related securities of water, electric power, gas distribution and regulated infrastructure companies. In seeking to achieve its investment objectives the Company will not invest in other investment companies. The number of investments will vary according to the opportunities available but will typically comprise between 20 and 50 investments. At 31 December 2005 the number of investments amounted to 21.

The Company's investments will principally be in companies listed on recognised stock exchanges in the United Kingdom, Continental Europe, United States and other OECD countries. However, the Company may invest up to 20% of its assets in companies whose securities are traded on recognised stock exchanges in certain non-OECD countries. The Company will not employ any long-term gearing.

The Company may also invest up to 15% of its gross assets in unquoted securities.

The Company's accounts will be maintained in sterling. Whilst many of the Company's investments are likely to be denominated in currencies other than sterling, the Investment Manager does not intend to deploy active hedging against exchange rate fluctuations.

Derivative instruments may be used for the purpose of efficient portfolio management.

Expense Recognition Policy

Expenses are charged wholly to revenue except when they directly relate to the acquisition or disposal of an investment, in which case they are charged to capital as investment transaction costs, and the performance fee, which is allocated between capital and revenue based on the out performance attributable to capital and revenue respectively.

Capital Structure

The Company is a split capital investment trust with two classes of shares having characteristics and rights that are designed to appeal to different kinds of investors. The Company's capital consists of ordinary shares and zero dividend preference shares, both of which are traded on the London Stock Exchange.

Contents

Company Profile

Directors

The Directors of the Company, all of whom are non-executive, are noted below:

Geoffrey Burns (Chairman)

Adam Cooke (appointed 26 July 2005)

Ian Graham

Michael Wigley

Advisers

Investment Manager
Premier Fund Managers Limited
Eastgate Court
High Street
Guildford
Surrey GU1 3DE
Tel: 01483 306 090
www.premierfunds.co.uk
Authorised and regulated by the Financial Services Authority

Secretary and Registered Office
Premier Asset Management plc
Eastgate Court
High Street
Guildford
Surrey GU1 3DE

Company Number
4897881

Website
www.premierfunds.co.uk

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA
Tel: 0870 162 3131
Email: shareholder.services@capitaregistrars.com

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Stockbroker
Collins Stewart Limited
9th Floor
88 Wood Street
London EC2V 7QR

Solicitors
Jones Day
21 Tudor Street
London EC4Y 0DJ

PEP/ISA Status

The Company's ordinary shares and zero dividend preference shares qualify for an investment in a PEP and an Individual Savings Account ('ISA'). An ISA is available for the purchase of the Company's ordinary shares, full details of which can be obtained from the Company Secretary and the website of Premier Fund Managers Limited (www.premierfunds.co.uk).

A member of the Association of Investment Trust Companies.

Financial Highlights

	31 December 2005	31 December 2004	% Change in local currency	% Change in £
FTSE Global Utilities Index*	**6155.53**	5377.76	**+14.46%**	**+28.01%**
FTSE World Index*	**309.12**	249.12	**+11.32%**	**+24.19%**
FTSE 100 Index*	**3052.73**	2527.40	**+20.79%**	**+20.79%**
Net asset value per ordinary share	**156.06p**	137.84p	**+13.22%**	**+13.22%**
Net asset value per zero dividend preference share	**115.80p**	108.23p	**+7.00%**	**+7.00%**
£/$ Exchange rate	**1.7230**	1.9181	**-10.17%**	**-10.17%**
£/€ Exchange rate	**1.4543**	1.4153	**+2.76%**	**+2.76%**

* Total return.

	Hurdle rate*	Terminal cover
Ordinary shares	**1.2%**	**–**
Zero dividend preference shares	**-9.7%**	**1.6x**

* Required annual growth rate to return the share price of the ordinary shares at 31 December 2005 and the terminal value of the zero dividend preference shares.

At 31 December 2005	Yield	Share price	Discount/(premium) to net asset value
Ordinary shares	**5.5%**	**122.00p**	**20.68%**
Zero dividend preference shares	**7.0%***	**124.50p**	**(7.51%)**

* This represents the redemption yield to the planned winding-up date.

GRAPHIC REMOVED

Expense ratio

The expense ratio excluding the performance management fee, based on average monthly net asset value, amounted to 1.94% for the year ended 31 December 2005 (period ended 31 December 2004: 2.50%).

Principal Risk Factors

Investors contemplating an investment in ordinary shares or zero dividend preference shares should recognise that the market value of and, in the case of ordinary shares, the income derived from such shares can fluctuate and may not always reflect their underlying value and investors may not get back the full value of their investment. The Company concentrates on investments in the utility sector and accordingly may be regarded as representing a higher risk than a generalist fund.

Securities listed on a recognised stock exchange have been valued at bid-market prices and exchange rates ruling at the close of business on 31 December 2005. In certain circumstances, the market prices at which investments are valued may not represent the realisable value of those investments, taking into account both the size of the Company's holding and the frequency with which such investments are traded. The Company may also invest up to 15% of its gross assets in unquoted securities. There may be limited liquidity in unquoted securities and they may be difficult to realise.

The ordinary shares rank for capital repayment after the zero dividend preference shares. Due to the gearing provided by the prior entitlements of the zero dividend preference shares, the market value of the ordinary shares can be expected to be sensitive to changes in the value of the Company's net assets. The market value of zero dividend preference shares can be expected to be sensitive to changes in general interest rates.

Further information about risk management and financial instruments can be found in note 25 to the financial statements on pages 33 and 34.

Summary of Individual Shareholder Entitlement

- Zero dividend preference shareholders have an initial capital entitlement of 100.00p per share increasing to a final figure of 162.41p on 31 December 2010, the planned winding up date, provided sufficient assets are available at that time. This is equivalent to a redemption yield of 7% per annum on the initial capital entitlement.
- Ordinary shareholders are entitled to receive income and, on a winding-up, all assets in excess of the zero dividend preference shareholders' entitlement.

Financial Calendar

Announcement of results	half year	late July
	full year	early March
Dividend payments	first interim	30 June
	second interim	30 September
	third interim	31 December
	fourth interim	31 March
Annual report posted		mid March
Interim report posted		mid August
Annual General Meeting held		late April

The prices of the Company's shares are quoted in the *Financial Times*, *The Times* and *The Daily Telegraph*.

Chairman's Statement

Dear Shareholder

I am pleased to report that 2005 proved another sound year for Premier Utilities Trust PLC. Equity markets generally performed well over the period and the utility sector delivered another year of strong performance despite some residual uncertainty surrounding the outlook for interest rates and inflation. Certainly the dramatic rise in global prices for oil and gas helped the sector but continuing uncertainty regarding the sustainability of economic growth also highlighted the fundamental attractions and solidity of utility earnings.

Performance

The total assets of your Company rose from £45.32m as at the 31 December 2004 to £50.07m as at 31 December 2005, or an increase of 10.5%. Both these amounts include the provision for the last dividends for the respective periods of 2.25p per Ordinary share, which are now only recognised in the Company's financial statements when they are declared. In addition listed investments are now valued at bid market prices whereas in prior periods they were valued at middle-market prices. The figure for total assets at 31 December 2004 has been adjusted for this change. When the £1.22m of dividends that relate to the year ended 31 December 2005 are included, the Company's total return for the year was 13.2%.

The main catalyst for the portfolio's performance over the period was the rise in European power prices. A number of the Company's investments, most notably Verbund in Austria, RWE and E.ON in Germany and Suez in France benefited from the increase in power prices which came about as a result, principally, of the high price of oil which fed through to gas prices.

Another excellent investment over the period proved to be the French water company Veolia, the shares of which have virtually doubled since they were purchased. Veolia won a number of large contracts over the year and this, together with operational improvements, lifted profitability significantly.

All of your Company's management and administration expenses are charged against the revenue account with the exception of the performance fee payable to the Investment Manager, which has been charged to capital. As a result, and after allowing for the additional accrual of 7.57p for the zero dividend preference shares ("ZDP shares"), net asset value per ordinary share rose from 137.84p to 156.06p or an increase of 13.2%. Terminal value per ordinary share (i.e. the residual value of each share after allowing for the full accrual of the ZDP shares at the proposed winding-up date for the Trust being the 31 December 2010) rose 19.54p to 104p.

The hurdle rate is the amount by which the total assets of the Company need to increase (or decline) in order to achieve predetermined values for the ordinary shares. Thus the hurdle rate required to achieve the 100p initial value of the Company's ordinary shares is now minus 0.4% whilst to achieve the year end share price of 122p the hurdle rate is 1.2%. Accrued net asset value for the ZDP shares increased from 108.2p to 115.8p or 7% whilst terminal cover increased from 147% to 161% making the ZDPs one of the better-covered issues in the market.

The performance of the Company's shares generally reflected the sound performance of its assets. The ordinary share price increased from 112.75p to 122p at the period end, an increase of 8.2% whilst the ZDPs rose by 8.5% to 124.5p. The package discount of ordinary and ZDP shares ended the year at 8.2%.

Comparative indicators of your Company's performance can be found on the financial highlights page. The Managers performance is assessed not against a formal benchmark but rather against a set of reference points. These are more general in nature but are intended to be representative of the broad spread of assets into which your Company is able to invest.

Revenue and dividends

Revenue was relatively strong over the period with net revenue per Ordinary share of 7.2p. Although earnings were lower in 2005 than the previous period, the current period is 12 months compared to 15 months previously. Thus although overall earnings per share were lower in the period under review, on a comparable basis they were actually marginally higher than the year ending 31 December 2004. As a result your Company has declared and paid dividends totalling 4.5p per ordinary share (in respect of net revenue generated in 2005).These were paid in June, September and December 2005. Your Board has now declared a fourth interim dividend of 2.25p per ordinary share in respect of 2005. This dividend will be paid on 31 March 2006 to shareholders on the register at the close of business on 10 March 2006.

Following payment of the fourth interim dividend, making a total of 6.75p for the year as a whole, your Company will retain an undistributed revenue reserve for the year of £85,000 or 0.47p per ordinary share, (allowing for the payment of the fourth interim dividend of 2.25p per ordinary share on 31 March 2006). This reserve will be added to the reserve carried forward from the previous year and means that total revenue reserves now stand at £193,000.

Shareholder relations.

The Board and the Investment Manager welcome contact not only with the Company's existing investors but also with potential new investors. The Investment Manager has met most of the Company's major shareholders. We have welcomed a number of new shareholders this year and this broadening of the share register has helped maintain the discount of the shares at a reasonable level.

The Board of Directors

Bill Syson retired from the Chair and as a Director during 2005, and we thank him for the enormous contribution he has made to the Board's deliberations over the years. Adam Cooke has joined the Board, and has taken the role of Chairman of the Audit Committee. He has been involved with fund management and the investment trust industry for many years at Invesco Perpetual, and as a global

Chairman's Statement
continued

partner of the parent company Amvescap PLC. He has already proved a valuable addition to the Board and I recommend his re-election.

In addition, Ian Graham retires by rotation and offers himself for re-election. His many years of investment experience in the utility sector is of significant benefit to the Board. Again I recommend his re-election.

Annual General Meeting
The Annual General Meeting is being held on Monday 24 April 2006 at the offices of Collins Stewart Ltd, 88 Wood Street, London EC2V 7QR commencing at 2.30pm. In addition to the formal business there will be a presentation from the Investment Manager. Shareholders will have an opportunity to meet with the Directors and the Investment Manager informally after the meeting. I hope to see as many shareholders as possible at the meeting.

Outlook
The outlook for markets is not unlike last year's it would seem. Earnings growth remains relatively robust whilst both inflation and interest rates are under control at least for the foreseeable future. However, the current round of interest rate tightening, whilst approaching its peak, may have a little further to go whilst the strains on economic growth from this are being compounded by the high price of commodities generally. This is unlikely to abate in the short term, in our view, and growth could come under some pressure as the current year matures.

So far as the global utility sector is concerned, we believe it may be approaching the end of its five-year revaluation against other economic sub-groups. Whilst earnings growth is maturing for the sector however, there are specific stocks that are looking increasingly attractive notably those capable of exploiting the high price of energy. These include nuclear and renewable energy generators. We are also optimistic on the outlook for selective telecoms companies and the extent to which the Company can diversify its asset base both by economic sub-sector and geographically does provide a degree of comfort in an uncertain world.

Geoffrey Burns
Chairman

13 March 2006

Investment Manager's Report

Overview
2005 was another good year for equity markets and we are pleased that utility shares generally participated in this positive trend. Most major economies in the world saw solid growth last year, without any significant increase in core inflation. This led to improving corporate profitability and higher company valuations. Despite a good performance by its economy the US equity market was the only weak area of note. A further rise in oil, gas and other commodity prices meant that energy and mining stocks were among the best performers in global terms. Within the utilities sector those companies involved in electricity generation benefited from the buoyant energy price backdrop as electricity selling prices moved higher, a consequence of the aforementioned high oil and gas prices.

Sector breakdown at 31 December 2005

GRAPHIC REMOVED

In general, utilities, telecommunications and other infrastructure stocks continued to exhibit strong cash flow characteristics leading to both improved balance sheets and higher dividend payouts to shareholders. It is often the case that improving financials promotes increased mergers and acquisition activity and there were several sizeable deals during the year, particularly in telecoms. As in 2004, regulation proved less of a hindrance to utility businesses than in previous years but remains a key risk for the future.

Performance
As stated in the Chairman's Statement, over the year to 31 December 2005 the total assets of your Company grew from £45.32m to £50.07m, an increase of 10.5%. When the £1.22m of dividends (6.75p per share) to ordinary shareholders that relate to the year ended 31 December 2005 are included the total return on starting assets was 13.2%. At launch the terminal value per ordinary share was 35p. As at the 31 December 2005 this had increased to 104p, a rise of 297%.

We have no single benchmark against which our performance is measured. We do, however, constantly monitor performance against a series of reference points and the performance of the portfolio was satisfactory.

Geographical allocation at December 2005

GRAPHIC REMOVED

UK and European utilities and infrastructure
Those companies exposed to improving wholesale electricity prices (up 50% in the last year), particularly those less sensitive to rising fuel costs, performed extremely well. Our holdings of Verbund, RWE, E.ON, International Power and Scottish and Southern Energy all benefited from this fundamental profit driver. Verbund, from which we started to take profits towards the latter part of the year, rose 83%. This Austrian electricity company benefits from having largely hydro-electric generating assets and this saw margins dramatically increase throughout the year.

There was increased political focus on climate change during 2005. The introduction of limits on carbon emissions encouraged utilities to consider how they might generate electricity using less fossil fuel. In the UK, the government requires companies to produce at least 10% of their electricity from renewable sources by 2010. We gained exposure to the renewable energy sub-sector through a purchase of shares in Renewable Energy Generation, a renewable-power generator.

In infrastructure, we purchased additional shares in BAA and introduced two new telecommunication stocks to the portfolio in Telekom Austria and Elisa (based in Finland). These new stocks performed well, as did KPN which was sold near the end of the year. However, the larger national carriers such as France Telecom ('FT') and Deutsche Telekom ('DT') disappointed. Having shown signs of improving profitability (which led to much enhanced dividend level in the case of FT) in the first half of 2005 DT's and FT's profits were then impacted by the competitive environment yet again.

US, Canada and Latin American utilities and infrastructure
We avoided the US market for most of the year, believing it to be fully valued, but a holding in the US group AT&T (renamed from SBC) was added to the portfolio in the fourth quarter. AT&T is a stock with a high dividend yield and should start to see the benefits of its integration of local, long distance and wireless businesses through the next eighteen months. The portfolio's principal

investment in Canada is Clean Power Income fund. This company is a developer and operator of renewable generation assets. Currently the business owns biomass, hydro, landfill gas and wind-powered assets across North America and in 2006 should benefit from the opening of one of Canada's largest wind farms on the shore of Lake Erie. This proved a disappointing investment over the period but since the end of the year the shares have performed well.

Far East and Australasian utilities and infrastructure
Two Chinese stocks were purchased during the period. China Shenhua Energy owns coal production facilities and has significant power generating capacity. The company is China's largest domestic coal producer and has one of the world's largest coal reserves. Coal is the key fuel source for Chinese power generators and having a reliable, cheap source of fuel gives China Shenhua an advantage over its competition. Guangdong Investment has water supply as its main business, but the company also has small power generation, toll road, hotel and property businesses. Both these companies will benefit from continued economic development in China and our analysis shows the shares to be significantly undervalued.

Outlook
Some of the key drivers behind the good returns achieved by utility companies over the last two years remain in place. High electricity prices, healthy corporate cash flow and merger and acquisition activity are likely to remain features for 2006. We see further growth in cash returns to shareholders from our chosen sector, but some risks are emerging. Bond yields fell 40 basis points in the US and Europe last year which was one factor behind the good performance of higher yielding sectors. A rise in bond yields, which some market commentators are predicting, would be a difficult headwind for the utilities to work against. In addition, several European countries will see some political uncertainty surrounding local elections, often a negative for the regulated utilities sector. We will use hedging instruments when thought appropriate in order to protect the capital value of the Company.

However, our universe is very diverse and we have already added to our far eastern investments as well as purchasing a new investment in the US independent power producer AES Corp. Despite the perceived increase in the risks ahead, we are confident that we can build on the success of the last two years. We welcome contact with existing and potential new investors and further details of the Company may be found at www.premierfunds.co.uk.

Kevin Scutt
Andrew Whalley
Premier Fund Managers Limited

13 March 2006

Investment Portfolio

Holdings in descending order as at 31 December 2005

Company	Activity	Country	Valuation £000	% of total
BT Group	Fixed line telecommunications	UK	**4,005**	**8.2%**
RWE	Electricity generation and supply	Germany	**3,827**	**7.8%**
BAA	Airport operations	UK	**3,195**	**6.5%**
Veolia Environnement	Water, waste and services	France	**3,043**	**6.2%**
Deutsche Telekom	Fixed line and mobile telecommunications	Germany	**2,940**	**6.0%**
Suez	Water, waste and electricity generation	France	**2,881**	**5.9%**
E.ON	Electricity generation and supply	Germany	**2,774**	**5.7%**
National Grid	Electricity and gas transmission	UK	**2,726**	**5.6%**
AT&T	Fixed line and mobile telecommunications	USA	**2,708**	**5.5%**
Clean Power	Renewable electricity generation	Canada	**2,654**	**5.4%**
China Shenhua Energy	Electricity generation and coal supply	China	**2,395**	**4.9%**
France Telecom	Fixed line and mobile telecommunications	France	**2,309**	**4.7%**
Telekom Austria	Fixed line and mobile telecommunications	Austria	**2,212**	**4.5%**
Renewable Energy Generation	Renewable electricity generation	UK	**2,195**	**4.5%**
Scottish Power	Electricity generation and supply	UK	**2,063**	**4.2%**
Elisa OYJ	Fixed line and mobile telecommunications	Finland	**1,848**	**3.8%**
Draxgroup	Electricity generation	UK	**1,610**	**3.3%**
KT Corporation	Fixed line and mobile telecommunications	Korea	**1,581**	**3.2%**
Verbund	Electricity generation and supply	Austria	**1,479**	**3.0%**
Countryside Power	Energy supply	Canada	**292**	**0.6%**
Guandong Investments	Water supply	Hong Kong	**251**	**0.5%**
Portfolio total			**48,988**	**100.0%**

Directors' Report

The Directors have pleasure in submitting their Report and Financial Statements for the year ended 31 December 2005.

1. Incorporation

The Company was incorporated in England and Wales under the Companies Act 1985, as amended (the 'Companies Act'), and registered in England and Wales as a public limited company on 12 September 2003.

The Company was established in connection with the scheme of reconstruction of LeggMason Investors International Utilities Trust Plc, and was effectively launched on 3 November 2003 when it allotted 19,143,433 ordinary shares and 19,143,433 zero dividend preference shares.

2. Business and tax status

The Company is an investment company as defined in Section 266 of the Companies Act 1985. The Company operates as an investment trust and directs its affairs so as to enable it to seek approval as such by the Inland Revenue under Section 842 of the Income and Corporation Taxes Act 1988 from the beginning of its first accounting period.

So far as is known, the "close company" provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

The Company has no employees.

3. Review of activities

During the year the Company followed the normal activities of an investment trust company.

A description of the Company's activities during the year is given in the Chairman's Statement on pages 5 and 6 and in the Investment Manager's Report on pages 7 and 8.

4. Results and dividends

The results for the year are set out in the Income Statement on page 20.

Following the payment of the Company's fifth interim dividend of 2.25p for the period ended 31 December 2004 on 31 March 2005 the Company declared and paid an interim dividend of 1.5p per ordinary share for the year ending 31 December 2005. This dividend was paid on 30 June 2005. A second interim dividend of 1.5p per ordinary share was paid on 30 September 2005. A third interim dividend of 1.5p per ordinary share was paid on 30 December 2005. A fourth interim dividend will be paid on 31 March 2006 to members on the register at the close of business on 10 March 2006. The shares were marked ex-dividend on 8 March 2006.

5. Net asset value

The net asset value per ordinary share, including revenue reserve, at 31 December 2005 was 156.06p (31 December 2004: 137.84p).
The cumulative net asset value of the zero dividend preference share at 31 December 2005 was 115.80p (31 December 2004: 108.23p).

6. Management agreements

The Company's investments are managed by Premier Fund Managers Limited under the terms of the management agreement which will continue until termination by either party at one year's notice. There are no specific provisions contained within the Investment Management Agreement relating to compensation payable in the event of termination of the agreement other than entitlement to fees which would be payable within any notice period.

The company secretarial services and the general administration of the Company are undertaken by Premier Asset Management plc under the terms of an agreement which will continue until terminated by either party at six months' notice.

7. Directors

The present Directors are listed below and on page 2. They are all non-executive and have all served throughout the year apart from Mr Adam Cooke who was appointed as a Director on 26 July 2005. Mr William Syson retired from the Board on 26 April 2005.

None of the Directors has a contract of service with the Company, nor has there been any contract or arrangement between the Company and any Director at any time during the year.

Geoffrey Burns (Chairman) (52) has worked in the investment fund industry for over twenty years and was an investment manager for seven years. From 1997 to 2000 he was a director of and head of investment trusts at Murray Johnstone Limited. Mr Burns is an advisor to a number of government or multilateral agencies who make investments in private equity funds in emerging markets, including CDC Group of the UK, the Swiss Investment Fund for Emerging Markets and the Asian Development Bank.

Directors' Report
continued

Adam Cooke (46) was a global partner of AMVESCAP PLC, one of the world's largest independent investment management organisations where he worked for INVESCO UK. His experience includes the UK institutional business, investment trusts and collective investments. Mr Cooke is a member of the Chartered Institute of Bankers and is a non executive director of City Natural Resources High Yield Trust PLC and Midas Income and Growth Trust PLC.

Ian Graham (52) has over 20 years experience as an investment analyst, more than half of which were spent covering utilities, having worked at Scrimgeour Kemp-Gee, Simon & Coates, Nat West Securities and Merrill Lynch until 2001.

Michael Wigley (66) is a director of The Conygar Investment Company plc. He was formerly a director of Matheson Investment Limited and a non-executive director of Development Securities PLC. He was deputy chairman of LeggMason Investors International Utilities Trust Plc, the predecessor company.

In accordance with the Articles of Association, Mr Adam Cooke retires following his appointment since the last Annual General Meeting and being eligible offers himself for election. Mr Ian Graham retires by rotation and being eligible offers himself for re election.

Directors' beneficial and family interests

The interests of the Directors and their families in the shares of the Company are as follows:

	Ordinary shares at 31 December 2005	Zero dividend preference shares at 31 December 2005	Ordinary shares at 31 December 2004	Zero dividend preference shares at 31 December 2004
Geoffrey Burns	**69,500**	–	29,500	–
Adam Cooke	**14,000**	–	–	–
Ian Graham	**10,126**	–	10,126	–
Michael Wigley	**116,000**	**15,175**	100,000	15,175

There have been no changes in any of the above holdings up to the date of this report. None of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements during the year.

8. Corporate governance

Introduction

The Board is accountable to the Company's shareholders for the governance of the Company's affairs and this statement describes how the principles of the Combined Code on Corporate Governance ('the Code') issued by the Financial Reporting Council in July 2003 have been applied to the affairs of the Company. In applying the principles of the Code, the directors have also taken account of the Code of Corporate Governance published by the Association of Investment Trust Companies ('the AITC Code'), which has established a framework of best practice specifically for the Boards of investment trust companies. There is some overlap in the principles laid down by the two Codes and there are some areas where the AITC Code is more flexible for investment trust companies.

The Board

The Board currently consists of four non-executive Directors all of whom are independent of the Investment Manager. Their biographies are set out above. Collectively the Board has the requisite range of business and financial experience which enables it to provide clear and effective leadership and proper stewardship of the Company.

The number of meetings of the Board, the Audit Committee and the Nomination Committee held during the financial year and the attendance of individual Directors are shown below:

	Board	Audit	Nomination Committee
Number of meetings in the year	**4**	**2**	**1**
Geoffrey Burns	**4**	**2**	**1**
Adam Cooke (appointed 26 July 2005)	**2**	**1**	**1**
Ian Graham	**4**	**2**	**1**
Michael Wigley	**4**	**2**	**1**
William Syson (retired 26 April 2005)	**2**	**1**	–

All of the Directors attended the Annual General Meeting held in April 2005 apart from Mr Cooke who was appointed to the Board on 26 July 2005.

The Board deals with the Company's affairs, including the setting of gearing and investment policy parameters, the monitoring of gearing and investment policy and the review of investment performance. The Investment Manager takes decisions as to asset allocation and the purchase and sale of individual investments. The Board papers circulated before each meeting contain full information on the financial condition of the Company. Key representatives of the Investment Manager attend most of the Board meetings, enabling Directors to probe further or seek clarification on matters of concern.

Matters specifically reserved for discussion by the full Board have been defined and a procedure adopted for the Directors to take independent professional advice if necessary at the Company's expense.

The Chairman of the Company is a non-executive Director. A senior non-executive Director has not been identified as the Board is comprised entirely of non-executive Directors.

In accordance with the Articles of Association new Directors stand for election at the first Annual General Meeting following their appointment. The Articles require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. In addition, all Directors are required to submit themselves for re-election at least every three years and will seek annual re-election if they have already served for more than nine years or are aged over 70.

Performance evaluation/re-election of Directors
An appraisal process has been established in order to review the effectiveness of the Board, the Committees and individual Directors. This process involves the consideration by the Chairman and the Board of responses from individual Directors to a questionnaire which is completed on an annual basis. In addition the other Directors meet collectively once a year to evaluate the performance of the Chairman. As a result of this evaluation the Nomination Committee recommends the election of Mr Adam Cooke who retires following his appointment since the last Annual General Meeting and the re-election of Mr Ian Graham who retires by rotation.

The performance of the Company is considered in detail at each Board meeting.

Board Committees
The Board believes that the interests of shareholders in an investment trust company are best served by limiting its size such that all Directors are able to participate fully in all the activities of the Board. It is for this reason that the membership of the Audit and Nomination Committees is the same as that for the Board as a whole.

Audit Committee
Mr Cooke is the Chairman of the Audit Committee which operates within defined terms of reference. The Audit Committee meets at least twice a year and is responsible for review of the annual and interim reports, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them are discussed. The Audit Committee meets representatives of the Investment Manager and its Compliance Officer who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Investment Manager operate and reviews the Investment Manager's internal controls. The Company's external Auditors also attend this Committee at its request and report on their findings in relation to the Company's statutory audit.

Nomination Committee
Mr Burns is the Chairman of the Nomination Committee which is responsible for the Board appraisal process, and reviews the Board's size and structure and is responsible for succession planning. The Nomination Committee meets at least annually.

Remuneration
The Board as a whole considers Directors' remuneration and therefore has not appointed a separate remuneration committee. As the Company is an investment trust and all Directors are non-executive the Company is not required to comply with the Code in respect of executive Directors' remuneration. Directors' fees are detailed in the Directors' Remuneration Report on page 17.

Evaluation of performance of Investment Manager

The investment performance is reviewed at each regular Board meeting at which representatives of the Investment Manager are required to provide answers to any questions raised by the Board. The Board has instigated an annual formal review of the Investment Manager which includes consideration of:

- performance compared with relevant indices;
- investment resources dedicated to the Company;
- investment management fee arrangements and notice year compared with the peer group; and
- marketing effort and resources provided to the Company.

The Board believes that Premier Fund Managers Limited has served the Company well in terms of investment performance and has no hesitation in continuing its appointment.

Statement of compliance

The Board believes that it has complied with all the material provisions, in so far as they apply to the Company's business, of the Code throughout the year under review. It did not, however, comply with the following provisions, as explained above:

- due to the small size of the Board and nature of the business a separate remuneration committee has not been established; and
- a senior non-executive Director has not been identified.

The Board has adhered to the principles of the AITC Code in all material respects.

9. Socially responsible investment

The Board has delegated the investment management function to Premier Fund Managers Limited. The Investment Manager's primary objective is to produce superior financial returns to investors. It believes that over the long term sound social, environmental and ethical policies make good business sense and takes these issues into account, when, in its view, they have a material impact on either the investment risk or the expected return from an investment.

10. Exercise of voting powers

The Board has delegated authority to the Investment Manager to vote the shares held by the Company in accordance with current best practice. Wherever practical the Investment Manager does vote the shares but in the markets where the Company invests this is not always the case. The Investment Manager may refer to the Board on any matters of a contentious nature.

11. Substantial shareholdings

As at the date of this report the Company had been notified of the following substantial interests in the ordinary and zero dividend preference share capital of the Company.

Ordinary shares	Number of shares	% of share capital
Investec Bank (UK) Limited	**2,319,317**	**12.8**
NCL Smith & Williamson	**2,265,000**	**12.5**
Zero dividend preference shares		
Rensburg Sheppards PLC	**4,187,876**	**21.9**
CG Asset Management Limited	**2,150,000**	**11.2**
Investec Bank (UK) Limited	**1,800,000**	**9.4**
NCL Smith & Williamson	**1,734,672**	**9.1**

In addition, 3,098,926 ordinary shares (17.08% of the issued ordinary share capital) are held in the PEP and ISA scheme that is administered by Premier Fund Managers Limited on behalf of individual shareholders.

12. Purchase by the Company of its own shares and sale of treasury shares

At an Annual General Meeting held on 26 April 2005 a special resolution was passed, giving the Directors authority until the conclusion of the earlier of the 2006 Annual General Meeting, and 25 October 2006, to make market purchases of up to a maximum of 2,719,700 ordinary shares and 2,869,600 zero dividend preference shares. During the year ended 31 December 2005 no shares were purchased.

The Board proposes that the Company should be given renewed authority to purchase ordinary shares and zero dividend preference shares in the market either for cancellation or to be held, sold, transferred or otherwise dealt with as treasury shares in accordance with the Companies Act. Resolution 6 of the Annual General Meeting, which is a special resolution, is being proposed for this purpose.

The Board remains committed to exploring methods by which shareholder value can be enhanced. The purchase and cancellation or holding in treasury by the Company of its shares at a cost below the net asset value of those shares enhances the net asset value of the remaining shares. This additional demand for shares may reduce the discount at which the shares trade.

It is proposed that the Company be authorised to purchase on the London Stock Exchange up to 2,719,700 ordinary shares and 2,869,600 zero dividend preference shares (representing 14.99% of each class of the Company's issued share capital as at the date of this document). Any such purchases will be completed by the delivery to the Company of shares which will then be cancelled immediately or held, sold, transferred or otherwise dealt with as treasury shares in accordance with the Companies Act.

Under London Stock Exchange rules, the maximum price to be paid on any exercise of the authority in respect of ordinary shares must not exceed 105% of the average of the middle market quotations for a share for the five business days immediately preceding the date of purchase. Separately we have chosen to restrict our authority to purchase zero dividend preference shares to a maximum price equivalent to their accrued capital entitlement at the time of purchase.

Purchases of shares will be made within guidelines set from time to time by the Board. Purchases of ordinary shares will only be made in the market at prices below the prevailing net asset value attributable to an ordinary share (as determined by the Directors on a date not falling more than 10 days before any intended purchase) and no purchases of zero dividend preference shares will be made at a price in excess of their accrued capital entitlement (as at the business day immediately preceding the day on which the zero dividend preference share is purchased). In addition, no ordinary shares will be purchased at a price where, immediately following such purchase and on the basis of the Company's net asset value (as determined by the Directors on a date not falling more than 10 days before any intended purchase), the cover on the zero dividend preference shares (on that date as determined by the Directors and taking into account any related purchase of zero dividend preference shares) will be less than 1.1 times. In any event, the minimum price paid may not be below 1p per share.

The Board will generally endeavour to make any purchases of shares in equal proportions of ordinary shares and zero dividend preference shares in order to maintain the Company's capital structure. However, there may be timing differences in such purchases or it may prove impracticable to purchase sufficient (or any) shares of the relevant class which may lead to short or longer imbalances in the Company's structure.

No shares will be purchased by the Company during prohibited periods imposed by the UK Listing Authority unless dispensation is first obtained. These are currently (i) the period, of two months immediately preceding the preliminary announcement of the Company's annual results (or from the year-end to the date of the announcement, if less than two months) and (ii) the period, of one month immediately preceding the publication of the Company's half-yearly report (or from the half-year date to the date of publication, if less than one month).

Any exercise by the Company of the authority to purchase shares will occur only when market conditions are appropriate.

The authority to purchase shares will last until the Annual General Meeting of the Company in 2007, or 23 October 2007, whichever is the earlier. The authority may be renewed by shareholders at an Extraordinary General Meeting.

Purchases will be funded either by using available cash resources, debt or by selling investments.

Effect on shareholders
The effect of the implementation of this proposal will generally be to enhance the net asset value of the remaining shares, as ordinary shares will only be acquired in the market for less than their underlying net asset value and zero dividend preference shares will only be acquired at a price equal to or less than their accrued capital entitlement.

Treasury shares
With effect from 1 December 2003, the Companies Act has been amended to permit the Company to hold up to 10% of its own shares in treasury as an alternative to cancelling such shares. Resolution 7, which will be proposed as a special resolution, will enable the Company to sell shares held in treasury for cash without having to make a general offer to all shareholders. This would give the Company the ability to re-issue treasury shares quickly and cost effectively.

Directors' Report

continued

13. Investment policy

Following the publication of the Investment Entities (Listing Rules and Conduct of Business) Instrument 2003, the Board has announced that the investment policy of the Company is not to invest in other UK listed investment companies.

14. Payment of suppliers

It is the Company's payment policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms. There were no trade creditors at 31 December 2005.

15. Auditors

Ernst & Young LLP have expressed their willingness to continue in office as Auditor and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By Order of the Board

Premier Asset Management plc
Secretary
13 March 2006

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 19.

Remuneration committee

The Board as a whole fulfils the function of a Remuneration Committee. The Company Secretary, Premier Asset Management plc, will be asked to provide advice when the Directors consider the level of Directors' fees.

Policy on Directors' fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

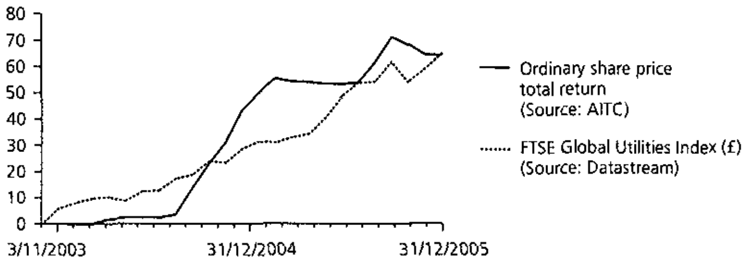
Directors' service contracts

It is the Board's policy that none of the Directors have a service contract. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after his/her appointment, and at least every three years or every year once over 70 years of age or 9 years service after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Your Company's performance

For the purpose of this report the Board is required to select an index against which the Company's performance can be measured. Although performance is not measured against a single benchmark the FTSE Global Utilities Index (sterling based) has been selected for this purpose. The graph opposite shows the share price performance of the ordinary shares against the FTSE Global Utilities Index on a total return basis from the date the Company was launched until 31 December 2005.

Share price performance



Directors' emoluments for the year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Year ended 31 December 2005	Period ended 31 December 2004
Geoffrey Burns	**19,667**	19,562
Adam Cooke (appointed 26 July 2005)	**6,497**	–
Ian Graham	**15,000**	19,562
Michael Wigley	**15,000**	19,562
William Syson (retired 26 April 2005)	**7,333**	28,690
Total	**63,497**	87,376

Approval

A resolution for the approval of the Directors' Remuneration Report for the year ended 31 December 2005 will be proposed at the Annual General Meeting.

By Order of the Board

Premier Asset Management plc
Secretary

13 March 2006

Statement of Directors' Responsibilities in Respect of the Financial Statements

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- follow applicable United Kingdom law and appropriate accounting standards.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report

to the members of Premier Utilities Trust PLC

We have audited the financial statements of Premier Utilities Trust PLC for the year ended 31 December 2005 which comprise the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds and Cash Flow Statement and the related notes 1-25. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors
The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Financial Highlights, Principal Risk Factors, the Chairman's Statement, Investment Manager's Report, Directors' Report and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its net return for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London

Ernst & Young LLP

13 March 2006

Income Statement

for the year ended 31 December 2005

		Year ended 31 December 2005			Restated Period from 12 September 2003 to 31 December 2004		
	Notes	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gains on investments – realised	15	–	**5,061**	**5,061**	–	2,681	2,681
(Losses)/gains on investments – unrealised	16	–	**(148)**	**(148)**	–	6,985	6,985
Gains/(losses) on foreign exchange	15	–	**27**	**27**	–	(121)	(121)
Income	2	**2,475**	–	**2,475**	2,720	–	2,720
Investment management fee	3	**(531)**	**(271)**	**(802)**	(529)	(1,124)	(1,653)
Other expenses	4	**(393)**	–	**(393)**	(486)	–	(486)
Return before interest payable and taxation		**1,551**	**4,669**	**6,220**	1,705	8,421	10,126
Interest payable	5	**(14)**	**(1,449)**	**(1,463)**	(5)	(1,576)	(1,581)
Return on ordinary activities before taxation		**1,537**	**3,220**	**4,757**	1,700	6,845	8,545
Taxation on ordinary activities	6	**(228)**	–	**(228)**	(163)	(17)	(180)
Return on ordinary activities after taxation attributable to equity shares		**1,309**	**3,220**	**4,529**	1,537	6,828	8,365
Return per ordinary share (pence)	20			**24.96**			45.85
Return per zero dividend preference share (pence)	20			**7.57**			8.23

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

The notes on pages 24 to 34 form part of these financial statements.

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Trust Companies.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

Balance Sheet
as at 31 December 2005

	Notes	2005 £000	Restated 2004 £000
Fixed assets			
Investments at fair value through the income statements	8	**48,988**	45,138
Current assets			
Debtors	9	**404**	1,483
Cash at bank		**1,472**	453
		1,876	1,936
Current liabilities			
Creditors: amounts falling due within one year	10	**(382)**	(1,346)
Net current assets		**1,494**	590
Total assets less current liabilities		**50,482**	45,728
Creditors: amounts falling due after more than one year	11	**(22,168)**	(20,719)
Total net assets		**28,314**	25,009
Capital and reserves			
Share capital	12	**181**	181
Share premium	13	**–**	–
Redemption Reserve	14	**10**	10
Capital reserve – realised	15	**3,211**	(157)
Capital reserve – unrealised	16	**6,837**	6,985
Special reserve	17	**17,474**	17,474
Revenue reserve	18	**601**	516
Total equity shareholders' funds		**28,314**	25,009
Net asset value per zero dividend preference share (pence) (zero dividend preference shares are classified as financial liabilities)	21	**115.80**	108.23
Net asset value per ordinary share (pence)	21	**156.06**	137.84

The financial statements on pages 20 to 34 were approved by the Board on 13 March 2006 and were signed on its behalf by:

Adam Cooke

Adam Cooke
Director

The notes on pages 24 to 34 form part of these financial statements.

Reconciliation of Movement in Shareholders' Funds

for the year ended 31 December 2005

	Share capital £000	Share Premium £000	Redemption reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Special reserve £000	Revenue reserve £000	Total £000
For the year ended 31 December 2005								
Balance at 31 December 2004 as originally reported	372	–	1,586	(157)	7,043	36,426	108	45,378
Restatements	(191)	–	(1,576)	–	(58)	(18,952)	408	(20,369)
Balance at 31 December 2004 (restated)	181	–	10	(157)	6,985	17,474	516	25,009
Return on ordinary activities after taxation	–	–	–	3,368	(148)	–	1,309	4,529
Dividends paid	–	–	–	–	–	–	(1,224)	(1,224)
Balance at 31 December 2005	**181**	**–**	**10**	**3,211**	**6,837**	**17,474**	**601**	**28,314**

	Share capital £000	Share Premium £000	Redemption reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Special reserve £000	Revenue reserve £000	Total £000
For the period ended 31 December 2004								
Opening balance	–	–	–	–	–	–	–	–
Ordinary shares issued	181	–	–	–	–	–	–	181
Return on ordinary activities after taxation	–	–	–	(157)	6,985	–	1,537	8,365
Dividends paid	–	–	–	–	–	–	(1,021)	(1,021)
Premium on issue of share capital	–	18,952	–	–	–	–	–	18,952
Transfer to special reserve	–	(18,952)	–	–	–	18,952	–	–
Formation expenses	–	–	–	–	–	(572)	–	(572)
Repurchase of own shares for cancellation	–	–	10	–	–	(906)	–	(896)
Balance at 31 December 2004 (restated)	181	–	10	(157)	6,985	17,474	516	25,009

The notes on pages 24 to 34 form part of these financial statements.

Cash Flow Statement

for the year ended 31 December 2005

	Notes	Year ended 31 December 2005 £000	Period from 12 September 2003 to 31 December 2004 £000
Operating activities			
Income received from investments		**2,394**	2,144
Interest received		**161**	125
Other income received		**9**	16
Investment management fees paid		**(1,699)**	(442)
Other cash payments		**(402)**	(449)
Net cash inflow from operating activities	22	**463**	1,394
Servicing of finance			
Interest paid		**(14)**	(5)
Taxation			
Overseas tax paid		**(221)**	(187)
Financial investments			
Purchases of investments		**(50,527)**	(88,371)
Sales of investments		**51,469**	73,684
Liquidation of futures and options		**1,073**	(854)
Net cash inflow/(outflow) from financial investments		**2,015**	(15,541)
Equity dividends paid		**(1,224)**	(1,021)
Net cash inflow/(outflow) before financing		**1,019**	(15,360)
Financing activities			
Issue of share capital		**–**	17,341
Redemption of redeemable shares		**–**	(50)
Buy-back of ordinary shares		**–**	(906)
Formation costs		**–**	(572)
Net cash inflow from financing		**–**	15,813
Increase in cash for the year	23	**1,019**	453

The notes on pages 24 to 34 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

(a) Basis of accounting

These financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards and with the Statement of Recommended Practice 2003 regarding the Financial Statements of Investment Trust Companies ("SORP"). The Company has adopted FRS 25 "Financial Instruments: Disclosure and Presentation", FRS 26 "Financial Instruments: Measurement" and FRS 21 "Events after the Balance Sheet Date" in these financial statements and comparatives have been restated. The significant accounting impact on these financial statements is set out below:

- Listed investments are now valued at fair value deemed to be their bid market prices whereas in prior periods they had been valued at middle market prices. The effect of this change is to decrease the value of listed investments at 31 December 2005 by £89,862 and at 31 December 2004 by £58,087.
- Dividends on the Company's ordinary shares will not be recognised in the financial statements until they have been declared and paid or approved at an AGM, whereas in prior periods they were recognised in the period to which they relate. As a result the Balance Sheet "Creditors: amounts falling due within one year" as at 31 December 2004 has been restated by reducing it by £408,000.
- The Company's zero dividend preference shares are classified as "Creditors: amounts falling due after more than one year" and not as part of "Capital and reserves". The figures for the prior periods have been restated for this change. The increase in the provision for the premium on redemption of zero dividend preference shares that has been recognised in the year ended 31 December 2005 of £1,449,000 (2004: £1,576,000) has been included with finance costs in the Income Statement.

With the exception of the changes stated above, the accounting policies adopted in the 2004 financial statements remain unchanged.

(b) Valuation of investments

Quoted fixed asset investments have been valued at bid market prices at the close of business at the year end.

There were no investments in futures and options at the year end.

The differences between the cost of fixed asset investments (including futures and options) and their valuation at the Balance Sheet date have been treated as unrealised appreciation/depreciation and have been taken to capital reserve – unrealised.

Profits and losses on realisation of fixed asset investments have been taken to capital reserve – realised.

(c) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as at the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in capital reserve – realised. Foreign exchange movements on fixed asset investments are included in the Income Statement within gains on investments.

(d) Income

Investment income, which includes related taxation, has been accounted for on an ex-dividend basis when the Company's right to the income is established.

Interest receivable on deposits is accounted for on an accruals basis.

(e) Expenses

All expenses are accounted for on an accruals basis and are charged as follows:

- the basic investment management fee is charged wholly to revenue;
- the performance fee earned for the year ended 31 December 2005 has been allocated between capital and revenue based on the out-performance attributable to capital and revenue respectively;
- investment transactions costs are charged wholly to capital; and
- other expenses are charged wholly to revenue.

1. Accounting policies (continued)

(f) Finance costs of zero dividend preference shares

The Directors have allocated 100% of the finance costs relating to the zero dividend preference shares to capital. Accordingly, a redemption reserve has been set up to provide for the repayment entitlements attached to the zero dividend preference shares which accrue on a daily basis to the date of the Company's winding up on 31 December 2010. These shares are entitled to a repayment of 162.41p initially on the planned winding up date, equivalent to a redemption yield of 7% per annum on the 100p issue price.

(g) Capital reserve – realised

The following are accounted for in this reserve:

- realised gains or losses on the disposal of investments; and
- realised exchange differences on the disposal of foreign currency balances.

(h) Capital reserve – unrealised

The following are accounted for in this reserve:

- unrealised increases or decreases in the valuation of investments held at the year-end; and
- unrealised exchange differences in the valuation of foreign currency balances and forward foreign exchange contracts in existence at the year end.

(i) Accounting year and comparatives

The Company was incorporated on 12 September 2003. The accounting year for these financial statements is from 1 January 2005 to 31 December 2005. The comparative figures for the financial statements are for the period from 12 September 2003 to 31 December 2004.

2. Income

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Income from investments:		
UK franked investment income	**831**	1,296
Overseas dividends	**1,487**	1,266
Other income	**157**	158
	2,475	2,720

3. Investment management fee

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Charged to Revenue:		
Investment management fee	**475**	473
Irrecoverable VAT thereon	**56**	56
	531	529

Notes to the Financial Statements

continued

3. Investment management fee (continued)

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Charged to Capital:		
Performance fee	**245**	1,006
Irrecoverable VAT thereon	**26**	118
	271	1,124

The Company's Investment Manager is Premier Fund Managers Limited under an agreement terminable by either party giving not less than 12 months written notice. Under the investment management agreement, the Investment Manager is entitled to receive from the Company a management fee, payable monthly in arrears, of 1% of the gross assets of the Company. This fee is charged to revenue.

In addition the Investment Manager is entitled to a performance fee in respect of each accounting year of the Company commencing with the period ending 31 December 2004 if (i) the dividends paid or proposed to be paid on each ordinary share in respect of that accounting year (on an annualised basis in respect of the first accounting period) equal at least 6.75p and (ii) the gross assets at the end of the year exceed the highest level of gross assets at the end of any previous accounting year or (if higher) the initial gross assets by more than 7.5% (again on an annualised basis). This is equivalent to an annual return on gross assets in any year in which a performance fee is payable of at least 14.25%. In that event, the performance fee will be equal to 15% of the excess. The performance fee that became payable has been allocated to capital in the current year.

4. Other expenses

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Secretarial services	**75**	87
Administration expenses	**236**	278
Auditor's remuneration – audit services	**18**	34
Directors' fees	**64**	87
	393	486

During the period ended 31 December 2004 the Company's auditors were paid £30,000 in connection with the launch of the Company.

5. Interest payable

	Year ended 31 December 2005			Restated Period ended 31 December 2004		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Bank interest	**14**	**–**	**14**	5	–	5
Appropriations in respect of non-equity shares:						
Zero dividend preference	**–**	**1,449**	**1,449**	–	1,576	1,576
	14	**1,449**	**1,463**	5	1,576	1,581

Notes to the Financial Statements
continued

6. Taxation
(a) Analysis of charge in the year:

	Year ended 31 December 2005 Revenue £000	Capital £000	Total £000	Period ended 31 December 2004 Revenue £000	Capital £000	Total £000
Foreign tax suffered	**228**	**–**	**228**	163	17	180
Total current tax for the year (see note 6b)	**228**	**–**	**228**	163	17	180
Tax charge for the year	**228**	**–**	**228**	163	17	180

(b) Factors affecting current tax charge for the year:
The tax assessed for the year is lower than the standard rate of corporation tax for a company (30%).

The differences are explained below:

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Net income before taxation	**1,537**	1,700
Corporation tax of 30%	**461**	510
Effects of:		
Non-taxable UK dividends	**(249)**	(389)
Expenses not deductible for tax purposes	**9**	9
Movement in overseas dividends taxable on receipt	**37**	(68)
Allowable expenses in capital	**(81)**	(337)
Taxable dividend in capital amount	**–**	33
Movement in excess expenses	**(177)**	242
Overseas tax	**228**	163
	(233)	(347)
Current tax charge for the year (see note 6a)	**228**	163

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

After claiming relief against accrued income taxable on receipt, the Company has a deferred tax asset of approximately £34,000 (31 December 2004: £174,000) relating to excess expenses. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset in respect of these expenses has been recognised.

7. Dividend

	Per ordinary share	Year ended 31 December 2005 £000
First interim dividend – paid on 30 June 2005	**1.500p**	**272**
Second interim dividend – paid on 30 September 2005	**1.500p**	**272**
Third interim dividend – paid on 31 December 2005	**1.500p**	**272**
Fourth interim dividend – payable on 31 March 2006*	**2.250p**	**408**
	6.750p	**1,224**

* Not included as a liability at 31 December 2005.

Notes to the Financial Statements

continued

7. Dividend (continued)

The fourth interim dividend will be paid on 31 March 2006 to members on the register at the close of business on 10 March 2006. The shares were marked ex-dividend on 8 March 2006.

In accordance with FRS21 the proposed fourth interim dividend has not been included as a liability in these financial statements.

Dividends relating to the period ended 31 December 2004 are detailed below:

	Per ordinary share	Period ended 31 December 2004 £000
First interim dividend – paid on 31 March 2004	1.125p	205
Second interim dividend – paid on 30 June 2004	1.500p	272
Third interim dividend – paid on 30 September 2004	1.500p	272
Fourth interim dividend – paid on 31 December 2004	1.500p	272
Fifth interim dividend – paid on 31 March 2005*	2.250p	408
	7.875p	1,429

* Not included as a liability in the period ended 31 December 2004 financial statements.

8. Fixed asset investments

(a) Summary of valuation

	31 December 2005 £000	31 December 2004 £000
Investments listed on a recognised investment exchange:		
– UK	**15,794**	10,993
– Overseas	**33,194**	34,145
	48,988	45,138

(b) Movements

i. In the year ended 31 December 2005

	Quoted UK £000	Quoted Overseas £000	Total 2005 £000
Book cost at beginning of year	**9,307**	**27,800**	**37,107**
Unrealised appreciation	**1,686**	**6,345**	**8,031**
Valuation at beginning of year	**10,993**	**34,145**	**45,138**
Purchases at cost	**22,780**	**27,532**	**50,312**
Sales:			
– proceeds	**(19,823)**	**(30,860)**	**(50,683)**
– realised gains	**2,272**	**3,143**	**5,415**
Movement in unrealised appreciation	**(428)**	**(766)**	**(1,194)**
Valuation at end of year	**15,794**	**33,194**	**48,988**

8. Fixed asset investments (continued)
ii. In the period ended 31 December 2004

	Quoted UK £000	Quoted Overseas £000	Restated Total 2004 £000
Portfolio transferred in connection with the Scheme of Reconstruction of Legg Mason Investors International Utilities Trust Plc	16,338	7,483	23,821
Purchases at cost	30,689	57,682	88,371
Sales:			
– proceeds	(39,556)	(38,943)	(78,499)
– realised gains	1,836	1,578	3,414
Unrealised appreciation	1,686	6,345	8,031
Valuation at end of period	10,993	34,145	45,138

Comprising:

	Total year ended 31 December 2005 £000	Total period ended 31 December 2004 £000
Book cost at end of year	**42,151**	37,107
Net unrealised appreciation at end of year	**6,837**	8,031
Valuation at end of year	**48,988**	45,138

The purchases and sales proceeds figures above for the year ended 31 December 2005 include transaction costs of £354,000.

(c) Gains on investments

	Total year ended 31 December 2005 £000	Total period ended 31 December 2004 £000
Realised gains on sales	**5,415**	3,414
(Decrease)/increase in unrealised appreciation	**(1,194)**	8,031
	4,221	11,445

A list of the Company's investments is shown on page 9, a sector breakdown and a geographical allocation is shown on page 7.

9. Debtors

	31 December 2005 £000	31 December 2004 £000
Accrued income and prepayments	**367**	435
Overseas tax recoverable	**19**	27
Margin deposits held by broker	**–**	923
Other	**18**	98
	404	1,483

10. Creditors: Amounts falling due within one year

	31 December 2005 £000	Restated 31 December 2004 £000
Performance fee payable	**315**	1,183
Other creditors	**67**	163
	382	1,346

11. Creditors: Amounts falling due after more than one year

	31 December 2005 £000	Restated 31 December 2004 £000
19,143,433 ZDP shares of £0.01	**191**	191
Redemption reserve	**3,025**	1,576
Allocation of special reserve (see note 17)	**18,952**	18,952
	22,168	20,719

The authorised number of zero dividend preference shares of £0.01 as at 31 December 2005 is 105,000,000 (31 December 2004: 105,000,000). The allotted, issued and fully paid number of zero dividend preference shares of £0.01 as at 31 December 2005 is 19,143,433 (31 December 2004: 19,143,433).

12. Share capital

	Year ended 31 December 2005 Number of shares	Year ended 31 December 2005 £000	Restated Period ended 31 December 2004 Number of shares	Restated Period ended 31 December 2004 £000
Authorised:				
Ordinary shares of £0.01	**105,000,000**	**1,050**	105,000,000	1,050
	105,000,000	**1,050**	105,000,000	1,050
Allotted, issued and fully paid:				
Ordinary shares of £0.01	**18,143,433**	**181**	18,143,433	181
	18,143,433	**181**	18,143,433	181

No shares were bought back in the year to 31 December 2005 (during the period to 31 December 2004 1,000,000 ordinary shares were bought back for cancellation at a cost of £906,310).

On 20 April 2004 the Company redeemed 50,000 redeemable shares of £1 each which had been issued on 23 September 2003, 25% called. The redeemable shares were fully called immediately prior to their redemption. The un-issued share capital created by the redemption of the redeemable shares has been re-designated as ordinary share capital.

13. Share premium account

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Opening balance	–	–
Premium on issue of share capital	–	37,904
Transfer to special reserve	–	(37,904)
Closing balance	–	–

Pursuant to a special resolution, the Company's application to reduce its share premium account was approved by the High Court and registered with the Registrar of Companies on 13 November 2003. The amount of the reduction was £37,903,997. This amount was transferred to a Special Reserve which is available for the purchase by the Company of its own shares for cancellation.

14. Redemption reserve

	Year ended 31 December 2005 £000	Restated Period ended 31 December 2004 £000
Opening balance	**10**	–
Buy-back of ordinary shares	–	10
Closing balance	**10**	10

15. Capital reserve - realised

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Opening balance	**(157)**	–
Net gain on realisation of investments	**5,061**	2,681
Gains/(losses) on foreign exchange	**27**	(121)
Provision for premium on redemption of zero dividend preference shares	**(1,449)**	(1,576)
Performance fee	**(271)**	(1,124)
Overseas taxation	**–**	(17)
Closing balance	**3,211**	(157)

16. Capital reserve - unrealised

	Year ended 31 December 2005 £000	Restated Period ended 31 December 2004 £000
Opening balance	**6,985**	–
Movement in unrealised appreciation:		
Investments	**(1,194)**	8,031
Futures and options	**1,046**	(1,046)
Closing balance	**6,837**	6,985

Notes to the Financial Statements
continued

17. Special reserve

Due to the change in the classification of the Company's zero dividend preference shares as financial liabilities the special reserve has been allocated between the interest of the Company's zero dividend preference shares and ordinary shares. The special reserve has been restated as follows:

	Year ended 31 December 2005 £000	Restated Period ended 31 December 2004 £000
Opening balance as previously stated	**36,426**	–
Allocation of zero dividend preference shares (note 11)	**(18,952)**	–
Balance as at 31 December 2004 (restated)	**17,474**	–
Transfer from share premium account	–	18,952
Purchase of 1,000,000 ordinary shares	–	(572)
Formation expenses	–	(906)
Closing balance	**17,474**	17,474

18. Revenue reserve

	Year ended 31 December 2005 £000	Restated Period ended 31 December 2004 £000
Opening balance as at 31 December 2004 (as previously stated)	**108**	–
Add final dividend for 2004 declared on 25 February 2005	**408**	–
Opening balance as at 31 December 2004 (as restated)	**516**	–
Return from ordinary activities	**1,309**	1,537
Dividends paid	**(1,224)**	(1,021)
Closing balance	**601**	516

19. Financial commitments

At 31 December 2005 there were no commitments in respect of unpaid calls and underwritings (31 December 2004: nil).

20. Return per share

Ordinary shares

Total return per ordinary share is based on the net total return on ordinary activities after taxation of £4,529,000 (31 December 2004: £8,365,000).

These calculations are based on 18,143,433 ordinary shares in issue during the year to 31 December 2005 (weighted average number of 18,242,490 ordinary shares in issue during the period to 31 December 2004).

Zero dividend preference shares

The return per zero dividend preference share is based on the annualised gross redemption yield of 7.0%. This calculation is based on the 19,143,433 zero dividend preference shares in issue during the year (2004: 19,143,433).

Notes to the Financial Statements

continued

21. Net asset value per share

The net asset value per share and the net assets available to each class of share, which have been calculated in accordance with FRS4 and the Articles of Association of the Company, are as follows:

	Net asset value per share 31 December 2005 Pence	Net assets available 31 December 2005 £000	Net asset value per share 31 December 2004 Pence	Net assets available 31 December 2004 £000
Ordinary shares (18,143,433 shares in issue)	**156.06**	**28,314**	137.84	25,009
Zero dividend preference shares* (19,143,433 shares in issue)	**115.80**	**22,168**	108.23	20,719

* Classed as a liability.

22. Reconciliation of net revenue before interest payable and tax to net cash outflow from operating activities

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Net revenue before interest payable and taxation	**1,551**	1,705
Other debtors	**89**	(98)
Accrued income and prepayments	**58**	(435)
Other creditors	**(964)**	163
Performance fee payable	**–**	1,183
Management fee capitalised	**(271)**	(1,124)
Net cash inflow from operating activities	**463**	1,394

23. Analysis of changes in cash during the year

	Year ended 31 December 2005 £000	Period ended 31 December 2004 £000
Beginning of year	**453**	–
Net cash inflow	**1,019**	453
Analysis of balance:		
Bank balance	**1,472**	453

24. Related party disclosures

Under FRS 8, the Company is required to provide additional information concerning its relationship with the Investment Manager, Premier Fund Managers Limited ('PFM'), and other transactions with companies within the Premier Group.

Details of the investment management fee charged by PFM is set out in note 3. In addition, Premier Asset Management plc acts as Company Secretary and the fee for secretarial services is set out in note 4. At 31 December 2005 £322,452 (31 December 2004: £1,093,962) of these fees remained outstanding.

25. Risk management and financial instruments

The Company's financial instruments comprise:

- Equity shares with an international exposure which are held in accordance with the Company's investment objectives and policy.
- Short-term debtors, creditors and cash amounts arising directly from its operations.
- Call and put options and futures contracts over securities held in the portfolio in order to hedge the investment portfolio against market risk.

The main risks associated with the Company are market risk (incorporating liquidity risk), foreign currency risk and interest rate risk.

25. Risk management and financial instruments (continued)

Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. Market risk is managed through the investment guidelines, asset allocation restrictions and call and put options and futures contracts agreed by the Board and the Investment Manager and reviewed at each regular Board meeting.

Foreign currency risk

Foreign currency risk arises from changes in the rate of exchange between sterling and the currencies of the countries in which the Company invests, which are identified in the portfolio listing on page 9.

Interest rate risk

The Company's univested cash balances earn interest at floating rates, linked to current short-term market rates.

Liquidity risk

The Company's assets comprise mainly of realisable securities which can be sold to meet funding requirements if necessary.

Currency exposures

An analysis of the Companies' net currency assets at 31 December 2005 is:

Currency	As at 31 December 2005 Investments £000	Effect of Options and Futures £000	Net Exposure £000	As at 31 December 2004 Investments £000	Effect of Options and Futures £000	Net Exposure £000
Euro	**23,313**	**–**	**23,313**	25,200	(14,443)	10,757
Danish Krona	–	–	–	2,206	–	2,206
Australian Dollar	–	–	–	2,078	–	2,078
US Dollar	**4,289**	**–**	**4,289**	1,931	–	1,931
Canadian Dollar	**2,946**	–	**2,946**	1,540	–	1,540
Malaysian Ringgits	–	–	–	1,233	–	1,233
Hong Kong Dollar	**2,646**	**–**	**2,646**	–	–	–
	33,194	**–**	**33,194**	34,188	(14,443)	19,745

Non-equity shares

The Company has in issue 19,143,433 zero dividend preference shares of 1p each, with an effective rate of interest of 7% per annum. They are denominated in sterling and will be redeemed when the Company's life ends in December 2010.

Fair value of financial instruments

Financial assets and liabilities are included in the Balance Sheet at values which represent fair value except for the Company's zero dividend preference shares. The market value has been used to determine the fair value of the zero dividend preference shares.

	As at 31 December 2005 Book Value £m	Fair Value £m	As at 31 December 2004 Book Value £m	Fair Value £m
Zero dividend preference shares	**22.1**	**23.8**	20.7	22.0

Risk profile of financial assets

The interest rate risk profile of the Company's financial assets:

	As at 31 December 2005 Weighted average interest rate	Total £000	As at 31 December 2004 Weighted average interest rate	Total £000
Floating rate investments:				
Cash	**3.25%**	**1,472**	2.05%	453

Cash deposits generally comprise of call or short term money market deposits of less than one month.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of Collins Stewart Limited, 88 Wood Street, London EC2V 7QR on Monday, 24 April 2006, at 2.30 pm to consider and, if thought fit, pass the following resolutions, which will be proposed as to resolutions 1, 2, 3, 4 and 5 as ordinary resolutions and as to resolutions 6 and 7 as special resolutions:

Ordinary resolutions

1. To approve the Directors' Remuneration Report for the year ended 31 December 2005.
2. To receive the Directors' Report and Financial Statements for the year ended 31 December 2005.
3. To elect Adam Cooke as a Director of the Company
4. To re-elect Ian Graham as a Director of the Company.
5. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Board to determine their remuneration.

Special resolutions

6. That, the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 (the 'Act') to make market purchases (within the meaning of Section 163 of the Act) of ordinary shares and of zero dividend preference shares in the capital of the Company (together the 'Shares'), provided that:

   (a) the maximum number of Shares hereby authorised to be purchased shall be 2,719,700 ordinary shares and 2,869,600 zero dividend preference shares;

   (b) the minimum price which may be paid for a Share is 1 pence;

   (c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotation for an ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased and the maximum price which may be paid for a zero dividend preference share is its accrued capital entitlement as at the business day immediately preceding the day on which the zero dividend preference share is purchased;

   (d) the authority hereby conferred shall expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2007 and 23 October 2007 unless such authority is renewed prior to such time;

   (e) the Company may make a contract to purchase Shares under the authority hereby conferred prior to expiry of such authority which will be or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract;

   and any shares so purchased may be cancelled or (where purchased out of distributable profits and subject to the limitations set out in the Act) held in treasury and dealt with in accordance with the provisions of the Act as the Directors may determine.

7. That the authority and power conferred on the Directors by resolutions passed on 24 September 2003 to allot relevant securities (as defined in Section 80 of the Act) up to the total authorised but unissued share capital as at the date of the passing of those resolutions (being £2,000,000) and the power of the Directors to allot equity securities (as defined in Section 94(2) of the Act) pursuant to such authority as if Section 89(1) of the Act did not apply to such allotment up to that same maximum amount, be amended so as to permit, within the terms of such authorities, the sale of shares held in treasury as if Section 89(1) of the Act did not apply to such sale whether or not such sale is at or below the relevant net asset value for a share.

By order of the Board

Premier Asset Management plc
Secretary

13 March 2006

Notes to the Notice of Meeting

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote on his or her behalf. A proxy need not be a shareholder of the Company.

2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the register of members of the Company at the close of business on 21 April 2006 will be entitled to attend and vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

3. A form of proxy is enclosed for use by shareholders. To be effective, the form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Completion and return of a form of proxy will not prevent shareholders from attending the meeting and voting in person if they so wish.

5. The register of interests of the Directors and connected persons in the share capital of the Company, giving details of all transactions of each Director and his family interests in the shares of the Company, will be available for inspection at Eastgate Court, High Street, Guildford, Surrey, GU1 3DE during usual business hours on any weekday (Saturdays and public holidays excepted). It will also be available for inspection at the Annual General Meeting.

6. No Director has any contract of service with the Company.