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Premier Utilities Trust PLC

annual report & accounts
for the year ended
31 December 2007

Investment objectives and policy

The Company's investment objectives are to achieve a 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 the equity and equity related securities of companies operating in the utilities and infrastructure sectors In seeking to achieve its investment objectives, the Company may invest up to 15% in other investment companies provided they themselves invest in utilities and infrastructure and 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

contents

Registered in England No 4897881

A member of the Association of Investment Companies

Company highlights

Total return performance

	% change
Total assets*	+25 0%
FTSE Global Utilities (£)	+22 5%
FTSE Global Telecoms (£)	+24 8%
FTSE All World (£)	+10 9%
FTSE 100	+7 4%

Share price and NAV** returns

		31 December 2007	31 December 2006	% change
Zero Dividend Preference share	NAV	**132 57p**	123 90p	+7 0%
	Mid price	**137 50p**	129 00p	+6 6%
Ordinary share	NAV	**275 60p**	207 10p	+33 1%
	Mid price	**236 00p**	170 75p	+38 2%
Net revenue per Ordinary share		**7 40p**	6 97p	
Net dividends declared per Ordinary share		**7 00p**	6 90p	

Zero Dividend Preference shares
From launch (4 November 2003) to 31 December 2007

GRAPHIC REMOVED

Ordinary shares
From launch (4 November 2003) to 31 December 2007

GRAPHIC REMOVED

Source Fundamental Data (all rights reserved)

* *Total return performance, adjusted for any dividends distributed*

** *Calculated in accordance with FRS21*

Company summary

Launch Date	4 November 2003
Domiciled	UK
Year-end	31 December
Shareholders' Funds	£74 93 million
Market Capitalisation	£69 14 million
Bank Loan	Nil
Zero Dividend Preference shares	19,143,433 aiming to redeem at 162 41p on 31 December 2010
Ordinary shares	18,143,433
Dividends	Paid on Ordinary shares
Investment Manager	Premier Fund Managers Limited
Management Fee	1 0% per annum, charged 100% to revenue, plus performance fee, allocated between capital and revenue based on the out performance attributable to capital and revenue respectively
AIC	Member of the Association of Investment Companies

Dividend History

In respect of year ended 31 December	Total dividends declared
2007	7 00p
2006	6 90p
2005	6 75p
2004	7 875p*

** This dividend was for the 14 month period from launch, representing an annualised dividend of 6 75p*

Financial Calendar

Company's year-end	31 December
Annual results announced	early March
Annual General Meeting	29 April 2008
Company's half-year end	30 June
Half-year results announced	early August
Dividend payments	quarterly 31 March, 30 June, 30 September and 31 December

Chairman's statement

Dear Shareholder,

Performance

I am pleased to report that your Company enjoyed another good year in the twelve months to 31 December 2007 The Company's total assets rose by 23% after dividend payments made to Ordinary shareholders totalling approximately £1 3m, resulting in a total return on the assets of 25% The performance of the Company's assets was particularly good when considered against a backdrop of significant volatility in global stockmarkets

The Global utility sector out-performed the broader equity markets The FTSE Global Utilities Index rose by 22 5% whilst the FTSE Global Telecoms Index in Sterling rose by 24 8% Your Company does not have a formal benchmark, instead performance is compared to a range of indices as set out on pages 1 and 13 of this Annual Report and Accounts In the context of these indices the performance of your Company's assets over the period was highly satisfactory both in absolute and relative terms

The total assets less current liabilities of the Company rose by 23% or £14 1m After allowing for an accrual on the Company's Zero Dividend Preference shares ("ZDP") of £1 7m or 8 67p per share, net assets attributable to the Company's Ordinary shares rose by £12 4m or 68 5p per share to 275 6p This represents an increase over the previous year's closing net asset value of 33 1% Since launch cover on the Company's ZDP shares has risen from 23% to 142% whilst the terminal assets attributable to the Ordinary shares have risen from £7 2m to £44 3m, an increase of 515%

The hurdle rate is the amount by which the total assets of the Company are required to grow (or decline) in order to achieve predetermined values for the Ordinary shares The hurdle rate required to achieve the closing price of the Ordinary shares at the period end, which was 236p, is -0 7 %

The performance of the Company's Ordinary shares generally reflected the good performance of the assets and over the period the share price increased from 170 75p to 236 0p The total return per Ordinary share was 75 4p The Company's ZDP share price rose by 8 5p to 137 5p Thus the package discount of Ordinary and ZDP shares ended the year at 8 2%, a small improvement on the package discount at the previous year end

Revenue and dividends

Your Company pays quarterly dividends to its Ordinary shareholders in March, June, September and December Last year dividends were paid to investors totalling £1 3m or 6 9p per Ordinary share Revenue this period totalled £1 3m or 7 4p per Ordinary share, a slight increase on income earned last year As a consequence of this, your Board has approved a fourth interim of 2 5p per Ordinary share be paid in respect of the financial year ending 31 December 2007 This dividend will be paid on the 31 March 2008 to Ordinary shareholders on the register as at 7 March 2008 The shares were marked ex-dividend on 5 March 2008 This payment will mean total dividends paid in respect of the year to 31 December 2007 will be 7 0p per share

VAT on investment trust fees

Until now UK investment trusts have had to pay UK value added tax ("VAT") on the investment trust management fees paid to their investment advisors As the result of a recent legal action brought against HM Customs and Revenue ("HMRC"), the European Court of Justice has resolved that investment management fees paid to investment managers by investment trusts should be exempt from VAT This brings them into line with unit trusts, open ended investment companies and other investment funds HMRC has recently accepted the Court's ruling and as such VAT previously paid by your Company will be able to be reclaimed from the Manager As yet it is too soon to be able to quantify the likely financial outcome and impact on your Company but your Board will continue to monitor the situation in order to achieve a successful outcome In future your Company will pay no further VAT on management fees

Shareholder relations

The Board and the Investment Manager welcome contact not only with existing shareholders but also with potential new investors The Investment Manager met most of the Company's largest shareholders during 2007 and a number of new shareholders joined the register

Annual General Meeting

The Annual General Meeting is being held on Tuesday 29 April 2008 at 2 pm at the offices of Premier Asset Management Ltd, Fastgate Court, High Street, Guildford, Surrey GU1 3DF In addition to the formal business of the meeting there will, depending on shareholder numbers, 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 of the shareholders as possible at the meeting

Change of name

Over the last 12 months the investments in developing markets such as China have been successful and the Investment Manager has also increased its focus on investments in the energy and water sectors and whilst this does not constitute a change in the investment policy the Directors consider that a change of name to reflect the key focus of the investment strategy would be appropriate Accordingly the Directors are proposing a change in the name of the Company to Premier Energy and Water Trust plc Shareholders are asked to approve this name change by voting in favour of Resolution 8 as set out in the Annual General Meeting agenda

Prospects

In recent years the Global utility sector has been the beneficiary of generally low interest rates, low inflation and reasonable levels of economic growth, particularly in emerging economies such as China and India The recent volatility in global stockmarkets, initially prompted by the US sub prime crisis, has deepened into other credit markets and has led to a swift re-pricing of risk This has in turn led to a de-leveraging of assets resulting in substantial stockmarket falls In response, the US Federal Reserve has cut interest rates by 1 25% since the Company's year end, an action designed to underpin markets albeit at the substantial risk of fuelling inflation

Chairman's statement

continued

Much will depend now on whether the credit crisis precipitates a puncturing of the asset bubble that has built up in global markets, a result of cheap and freely available capital The continuing securitisation and packaging of ever less creditworthy assets, the pools of high risk assets using higher gearing to pursue ever decreasing returns and the fundamental mispricing of risk, are creating a highly volatile environment particularly in the developed world, which could take some considerable time to unwind It is more difficult to predict at this stage what the medium term impact on the emerging markets and global economy will be

Although general equity markets are likely to remain highly volatile for the time being, utilities should be a relative "safe port in a storm", based on the experience of 2007 The sector's balance sheet remains very strong, a positive legacy of the post Enron environment, whilst the essential nature of the sector's revenue stream should provide some immunity against falling economic growth Furthermore, private equity funds still maintain a significant interest in long duration assets such as pipelines, generation plant and gas storage although higher debt costs and more limited access to credit may restrict growth to a degree Nevertheless, merger and acquisition activity should continue, albeit not at the frenetic rates of previous years

Your Company has started the year with a defensive stance as the coming year is likely to be characterised by extreme volatility Whilst presenting risks, this will also present opportunities, and your Company, with its experienced management team and sound capital structure, remains well placed to take advantage of these

Geoffrey Burns
Chairman

18 March 2008

Investment manager's report

Overview

Your Company produced a total return, including dividends paid, of 25 0% in 2007 This compares favourably with our principal reference point, the FTSE Global Utilities Index, which returned 22 5% in sterling terms Equities in general had a less buoyant year but nevertheless most major indices were in positive territory, with 10 9% being the total return of the broad based FTSE All World Index

Global economies have delivered strong growth over a number of years and it is clear now that a slowdown is occurring and we have entered a tougher, more volatile period for equity investors

Asset allocation

The charts below show how the Company's investments are spread across countries and industries The main change during the year was a reduction in exposure to the electricity sector, which represented 61 2% of assets at the start of the year, in favour of all other sectors The electricity sector is by far the largest element of the global utility and infrastructure universe and has benefited from rising power prices in recent years We continue to believe that high commodity prices, some capacity constraints and a shift towards renewable methods of generation will support electricity generation profitability However, the credit crisis and lower economic activity may lead to reduced electricity demand but we believe the positive factors will outweigh the negative ones for investors in 2008 and beyond There are also some cyclical elements to the profit make up in Telecoms, Infrastructure and Gas But earnings from utility type companies remain generally defensive in nature and in some cases immune from general economic malaise

Premier Utilities Trust Sector Breakdown 31 December 2007

GRAPHIC REMOVED

In geographical terms, the portfolio remains diverse Whilst the percentage of assets in China/Hong Kong was reduced towards the end of the year, some new investments were made in other Asian markets The most significant change was increased investment in the US, a market which in our view became increasingly attractive relative to Europe as the year progressed The US may be bearing the brunt of the current credit and housing problems but the electricity markets, and many of the shares in the sector, appear cheaply valued The change in interest rate policy may also lend support to utility sector shares

Investment manager's report

continued

Geographical Allocation at 31 December 2007

GRAPHIC REMOVED

Portfolio activity

During 2007 the utilities sector continued to generate good profit growth and the level of bid activity remained high The portfolio benefited from continued bid activity as the Scottish Power/Iberdrola deal was concluded, Clean Power Income Fund was bought out and other stocks, such as Star Energy and Biffa, saw their shares rise on the back of bid interest Other mergers included the Suez and Gaz De France agreement to combine their businesses, Iberdrola bought Energy East of the US and another UK water stock, Kelda, was taken over

Many emerging economies require substantial investment in utility and infrastructure We continually strive to identify investment opportunities in these markets that offer growth and good returns In these countries there is often the risk of regulatory interference and we therefore pay close attention to potential changes in the domestic political environments During the year a stake was established in the Mumbai based electricity company Tata Power The high growth and liberalising Indian power market is attractive for investors We in fact took profits in the holding towards the end of the year but maintain exposure to India through the companies Greenko and Indian Energy Investments in Chinese power companies proved fruitful as high demand for electricity boosted profits Good profits were taken in China Shenhua and Datang International A new position was established in China Power New Energy, a company which will focus on renewable energy generation in China Two other new holdings are Loh & Loh and Puncak Niaga, companies which may benefit from increased investment in water infrastructure in Malaysia

At the year-end the largest holdings in the portfolio are NRG, which operates in some attractive US power markets such as Texas and California and RWE and E ON, the two major German power companies which should benefit from a recently announced refocusing of their businesses

Investment manager's report

continued

Outlook

Despite the weak start to 2008, we are optimistic regarding the outlook for the energy and water sectors in 2008 We believe that the success of the last four years can be built upon although the returns available over the next twelve months may be lower It is also possible that emerging economies and markets may not prove to be immune to the Western credit crunch, however, our emerging market holdings represent some 15% of the portfolio, and longer term we are convinced that infrastructure investment will perform well there

We welcome contact with existing and potential new investors and further details of the Company may be found at www premierassetmanagement co uk

Kevin Scutt
Andrew Whalley
Premier Fund Managers Limited

18 March 2008

Investment portfolio

at 31 December 2007

Holdings in descending order as at 31 December 2007

Company	Activity	Country	2007 £000	Valuation % of total	2006# £000
NRG Energy	Electricity generation	USA	**4,865**	6 8%	3,203
E ON	Electricity generation & supply	Germany	**4,296**	6 0%	3,215
RWE	Electricity generation & supply	Germany	**3,827**	5 3%	3 387
BT Group	Telecommunication Services	UK	**3,205**	4 5%	-
Centrica	Gas and electricity supply	UK	**3,018**	4 2%	-
Telefonica	Telecommunication Services	Spain	**2,936**	4 1%	1,953
United Utilities	Electricity & water distribution	UK	**2,889**	4 0%	1 092
Enel	Electricity generation & supply	Italy	**2,808**	3 9%	2 476
SUEZ	Water & waste services and electricity generation	France	**2,736**	3 8%	2,643
China Power New Energy	Electricity generation	Hong Kong	**2,228**	3 1%	560
National Grid	Electricity & gas transmission	UK	**2,085**	2 9%	2 616
Cable & Wireless	Telecommunication Services	UK	**2,058**	2 9%	-
Autostrada Torino-Milano	Toll Roads	Italy	**2,027**	2 8%	2 127
El Paso Energy	Gas production and transmission	USA	**1,901**	2 6%	-
Puncak Niaga	Water Infrastructure	Malaysia	**1,815**	2 5%	-
Williams	Gas and electricity supply	USA	**1,795**	2 5%	-
FPL Group	Electricity generation & supply	USA	**1,700**	2 4%	-
Embarq Corp	Telecommunication Services	USA	**1,689**	2 4%	-
AES Corp	Electricity generation	USA	**1,612**	2 2%	-
Korea Electric Power ADR	Electricity generation	Korea	**1,570**	2 2%	1,739
Northeast Utilities	Electricity & gas distribution	USA	**1,570**	2 2%	1 437
SIAS	Toll Roads	Italy	**1,531**	2 1%	1 519
Guangdong Investment	Water supply	Hong Kong	**1,433**	2 0%	920
Transurban Group	Toll Roads	Australia	**1,330**	1 9%	-
Dominion Resources	Electricity & gas supply	USA	**1,190**	1 7%	-
Star Energy	Gas storage	UK	**1,082**	1 5%	652
CEZ	Electricity generation & supply	Czech Rep	**1,052**	1 5%	2,958
De Indian Energy *	Renewable electricity generation	India	**1,000**	1 4%	-
International Power	Electricity generation	UK	**959**	1 3%	1,529
China Power International	Electricity generation	China	**936**	1 3%	-
Tenaga Nasional	*Electricity generation & distribution*	*Malaysia*	**875**	1 2%	-
Telecom Corporation of New Zealand	Telecommunication Services	New Zealand	**868**	1 2%	2,420
Renewable Energy Generation	Renewable electricity generation	UK	**859**	1 2%	1,749
Singapore Telecommunication	Telecommunication Services	Singapore	**829**	1 2%	-
Transcanada Corp	Gas transmission	Canada	**825**	1 1%	-
BIFFA	Waste Services	UK	**766**	1 1%	712
First Energy Corp	Electricity generation & supply	USA	**727**	1 0%	-
Hydrodec convertible loanstock *	Transformer oil recycling	UK	**486**	0 7%	-
Novera Energy	Renewable electricity generation	UK	**423**	0 6%	444
Freepower plc *	Renewable electricity generation	UK	**420**	0 6%	420
Northumbrian Water	Water supply	UK	**356**	0 5%	-
Energybuild Group	Coal production	UK	**350**	0 5%	-
Greenko Group	Renewable electricity generation	UK	**284**	0 4%	-
LOH & LOH Corp	Water Infrastructure	Malaysia	**249**	0 3%	-
Iberdrola Renovable	Renewable electricity generation	Spain	**227**	0 3%	-
Hydrodec	Transformer oil recycling	UK	**71**	0 1%	-
Total portfolio			**71,758**	100 0%	

* *Unquoted investment*

Comparative values have been provided for holdings in the portfolio at both 31 December 2007 and 31 December 2006 Valuation movements between the two dates will reflect market price changes and transactions

Company details

HISTORY

The Company was incorporated on 12 September 2003 and commenced its activities on 4 November 2003 The Company was established in connection with the scheme of reconstruction of LeggMason Investors International Utilities Trust Plc with 18,143,433 Ordinary shares and 19,143,433 Zero Dividend Preference shares being allotted at launch

CAPITAL STRUCTURE

Bank Loan	The Company's policy is not to employ any long term gearing
19,143,433	Zero Dividend Preference shares of 1p each The Zero Dividend Preference shares will have a final capital entitlement of 162 41p on 31 December 2010 subject to there being sufficient capital in the Company The Zero Dividend Preference shares are not entitled to any dividends The Zero Dividend Preference shareholders have the right to receive notice of, to attend and to vote at all general meetings of the Company
18,143,433	Ordinary shares of 1p each The Ordinary shares are entitled to all of the Company's net income available for distribution by way of dividends On a winding-up, they rank after the Zero Dividend Preference shares They will also be due any undistributed revenue reserves The Ordinary shareholders have the right to receive notice of, to attend and to vote at all general meetings of the Company
Wind-up date	31 December 2010

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 The performance fee is allocated between capital and revenue based on the out performance attributable to capital and revenue respectively

RISK FACTORS

The Company concentrates on investments in the utility sector and may be regarded as representing a higher risk than that of 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 In certain circumstances, the market prices at which investments may be 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

Company details

continued

The Company may invest up to 15% of its gross assets in unquoted securities which may have limited liquidity and be difficult to realise

The income and capital value of the Company's investments can be affected, favourably or unfavourably, by currency movements as a proportion of the Company's assets and income is denominated in currencies other than sterling

The dividend on the Ordinary shares depends on receipt of interest payments and dividends from securities in which the Company invests If on a wind-up of the Company the gross assets are insufficient to cover the capital entitlement of the prior ranking Zero Dividend Preference shares, the terminal asset value of the Ordinary shares could be zero and an investor could lose all of the capital invested in those shares

The Zero Dividend Preference shares rank ahead of the Ordinary shares for repayment on a winding-up of the Company A decline in the gross assets could result in the Zero Dividend Preference shares failing to receive their full redemption value on wind-up and if gross assets were equal to or less than the amount required to pay liquidation costs, an investor would lose all of the capital invested in the Zero Dividend Preference shares

TOTAL NET ASSETS AND MARKET CAPITALISATION

As at 31 December 2007, the Company had a market capitalisation of £69 14 million (2006 £55 67 million) and assets attributable to shareholders amounted to £74 93 million (2006 £60 86 million)

MANAGEMENT FEE

During the year, the management fee was 0 0833% per month (plus VAT) of the gross assets (total assets less current liabilities) From 1 October 2007 no VAT has been charged on the management fee

In addition, the Manager (Premier Fund Managers Ltd) is entitled to a performance fee if in each Company year

(i) the dividends paid are 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 Company year or the initial gross (if higher) assets by more than 7 5% (on annualised basis) In that event the performance fee will be equivalent to 15% of the excess

The management contract is terminable by one year's written notice to expire at any time

ISA/PEP STATUS

The Company's Ordinary shares and Zero Dividend Preference shares are qualifying investments for Individual Savings Accounts ("ISAs") and transfers into existing Personal Equity Plans ("PEPs") Full details can be obtained from Premier Fund Managers Limited

Financial summary

CAPITAL

	31 December 2007	31 December 2006	% change	Premium/ (discount) % 31 December 2007
Total Assets (£,000)*	**75,383**	61,294	+23 0	-
Net Asset Value per Zero Dividend Preference share **	**132 57p**	123 90p	+7 0	-
Mid-market price per Zero Dividend Preference share	**137 50p**	129 00p	+6 6	3 7
Net Asset Value per Ordinary share **	**275 60p**	207 10p	-	-
Mid-market price per Ordinary share	**236 00p**	170 75p	+38 2	(14 4)

REVENUE

	31 December 2007	31 December 2006	% change
Return per Ordinary share	75 40p	57 79p	+30 5
Net dividend per Ordinary share	7 00p	6 90p	+1 4

* *Total assets less current liabilities*

** *Net asset values calculated in accordance with Articles of Association*

HURDLE RATES†

	31 December 2007
Zero Dividend Preference shares	
Hurdle rate return to current share price of 137 5p	-29 6%
Hurdle rate to redemption price of 162 41p on 31 December 2010	-25 6%
Ordinary shares	
Hurdle rate return to current share price of 236 0p	0 7%

Source Fundamental Data Limited (all rights reserved)

† See page 51 for definition of hurdle rates

Financial summary

continued

TOTAL RETURN

	Year to 31 December 2007	Year to 31 December 2006
Total return on gross assets*	+25 0%	+24 2%
FTSE Global Utilities Index ($)**	+24 6%	+38 2%
FTSE Global Utilities Index (£)**	+22 5%	+21 2%
FTSE Global Telecoms ($)**	+26 9%	+37 2%
FTSE Global Telecoms (£)**	+24 8%	+20 4%
FTSE All World Index (local currency)**	+6 4%	+17 7%
FTSE All World Index (£)***	+10 9%	+7 2%
FTSE 100 Index****	+7 4%	+14 4%
Total expense ratio/cost of running the Company†	1 59%	1 69%

	At 31 December 2007	At 31 December 2006
£/$ exchange rate	1 9906	1 9572
£/€ exchange rate	1 3615	1 4842

* *Total return performance calculated, adjusted for any dividends distributed*

** *Source FTSE*

*** *Source Bloomberg*

**** *Source Fundamental Data Limited (all rights reserved)*

† *The expense ratio excluding the performance management fee, based on average monthly net asset value*

Directors

Geoffrey Burns - Chairman

Geoffrey Burns (54) has worked in the investment fund industry for over twenty years From 1997 to 2000 he was a director of and head of investment trusts at Murray Johnstone Limited Mr Burns is an adviser to a number of government or multilateral agencies who make investments in private equity funds in emerging markets, including CDC Group plc, the Swiss Investment Fund for Emerging Markets and the Asian Development Bank Mr Burns is Chairman of City Natural Resources High Yield Trust PLC

Adam Cooke

Adam Cooke (48) was a global partner of INVESCO PLC (formerly 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, Midas Income and Growth Trust PLC and New City Investment Managers Limited

Ian Graham

Ian Graham (54) 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

Michael Wigley (68) 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

Investment Manager and Secretary

Investment Manager Premier Fund Managers Limited

Premier Fund Managers Limited is a subsidiary of Premier Asset Management Ltd Following a successful management buyout by the senior management, backed by Electra Partners, Premier Asset Management plc delisted from the AIM market on 8 October 2007 and subsequently became a limited company Premier Asset Managment Ltd had just under £2 billion of funds under management at 31 December 2007 Premier Fund Managers Limited is authorised and regulated by the Financial Services Authority The Company's portfolio is managed by Andrew Whalley and Kevin Scutt

Secretary Premier Asset Management Ltd

Premier Asset Management Ltd provides the company secretarial and administrative services

Directors' report

The Directors have pleasure in submitting their Business Review, Report and Financial Statements for the year ended 31 December 2007

BUSINESS REVIEW

UK listed companies are required to include a business review within their directors' reports or, should they prefer, a more detailed operating financial review Having considered the regulations and in view of the nature and the size of the Company, the Board has chosen to include a business review in its report to shareholders, rather than an operating financial review This business review is intended to enhance shareholders' understanding of the development, performance and position of the Company through a combination of narrative and financial performance measures

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 Approval for the year ended 31 December 2006 is subject to there being no subsequent enquiry under Corporate Self Assessment In the opinion of the Directors, the Company has subsequently directed its affairs so as to enable it to continue to seek such approval

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments Investment trusts offer a number of other advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at low cost

Investment objectives

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 companies operating in the utilities and infrastructure sectors

Investment policy

The policy of the Directors is that, in normal market conditions, the portfolio of the Company should consist primarily of a diversified portfolio of equity and equity related securities of companies operating in the utilities and infrastructure sectors

The Company may also invest up to 15% of its gross assets in investment companies provided they themselves invest in utilities and infrastructure However, not more than 10% of the Company's gross assets may be invested in other UK listed closed ended investment funds unless such funds themselves have published investment policies to invest not more than 15% of their total assets in other UK listed closed ended investment funds

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

In order to comply with the provisions contained in Section 842 of the Income and Corporation Taxes Act 1988 no investment in a company should represent more than 15% by the value of the Company's total portfolio except for subsequent market movements in the value of that investment

In addition to the above restriction on investment in a single company the Board seeks to achieve a spread of risk in the portfolio through monitoring the country and sector weightings of the portfolio

There will be a minimum of 20 stocks in the portfolio

The Company is geared through zero dividend preference shares but does not use other gearing

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities which are readily realisable

Dividends

During the year the following dividends were paid

	Payment date	Dividend pence (net per share)
Fourth Interim for the year ended 31 December 2006	31 March 2007	2 4p
First Interim for the year ended 31 December 2007	30 June 2007	1 5p
Second Interim for the year ended 31 December 2007	29 September 2007	1 5p
Third Interim for the year ended 31 December 2007	29 December 2007	1 5p

Subsequent to the year-end but in respect of the year ended 31 December 2007, the Directors have declared a fourth interim dividend of 2 5p, payable on 31 March 2008 to members on the register at the close of business on 7 March 2008 The shares were marked ex-dividend on 5 March 2008 This dividend relates to the year ended 31 December 2007 but in accordance with the Company's accounting policies, it is recognised in the period in which it is paid

Principal risks associated with the Company (see note 21)

Structure of the Company and gearing

The Company is a split-capital investment trust with two separate classes of share, each with different characteristics Returns generated by the Company's underlying portfolio are apportioned in accordance with the respective entitlements of each class of share As the Ordinary shares and Zero Dividend Preference shares have different rights both during the life of the Company and on a winding-up, shareholders and prospective investors are advised to give careful consideration to their choice of class or classes of share (see pages 10 to 11 for details of these entitlements)

The Company employs no gearing in the form of a bank loan The Ordinary shares are geared by the payment of the prior ranking Zero Dividend Preference shares

Dividend levels

Dividends paid on the Company's Ordinary shares rely on receipt of interest payments and dividends from the securities in which the Company invests The Company's revenue levels are monitored on a monthly basis by the Board and the Investment Manager

Directors' report

continued

Currency risk

The Company invests in overseas securities and its assets are therefore subject to currency exchange rate fluctuations

Liquidity risk

The Company may invest up to 15% of its gross assets in unquoted securities These securities may have limited liquidity and be difficult to realise

Market price risk

Since the Company invests in financial instruments, market price risk is inherent in these investments In order to minimise this risk, a detailed analysis of the risk/reward relationship of each investee company is undertaken by the Investment Manager prior to making investments

Discount volatility

Being a closed-end fund, the Company's shares may trade at a discount to their net asset value The magnitude of this discount fluctuates daily and can vary significantly Thus, for a given period of time, it is possible that the market price could decrease despite an increase in the Company's shares' net asset value The Directors review the discount levels regularly The managers actively communicate with the Company's major shareholders and potential new investors, with the aim of managing discount levels

Operational

Like most other investment trust companies, the Company has no employees The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager and the Company's service providers The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems These are regulary tested and monitored

Accounting, legal and regulatory

In order to qualify as an investment trust, the Company must comply with Section 842 of the Income and Corporation Taxes Act 1988 ("Section 842") A breach of Section 842 could lead to the Company being subject to capital gains tax on gains within the Company's portfolio Section 842 qualification criteria are continually monitored by Premier Fund Managers Limited and the results reported to the Board at its regular meetings The Company must also comply with The Companies Act 1985 and the UKLA Listing Rules The Board relies on the services of the administrator, Premier Asset Management Ltd and its professional advisers to ensure compliance with the Companies Act 1985 and the UKLA Listing Rules

Analysis of the Company's performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives

The key performance indicators used to measure the progress and performance of the Company over time are as follows

1) The performance against a set of reference points The Investment Manager's performance is not assessed against a formal benchmark but rather against a set of reference points which are more general in nature and intended to be representative of the broad spread of assets in which the portfolio invests These references include the FTSE Global Utilities Index, FTSE World Index and FTSE 100 Index

2) The performance against the peer group The assessment of the Investment Manager's performance against companies which invest in similar, but not necessarily the same, securities allows the Board to evaluate the effectiveness of the Company's investment strategy

3) The performance of the Company at the net asset level This shows how the assets attributable to shareholders as a whole have performed

4) The performance of the individual share classes, both in terms of share price total return (i e accounting for dividends received) and in terms of net asset value total return The share price performance is the measure of the return that shareholders have actually received and will reflect the impact of widening or narrowing of discounts to NAV

5) Total Expense Ratio ("TER") The TER is an expression of the Company's management fees and other operating expenses as a percentage of average net assets over the year The TER for the year ended 31 December 2007 was 1 59% excluding performance fee (2006 1 69%)

DIRECTORS

Directors serving throughout the year ended 31 December 2007 were as follows

Geoffrey Burns
Adam Cooke
Ian Graham
Michael Wigley

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 None of the Directors has, or has had, any interest in any transaction which is, or was, unusual in its nature or conditions or significant to the business of the Company, and which was effected by the Company during the current financial year

At the date of this report, there are no outstanding loans or guarantees between the Company and any Director

In accordance with the Articles of Association Mr Geoffrey Burns 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 2007	Zero Dividend Preference shares at 31 December 2007	Ordinary shares at 1 January 2007	Zero Dividend Preference shares at 1 January 2007
Geoffrey Burns	69,500	-	69,500	-
Adam Cooke	27,000	-	27,000	-
Ian Graham	10,126	-	10,126	-
Michael Wigley	116,000	-	116,000	-

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

Directors' report

continued

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
Premier Fund Managers Ltd*	2,893,393	15 9
Deutsche Bank AG/Tilney Group Limited	2,084,323	11 5
NCL Smith & Williamson	1,416,180	7 8
Zero Dividend Preference shares		
Deutsche Bank AG/Tilney Group Limited	4,619,166	24 1
Rensburg Sheppards PLC	3,166,851	16 5
CG Asset Management Limited	2,150,000	11 2

* *This includes 2,249,479 Ordinary shares that are held in the PEP and ISA scheme that is administered by Premier Fund Managers Ltd on behalf of individual shareholders*

NET ASSET VALUE

The net asset value per Ordinary share, including revenue reserve, at 31 December 2007 was 275 60p (31 December 2006 207 10p) The cumulative net asset value of the Zero Dividend Preference share at 31 December 2007 was 132 57p (31 December 2006 123 90p)

MANAGEMENT, SECRETARIAL AND ADMINISTRATION AGREEMENTS

The Company's portfolio is managed by Premier Fund Managers Ltd under an Investment Management Agreement dated 26 September 2003

The management fee is 0 0833% per month of the gross assets (from the 1 October 2007 no VAT has been charged)

In addition, the Manager is entitled to a performance fee if in each Company year

(i) the dividends paid are 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 Company year or the initial gross (if higher) assets by more than 7 5% (on annualised basis) In that event the performance fee will be equivalent to 15% of the excess

The Management Agreement is currently terminable on 12 months' notice

Under the Administration Agreement dated 26 September 2003, company secretarial services and the general administration of the Company are undertaken by Premier Asset Management Ltd The Administration Agreement is currently terminable on 12 months' notice

The Board as a whole regularly reviews the terms of the management and secretarial contracts

Directors' report

continued

CORPORATE GOVERNANCE

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 issued in 2006 ("the Code") 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 Companies ("the AIC 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 AIC Code is more flexible for investment trust companies

Board of Directors

The Board currently consists of four non-executive Directors all of whom are independent of the Investment Manager Their biographies are set out on page 14 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 Committee	Nomination Committee
Number of meetings in the year	4	2	1
Geoffrey Burns	4	2	1
Adam Cooke	4	2	1
Ian Graham	4	2	1
Michael Wigley	4	2	1

All of the Directors attended the Annual General Meeting held in April 2007

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 re-election of Mr Geoffrey Burns who retires by rotation

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

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 reviewing 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 The Audit Committee has considered the independence of the Auditors and the objectivity of the audit process and is satisfied that Ernst & Young LLP is independent and has fulfilled its obligations to shareholders 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 Committee

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 29

Internal controls

The Board acknowledges that they are responsible for the Company's system of internal controls and has established a process for identifying, evaluating and managing significant risks faced by the Company The process is subject to regular review by the Board and accords with "Internal Control Guidance for Directors on the Combined Code" ("The Turnbull guidance") which was issued in September 1999

Directors' report
continued

These internal control systems are designed to safeguard shareholders' investment and the Company's assets It should be recognised that such systems provide reasonable but not absolute assurance against material misstatement or loss

Internal control process

The Turnbull guidance recommends a risk-based approach to the assessment of internal controls The Board has completed a risk map for the Company and established procedures for the monitoring and review of the risks identified The Board as a whole is primarily responsible for the monitoring and review of risks associated with investment matters and the Audit Committee is primarily responsible for other risks

As the Board has contractually delegated to other companies the investment management, the custodial services and the day-to-day accounting and company secretarial requirements, the Company relies significantly upon the internal controls operated by those companies Therefore, the Directors have concluded that the Company should not establish its own internal audit function Investment management is performed by Premier Fund Managers Limited and administration services by Premier Asset Management Ltd Details of the agreement with the Investment Manager and the administrator are given on page 20 and in notes 3 and 20 to the financial statements The custodian is Northern Trust Company Limited

The risk map has been considered at all regular meetings of the Board and Audit Committee As part of the risk review process, regular reports are received from the Investment Manager on all investment-related matters including compliance with the investment mandate, the performance of the portfolio compared with relevant indices and compliance with investment trust status requirements The Board also receives and reviews reports from the custodian on its internal controls and their operation

The Board confirms that appropriate procedures to review the effectiveness of the Company's system of internal control have been in place, throughout the year and up to the date of this report, which cover all controls including financial, operational and compliance controls and risk management An assessment of internal control, which includes a review of the Company's risk map, an assessment of the quality of reports on internal control from the service providers and the effectiveness of the Company's reporting process, is carried out on an annual basis

Evaluation of Investment Manager's performance

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 period 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

Directors' report

continued

The Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Premier Asset Management Ltd, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that statutory obligations of the Company are met

Individual Directors may take independent professional advice on any matter concerning them in the furtherance of their duties at the Company's expense The Company also maintains Directors' and Officers' liability insurance to cover legal defence costs

Relations with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager and all Directors are available to enter into dialogue with shareholders Major shareholders of the Company are offered the opportunity to meet with the independent non-executive Directors of the Board in an attempt to ensure that their views are understood The Board regularly reviews any contact with the Company's shareholders and monitors its shareholder register

All shareholders are encouraged to attend and vote at the Annual General Meeting, during which the Board and the Investment Manager are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to the Investment Manager, the Board and the Chairmen of the Board's standing committees

Any shareholder who would like to lodge questions in advance of the Annual General Meeting is invited to do so in writing to the Company Secretary at the address detailed inside the back cover The Company always responds to letters from individual shareholders

The Annual and Interim Reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance Copies are dispatched to shareholders by mail and are also available for downloading from the Investment Manager's website

A monthly fact sheet is produced by the Investment Manager and is also available via their website

If a shareholder would like to contact the Board directly, they should write to the Chairman at c/o Premier Asset Management Ltd, Eastgate Court, High Street, Guildford, Surrey GU1 3DE, marking their letter "Private and confidential"

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 previously

- 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 AIC Code in all material respects

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

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 will refer to the Board on any matters of a contentious nature

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 2007 (2006 nil)

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting sets out the ordinary business and special business to be conducted at the Meeting The following explains the resolutions to be considered at the Meeting as special business

RESOLUTION 5 & 6 Authority to allot shares

Under Resolution 5 of the Annual General Meeting ("AGM"), the Directors seek a general power from shareholders to allot new securities up to an aggregate par value of £18,143 representing approximately 10% of the issued Ordinary share capital of the Company as at 18 March 2008 Such authority, if granted, will expire at the conclusion of the next Annual General Meeting

Resolution 6 of the AGM will, if passed, empower the Directors to make allotments of shares (including sales of shares held in treasury) for cash on a non pre-emptive basis up to an aggregate of 10% of the issued Ordinary share capital of the Company as at the date of this document

These Resolutions will provide the Directors with flexibility to act in the best interests of shareholders

RESOLUTION 7 Purchase by the Company of its own shares

At an Annual General Meeting held on 19 April 2007 a special resolution was passed, giving the Directors authority until the conclusion of the earlier of the 2008 Annual General Meeting and 18 October 2008, 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 2007 no shares were purchased (31 December 2006 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 1985 Resolution 7 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 18 March 2008) 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 the higher of (i) 105% of the average of the middle market quotations for a share for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current bid 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

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 2009, or 13 October 2009, whichever is the earlier The authority may be renewed by shareholders at a 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

RESOLUTION 8. Change of name

The Directors seek approval from the shareholders to change the name of the Company to Premier Energy and Water Trust plc (Resoultion 8) The new name of the Company reflects the focus on the energy and water sectors The Chairman's Statement on page 4 of this Report and Accounts gives the rationale for the change of name

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

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information

By Order of the Board

Premier Asset Management Ltd
Secretary

18 March 2008

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 31

Remuneration Committee

The Board as a whole fulfils the function of a Remuneration Committee The Company Secretary, Premier Asset Management Ltd, 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 of £150,000 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

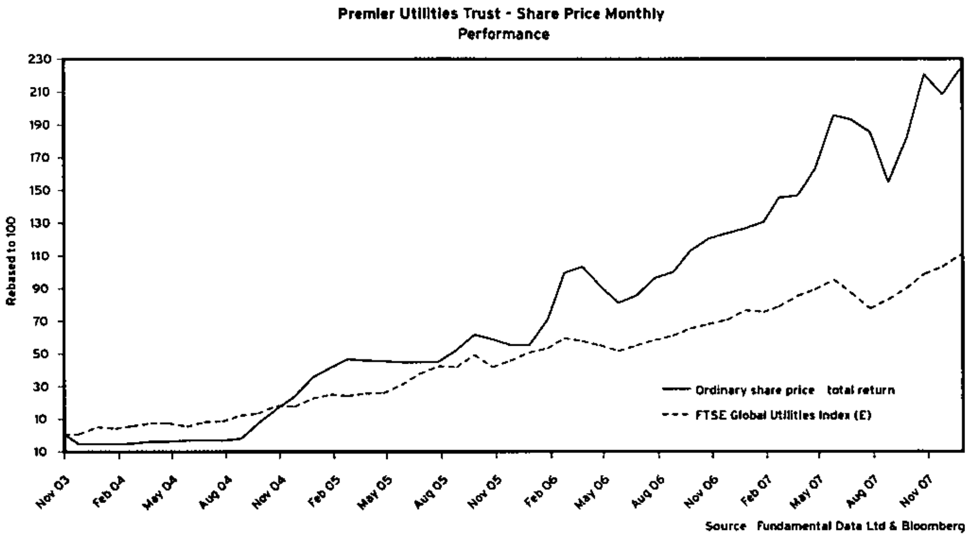
Your Company's performance

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 overleaf shows the share price total return (assuming all dividends are reinvested) to Ordinary shareholders against the FTSE Global Utilities Index on a total return basis from the date the Company was launched until 31 December 2007

Directors' remuneration report

continued

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 2007	Year ended 31 December 2006
Geoffrey Burns	22,000	22,000
Adam Cooke	15,000	15,000
Ian Graham	15,000	15,000
Michael Wigley	15,000	15,000
Total	67,000	67,000

Approval

A resolution for the approval of the Directors' Remuneration Report for the year ended 31 December 2007 will be proposed at the Annual General Meeting

By Order of the Board

Premier Asset Management Ltd
Secretary

18 March 2008

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, 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

The financial statements are published on www premierassetmanagement co uk which is a website maintained by the Company's Investment Manager The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

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 2007 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes 1 to 22 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' responsibilities 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) are 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 whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 2006 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

Independent auditor's report

continued

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 Investment Objectives and Policy, Company Highlights, Company Summary, Chairman's Statement, Investment Manager's Report, Investment Portfolio, Company Details, Financial Summary, Directors, Investment Manager and Secretary, Directors' Report, the unaudited part of the Directors' Remuneration Report, Statement of Directors' Responsibilities in Respect of the Financial Statements, Glossary of Terms, Shareholder Information, Notice of Annual General Meeting, Notes to the Notice of Annual General Meeting and Directors and Advisers 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 2007 and of its net return for the year then ended,

- 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, and

- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

18 March 2008

Income statement

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 Revenue £000	Capital £000	Total £000	Year ended 31 December 2006 Revenue £000	Capital £000	Total £000
Gains on investments - realised held at fair value through profit or loss	13	-	**10,298**	**10,298**	-	10,441	10 441
Gains on investments - unrealised held at fair value through profit or loss	14	-	**5,361**	**5,361**	-	1,751	1,751
Income	2	**2,618**	-	**2,618**	2,367	-	2,367
Investment management and performance fee	3	**(733)**	**(1,661)**	**(2,394)**	(624)	(1,420)	(2,044)
Other expenses	4	**(337)**	-	**(337)**	(316)	-	(316)
Return before finance costs and taxation		**1,548**	**13,998**	**15,546**	1 427	10 772	12 199
Finance costs	5	**(19)**	**(1,660)**	**(1,679)**	(4)	(1,551)	(1,555)
Return on ordinary activities before taxation		**1,529**	**12,338**	**13,867**	1,423	9,221	10,644
Taxation on ordinary activities	6	**(186)**	-	**(186)**	(158)	-	(158)
Return on ordinary activities after taxation attributable to equity shares		**1,343**	**12,338**	**13,681**	1,265	9,221	10,486
Return per Ordinary share (pence)	16			**75 40**			57 79
Return per Zero Dividend Preference share (pence)	16			**8 67**			8 10

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 No operations were acquired or discontinued during the year

The notes on pages 37 to 50 form part of these financial statements

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment 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 2007

	Notes	2007 £000	2006 £000
Non current assets			
Investments at fair value through the profit or loss	8	**71,758**	60,789
Current assets			
Debtors	9	**413**	1,346
Cash at bank		**6,139**	1,465
		6,552	2 811
Current liabilities			
Creditors amounts falling due within one year	10	**(2,927)**	(2,306)
Net current assets		**3,625**	505
Total assets less current liabilities		**75,383**	61 294
Creditors amounts falling due after more than one year	11	**(25,379)**	(23 719)
Total net assets		**50,004**	37,575
Capital and reserves			
Share capital	12	**181**	181
Redemption reserve		**10**	10
Capital reserve - realised	13	**17,658**	10 681
Capital reserve - unrealised	14	**13,949**	8,588
Special reserve		**17,474**	17 474
Revenue reserve		**732**	641
Total equity shareholders' funds		**50,004**	37,575
Net asset value per Zero Dividend Preference share (pence) (Zero Dividend Preference shares are classified as financial liabilities)	17	**132 57**	123 90
Net asset value per Ordinary share (pence)	17	**275 60**	207 10

The financial statements on pages 33 to 50 were approved by the Board and authorised for issue on 18 March 2008 and were signed on its behalf by

Adam Cooke

Adam Cooke
Director

The notes on pages 37 to 50 form part of these financial statements

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2007

	Share capital £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 2007							
Balance at 31 December 2006	**181**	**10**	**10,681**	**8,588**	**17,474**	**641**	**37,575**
Return on ordinary activities after taxation	-	-	**6,977**	**5,361**	-	**1,343**	**13,681**
Dividends paid	-	-	-	-	-	**(1,252)**	**(1,252)**
Balance at 31 December 2007	**181**	**10**	**17,658**	**13,949**	**17,474**	**732**	**50,004**

	Share capital £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 2006							
Balance at 31 December 2005	181	10	3,211	6,837	17 474	601	28 314
Return on ordinary activities after taxation	-	-	7 470	1 751	-	1 265	10 486
Dividends paid	-	-	-	-	-	(1,225)	(1,225)
Balance at 31 December 2006	181	10	10 681	8,588	17,474	641	37 575

The notes on pages 37 to 50 form part of these financial statements

Cash flow statement

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Operating activities			
Income received from investments		**2,230**	2,336
Interest received		**173**	213
Investment management fees paid		**(2,095)**	(878)
Other cash payments		**(254)**	(305)
Net cash inflow from operating activities	18	**54**	1 366
Servicing of finance			
Interest paid		**(19)**	(4)
Taxation			
Overseas tax paid		**(190)**	(149)
Financial investments			
Purchases of investments		**(47,667)**	(67,999)
Sales of investments		**53,558**	68,930
Futures and options		**462**	(1 198)
Net cash inflow/(outflow) from financial investments		**6,353**	(267)
Equity dividends paid		**(1,524)**	(953)
Increase/(decrease) in cash for the year	19	**4,674**	(7)

The notes on pages 37 to 50 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 in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP") and with the Statement of Recommended Practice 2003 (revised 2005) regarding the Financial Statements of Investment Trust Companies ("SORP ') issued by the AIC

(b) VALUATION OF INVESTMENTS

Upon initial recognition investments are designated by the Company 'at fair value through profit or loss They are accounted for on the date they are traded and are included initially at fair value which is taken to be their cost including expenses incidental to purchase Subsequently investments are valued at fair value which is the bid market price for listed investments Unquoted investments are valued at fair value by the Board which is established with regard to the International Private Equity and Venture Capital Valuation Guidelines by using where appropriate latest dealing prices, valuations from reliable sources and other relevant factors Where no reliable fair value can be estimated for such unquoted investments they are carried at cost, subject to any provision for impairment

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 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 or 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 2007 has been allocated between capital and revenue based on the out performance attributable to capital and revenue respectively
- investment transactions costs are included within the book cost of the investments, and
- other expenses are charged wholly to revenue

Notes to the financial statements

continued

1. ACCOUNTING POLICIES continued

(f) ZERO DIVIDEND PREFERENCE SHARES

The Company s Zero Dividend Preference shares are classified as a financial liability and shown as a liability in the balance sheet

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) SPECIAL RESERVE

The special reserve is available for the repurchase by the Company of its own shares

2. INCOME

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Income from investments		
UK franked investment income	**619**	572
Overseas dividends	**1,805**	1 570
Other income	**194**	225
	2,618	2,367

3. INVESTMENT MANAGEMENT FEE

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Charged to Revenue		
Investment management fee	**673**	556
Irrecoverable VAT thereon	**60**	68
	733	624

Notes to the financial statements
continued

3. INVESTMENT MANAGEMENT FEE continued

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Charged to Capital		
Performance fee	**1,661**	1,265
Irrecoverable VAT thereon	**-**	155
	1,661	1 420

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 ended 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) equals 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) 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 2007 £000	Year ended 31 December 2006 £000
Secretarial services	**84**	75
Administration expenses	**167**	155
Auditor's remuneration - audit services	**19**	19
Directors' fees	**67**	67
	337	316

5 FINANCE COSTS

	Year ended 31 December 2007			Year ended 31 December 2006		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Bank interest	**19**	**-**	**19**	4	-	4
Appropriations in respect of Zero Dividend Preference shares	**-**	**1,660**	**1,660**	-	1 551	1,551
	19	**1,660**	**1,679**	4	1,551	1,555

Notes to the financial statements
continued

6. TAXATION

(a) ANALYSIS OF CHARGE IN THE YEAR:

	Year ended 31 December 2007			Year ended 31 December 2006		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Foreign tax suffered	**186**	**-**	**186**	158	-	158
Total current tax for the year (see note 6 (b))	**186**	**-**	**186**	158	-	158
Tax charge for the year	**186**	**-**	**186**	158	-	158

(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 2007 £000	Year ended 31 December 2006 £000
Net income before taxation	**1,529**	1 423
Corporation tax of 30%	**459**	427
Effects of		
Non-taxable UK dividends	**(186)**	(172)
Expenses not deductible for tax purpose	**1**	-
Movement in overseas dividends taxable on receipt	**(4)**	(27)
Allowable expenses in capital	**(498)**	(426)
Movement in excess expenses	**228**	198
Overseas tax	**186**	158
	(273)	(269)
Current tax charge for the year (see note 6 (a))	**186**	158

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 £404,000 (31 December 2006 £115,000) 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

Notes to the financial statements
continued

7. DIVIDEND

	Per Ordinary share	Year ended 31 December 2007 £000
First interim dividend - paid on 29 June 2007	**1 50p**	**272**
Second interim dividend - paid on 28 September 2007	**1 50p**	**272**
Third interim dividend - paid on 31 December 2007	**1 50p**	**272**
Fourth interim dividend - payable on 31 March 2008*	**2 50p**	**454**
	7 00p	**1,270**

* Not included as a liability in the year ended 31 December 2007 accounts

The fourth interim dividend will be paid on 31 March 2008 to members on the register at the close of business on 7 March 2008 The shares were marked ex-dividend on 5 March 2008

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

Dividends relating to the year ended 31 December 2006 are detailed below

	Per Ordinary share	Year ended 31 December 2006 £000
First interim dividend - paid on 30 June 2006	1 50p	272
Second interim dividend - paid on 29 September 2006	1 50p	272
Third interim dividend - paid on 29 December 2006	1 50p	272
Fourth interim dividend - paid on 30 March 2007*	2 40p	436
	6 90p	1,252

* Not included as a liability at 31 December 2006

8. INVESTMENTS

(a) SUMMARY OF VALUATION

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Investments listed on a recognised investment exchange		
- UK	**18,121**	11 699
- Overseas	**51,731**	48,670
	69,852	60 369
Unquoted investment - UK	**906**	420
Unquoted investment - Overseas	**1,000**	-
	71,758	60 789

Notes to the financial statements
continued

8. INVESTMENTS continued

(b) MOVEMENTS

(i) In the year ended 31 December 2007

	Quoted UK £000	Quoted Overseas £000	Unquoted UK £000	Unquoted Overseas £000	Total 2007 £000
Book cost at beginning of year	**9,980**	**40,673**	**350**	**-**	**51,003**
Unrealised appreciation	**1,719**	**7,997**	**70**	**-**	**9,786**
Valuation at beginning of year	**11,699**	**48,670**	**420**	**-**	**60,789**
Purchases at cost	**16,400**	**31,211**	**375**	**1,000**	**48,986**
Sales					
- proceeds	**(10,572)**	**(41,906)**	**-**	**-**	**(52,478)**
- realised gains	**1,517**	**8,781**	**-**	**-**	**10,298**
Movement in unrealised appreciation	**(641)**	**4,693**	**111**	**-**	**4,163**
Valuation at end of year	**18,403**	**51,449**	**906**	**1,000**	**71,758**

(ii) In the year ended 31 December 2006

	Quoted UK £000	Quoted Overseas £000	Unquoted UK £000	Unquoted Overseas £000	Total 2006 £000
Book cost at beginning of year	14,739	27,412	-	-	42,151
Unrealised appreciation	1 055	5,782	-	-	6,837
Valuation at beginning of year	15,794	33,194	-	-	48 988
Purchases at cost	11,273	56,798	350	-	68,421
Sales					
- proceeds	(18,910)	(51 100)	-	-	(70 010)
- realised gains	3 228	7,213	-	-	10 441
Movement in unrealised appreciation	314	2,565	70	-	2,949
Valuation at end of year	11,699	48,670	420	-	60 789

Comprising

	Total year ended 31 December 2007 £000	Total year ended 31 December 2006 £000
Book cost at end of year	**57,809**	51,003
Net unrealised appreciation at end of year	**13,949**	9 786
Valuation at end of year	**71,758**	60,789

The purchases and sales proceeds figures above for the year ended 31 December 2007 include transaction costs of £320 000 (2006 £386,000)

Notes to the financial statements
continued

8. INVESTMENTS continued

(c) GAINS ON INVESTMENTS

	Total year ended 31 December 2007 £000	Total year ended 31 December 2006 £000
Realised gains on sales	**10,298**	10,441
Increase in unrealised appreciation	**4,163**	2 949
	14,461	13,390

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

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Accrued income and prepayments	**396**	185
Overseas tax recoverable	**14**	10
Margin deposits held by broker	**-**	1,080
Other	**3**	71
	413	1 346

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Purchases for future settlement	**1,005**	-
Performance fee payable	**1,661**	1,487
Other creditors	**261**	819
	2,927	2,306

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2007 £000	31 December 2006 £000
19 143,433 Zero Dividend Preference shares of £0 01	**191**	191
Redemption reserve	**6,236**	4,576
Allocation of special reserve	**18,952**	18,952
	25,379	23,719

The authorised number of Zero Dividend Preference shares of £0 01 as at 31 December 2007 is 105,000,000 (31 December 2006 105,000,000) The allotted, issued and fully paid number of Zero Dividend Preference shares of £0 01 as at 31 December 2007 is 19,143,433 (31 December 2006 19,143,433)

Notes to the financial statements
continued

12. SHARE CAPITAL

	Year ended 31 December 2007 Number of shares	Year ended 31 December 2007 £000	Year ended 31 December 2006 Number of shares	Year ended 31 December 2006 £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 2007 (31 December 2006 nil)

13. CAPITAL RESERVE - REALISED

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Opening balance	**10,681**	3,211
Net gain on realisation of investments	**10,298**	10,441
Provision for premium on redemption of Zero Dividend Preference shares	**(1,660)**	(1 551)
Performance fee	**(1,661)**	(1,420)
Closing balance	**17,658**	10,681

14. CAPITAL RESERVE - UNREALISED

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Opening balance	**8,588**	6,837
Movement in unrealised appreciation		
Investments	**4,163**	2 949
Futures and options	**1,198**	(1,198)
Closing balance	**13,949**	8 588

15. FINANCIAL COMMITMENTS

At 31 December 2007 there were no commitments in respect of unpaid calls and underwritings (31 December 2006 nil)

Notes to the financial statements
continued

16. RETURN PER SHARE

Ordinary shares

Total return per Ordinary share is based on the net total return on ordinary activities after taxation of £13,681,000 (31 December 2006 £10,486,000)

These calculations are based on 18,143,433 Ordinary shares in issue during the year to 31 December 2007 (2006 18 143 433)

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 (2006 19,143,433)

17. NET ASSET VALUE PER SHARE

The net asset value per share and the net assets available to each class of share, are as follows

	Net asset value per share 31 December 2007 Pence	Net assets available 31 December 2007 £000	Net asset value per share 31 December 2006 Pence	Net assets available 31 December 2006 £000
Ordinary shares (18 143,433 shares in issue)	**275 60**	**50,004**	207 10	37,575
Zero Dividend Preference shares* (19,143,433 shares in issue)	**132 57**	**25,379**	123 90	23 719

* *Classed as a liability*

18. RECONCILIATION OF NET RETURN BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Net return before interest payable and taxation	**1,548**	1,427
Other debtors	**72**	(53)
Accrued income and prepayments	**(215)**	182
Other creditors	**310**	1 230
Performance fee capitalised	**(1,661)**	(1 420)
Net cash inflow from operating activities	**54**	1 366

19. ANALYSIS OF CHANGES IN CASH DURING THE YEAR

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Beginning of year	**1,465**	1,472
Net cash inflow/(outflow)	**4,674**	(7)
Analysis of balance		
Bank balance	**6,139**	1,465

20. 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 Ltd acts as Company Secretary and the fee for secretarial services is set out in note 4 At 31 December 2007 £1,863705 (31 December 2006 £1,565,190) of these fees remained outstanding

21. RISK MANAGEMENT POLICIES AND PROCEDURES

As an investment trust the Company invests in equities and other investments for the long-term so as to secure its investment objectives stated on page 16 In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends

These risks include market risk (comprising currency risk, interest rate risk, and other price risk) liquidity risk, and credit risk, and the Directors' approach to the management of them are set out below

The objectives, policies and processes for managing the risks, and the methods used to measure the risks that are set out below, have not changed from the previous accounting period

(a) MARKET RISK

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices This market risk comprises three elements - currency risk (see (b) below), interest rate risk (see (c) below) and other price risk (see (d) below) The Board of Directors reviews and agrees policies for managing these risks, which have remained substantially unchanged from those applying in the year ended 31 December 2006 The Company's Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis

(b) CURRENCY RISK

Certain of the Company s assets, liabilities, and income, are denominated in currencies other than sterling (the Company s functional currency and in which it reports its results) As a result, movements in exchange rates may affect the sterling value of those items

Management of the risk
The Investment Manager monitors the Company's exposure and reports to the Board on a regular basis Futures and options may be used to limit the Company's exposure to future changes in exchange rates There were no futures and options as at 31 December 2007

Income denominated in foreign currencies is converted to sterling on receipt The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt

Notes to the financial statements
continued

21. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Foreign currency exposures

There were no monetary items that have foreign currency exposure at 31 December 2007 (31 December 2006 nil) An analysis of the Company's equity investments that are priced in a foreign currency is

	As at 31 December 2007			As at 31 December 2006		
Currency	Investments £000	Effect of Options and Futures £000	Net exposure £000	Investments £000	Effect of Options and Futures £000	Net exposure £000
Australian Dollar	**1,330**	-	**1,330**	-	-	-
Canadian Dollar	**825**	-	**825**	3 000	-	3 000
Czech Koruna	**1,052**	-	**1,052**	2,958	-	2,958
Euro	**20,389**	-	**20,389**	24,134	(10,113)	14,021
Hong Kong Dollar	**4,597**	-	**4,597**	5,964	-	5,964
Hungarian Forint	-	-	-	1,699	-	1,699
Malaysian Ringgit	**2,939**	-	**2,939**	1,147	-	1,147
New Zealand Dollar	**869**	-	**869**	2,420	-	2,420
Singapore Dollar	**829**	-	**829**	969	-	969
US Dollar	**18,619**	-	**18,619**	6,379	-	6,379
	51,449	-	**51,449**	48,670	(10,113)	38,557

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the equity in regard to the Company s monetary financial assets to changes in the exchange rates for the various currencies too which the Company is exposed

If sterling had weakened by an average of 10%, this would have had the following effect

	2007 £000	2006 £000
Income statement - profit after taxation		
Revenue return	**181**	157
Capital return	**6,051**	5 588
Total profit after taxation for the year	**6,232**	5,745
Equity	**6,232**	5,745

If sterling had strengthened by an average of 10%, this would have had the following effect

	2007 £000	2006 £000
Income statement - profit after taxation		
Revenue return	**(181)**	(157)
Capital return	**(6,051)**	(5,588)
Total profit after taxation for the year	**(6,232)**	(5,745)
Equity	**(6,232)**	(5,745)

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives

Notes to the financial statements
continued

21. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(c) INTEREST RATE RISK

Interest rate movements may affect the level of income receivable on cash deposits The Company, generally, does not hold significant cash balances but when it does it seeks to limit exposure to any one bank to 10% of net assets

Cash at bank at 31 December 2007 (and 31 December 2006) was held at floating interesting rates, linked to current short term market rates

(d) OTHER PRICE RISK

Other price risks (i e changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the quoted and unquoted equity investments

Management of the risk
The Board of Directors manages the market price risks inherent in the investment portfolios by ensuring full and timely access to relevant information from the Investment Manager The Board meets regulary and at each meeting reviews investment performance The Board monitors the Manager's compliance with the Company's objectives

When appropriate the Company manages its exposure to risk by buying put options on indices and on quoted equity investments in its portfolio

Concentration of exposure to other price risks
A sector breakdown and geographical allocation of the portfolio is contained in the Investment Manager's Report on pages 6 and 7

Other price risk sensitivity
The following table illustrates the sensitivity of the profit after taxation for the year and the equity to an increase or decrease of 10% in the fair values of the Company's equities (including equity through options) This level of change is considered to be reasonably possible based on observation of current market conditions The sensitivity analysis is based on the Company s equities and equity exposure through options at each balance sheet date, with all other variables held constant

The impact on the revenue return relates to the change in performance fee accrued which is charged at 15% to any outperformance (see note 3)

	Increase in fair value 2007 £000	Decrease in fair value 2007 £000	Increase in fair value 2006 £000	Decrease in fair value 2006 £000
Income statement - profit after taxation				
Revenue return - (decrease)/increase	**(1,076)**	**1,076**	(911)	911
Capital return - increase/(decrease)	**7,176**	**(7,176)**	6,079	(6,079)
Total profit after taxation - increase/(decrease)	**6,100**	**(6,100)**	5,168	(5 168)
Equity	**6,100**	**(6,100)**	5,168	(5,168)

(e) LIQUIDITY RISK

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities

Management of the risk
Liquidity risk is not significant as the majority of the Company s assets are investments in quoted equities that are readily realisable The Company does not have any borrowing facilities

The investments in unquoted securities may have limited liquidity and be difficult to realise At 31 December 2007 unquoted securities represented 2 7% of the total investment portfolio (31 December 2006 1 0%)

Notes to the financial statements
continued

21. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(e) LIQUIDITY RISK continued

The Board gives guidance to the Investment Manager as to the maximum amount of the Company s resources that should be invested in any one holding The policy is that the Company should remain fully invested in normal market conditions and that shot term borrowing be used to manager short-term cash requirements

(f) CREDIT RISK

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss

Management of the risk

This risk is not significant, and is managed as follows

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker, and
- cash at bank is held only with reputable banks with high quality external credit ratings

None of the Company s financial assets are secured by collateral or other credit enhancements

(g) FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Except for the Company's Zero Dividend Preference shares, the fair values of the financial assets and liabilities are either carried in the balance sheet at their fair value (investments and derivatives), or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable accrued income due to brokers, accruals and cash balances)

The market value has been used to determine the fair value of the Zero Dividend Preference shares

	As at 31 December 2007		As at 31 December 2006	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Zero Dividend Preference shares	**25 4**	**26 3**	23 7	24 5

(h) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are

- to ensure that the Company will be able to continue as a going concern, and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt

The Company s capital at 31 December comprises

	2007 £000	2006 £000
Debt		
Zero Dividend Preference shares	**(25,379)**	(23,719)
Equity		
Equity share capital	**181**	181
Retained earnings and other reserves	**49,823**	37 394
	50,004	37,575
Total Capital	**75,383**	61,294
Debt as a % of total capital	**33 7%**	38 7%

The Company's objectives policies and processes for managing capital are unchanged from the preceding accounting period

21. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(h) CAPITAL MANAGEMENT POLICIES AND PROCEDURES continued

The Company is subject to several externally imposed capital requirements

- As a public company, the Company has to have a minimum share capital of £50,000
- In order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law

These requirements are unchanged since last year and the Company has complied with them

22. CONTINGENT ASSET

On 28 June 2007 the European Court of Justice announced that it had found in favour of the Association of Investment Companies and JPMorgan Claverhouse Trust plc in declaring that management expenses of investment trusts should be exempt from VAT Her Majesty's Customs and Revenue ("HMRC") has recently announced that it has accepted that fund management services are exempt from VAT and it has withdrawn from the appeal in the JPMorgan Claverhouse Investment Trust case The Company will therefore no longer be charged VAT on management expenses and it is expected that it will be able to recover some or all of the VAT previously charged on management fees Clarification as to how claims for past VAT will be processed is awaited from HMRC Since its launch in November 2003 to 31 December 2007 the Company has paid approximately £750,000 of VAT on its management expenses and recovered approximately £215,000 of this through its quarterly VAT returns There is therefore a potential additional recovery of £535,000 of VAT on these fees This potential recovery of VAT has not been recognised in the financial statements for the year ended 31 December 2007, as no agreement has been finalised with the Manager

Glossary of terms

DISCOUNT/PREMIUM
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share If the share price is higher than the NAV per share, the shares are said to be trading at a premium

GEARING
Also known as leverage, particularly in the USA Gearing is introduced when a company borrows money to buy additional investments The objective is to enhance returns to shareholders but there is the risk of the opposite effect if the additional investments fall in value

GROSS REDEMPTION YIELD
The return on a fixed-interest security, or any investment with a known life, expressed as an annual percentage and without any deduction for tax Redemption yield measures the capital as well as income return on investments with a fixed life

HURDLE RATE
The compound rate of growth of the total assets required each year until the wind-up date for shareholders to receive either a predetermined redemption price or, in some cases, a return of the amount originally invested Any class of share ranking for prior payment should be taken into account in this calculation

NET ASSET VALUE ('NAV')
The NAV is the assets attributable to shareholders expressed as an amount per individual share The assets attributable to shareholders is the total value of all a companies assets, at current market value, having deducted all prior charges at their par value (or at their asset value)

SPLIT CAPITAL INVESTMENT TRUST
An investment trust with two or more classes of share in issue, each class having specified entitlements to income or capital Typical classes of share include ordinary shares, capital shares, zero dividend preference shares and income and residual capital (or geared ordinary) shares

TOTAL RETURN
The combined effect of any dividends paid, together with the rise or fall in the share price or NAV Total return statistics enable the investor to make performance comparisons between companies with different dividend policies Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares of the company at the time the shares go ex-dividend (the share price total return) or in the assets of the company at its NAV per share (the NAV total return)

Shareholder information

FINANCIAL CALENDAR

Company's year-end	31 December
Annual results announced	early March
Annual General Meeting	29 April 2008
Company's half-year end	30 June
Half-year results announced	early August
Dividend payments	quarterly 31 March, 30 June, 30 September and 31 December

SHARE PRICE AND PERFORMANCE INFORMATION

The Ordinary shares and Zero Dividend Preference shares are listed on the London Stock Exchange The mid-market prices are quoted daily in the *Financial Times* and *The Daily Telegraph*

Information about the Company can be obtained directly via www premierassetmanagement co uk Any enquiries can also be e-mailed to premier@premierfunds co uk

SHARE DEALING

A share dealing service is available through Premier on 01296 390408, or alternatively shares can be purchased through your usual stockbroker

Information on the Premier ISA and PLP products can be obtained by contacting Premier on 01483 400400

SHARE REGISTER ENQUIRIES

The register for the Ordinary shares and Zero Dividend Preference shares is maintained by Capita Registrars In the event of queries regarding your holding, please contact the Registrar on 0871 664 0300 (calls cost 10p per minute plus network extras) overseas +44 208 639 3399 or visit www shareholder services@capitaregistrars com Changes of name and/or address must be notified in writing to the Registrar

PREMIER FUND MANAGERS LIMITED

Other investment companies managed by Premier are

Acorn Income Fund Limited
Premier Renewable Energy Fund Limited
The Zero Preference Growth Trust PLC
US Special Opportunities Trust PLC

Further details of these funds can be obtained from Premier on 01483 400400
E-mail premier@premierfunds co uk
www premierassetmanagement co uk

GRAPHIC REMOVED

A member of the Association of Investment Companies

Notice of annual general meeting

to the members of Premier Utilities Trust PLC

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of Premier Asset Management Ltd, Eastgate Court, High Street, Guildford, Surrey GU1 3DE on Tuesday, 29 April 2008, at 2 00 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, 7 and 8 as special resolutions

ORDINARY RESOLUTIONS

1 To approve the Directors' Remuneration Report for the year ended 31 December 2007

2 To receive the Directors' Report and Financial Statements for the year ended 31 December 2007

3 To re-elect Mr Geoffrey Burns as a Director of the Company

4 To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Board to determine their remuneration

5 Authority to allot relevant securities
That, the Board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 (the 'Act')) up to an aggregate nominal amount of £18,143 (being approximately 10% of the issued Ordinary share capital of the Company as at 18 March 2008) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired

SPECIAL RESOLUTIONS

6 Authority to disapply pre-emption rights
That subject to the passing of Resolution 5 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 95 of the Act to allot (within the meaning of Section 94(3A) of the Act) equity securities (within the meaning of Section 94(2) of the Act) wholly for cash as if Section 89(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment (within the meaning of Section 94(3A) of the Act) of equity securities (including any issue of shares for cash out of treasury) for cash up to an aggregate nominal amount of £18,143, representing approximately 10% of the Company's Ordinary share capital in issue as at 18 March 2008 and shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2009, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired

Notice of annual general meeting
continued

SPECIAL RESOLUTIONS continued

7. Authority to repurchase the Company's shares
That, the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of 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 the highest of (i) 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 (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial markets (No 2273/2003) 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 2009 and 29 October 2009 unless such authority is renewed prior to such time, and

(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

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

8 Authority to change the name of the Company
That the name of the Company be and is hereby changed to Premier Energy and Water Trust plc

By order of the Board

Premier Asset Management Ltd
Secretary

18 March 2008

Notes to the notice of annual general meeting

1 A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to excercise all or any of their rights to attend and to speak and vote on their behalf at the meeting A proxy need not be a shareholder of the Company A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder

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 5 00 pm on 27 April 2008 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 4TU 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

7 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions, and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www icsa org uk – for further details of this procedure The guidance includes a sample form of letter if the Chairman is being appointed as described in (i) above

Notes to the notice of annual general meeting

continued

8 To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 2 00 pm on 27 April 2008 For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST For further information on CREST procedures, limitations and system timings please refer to the CREST Manual We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 In any case your proxy form must be received by the Company's registrars no later than 2 00 pm on 27 April 2008

9 At 18 March 2008 (being the last business day prior to the date of this Notice) the Company's issued share capital consists of 18,143,433 Ordinary shares and 19,143,433 Zero Dividend Preference shares carrying one vote each Therefore, the total voting rights in the Company as at 18 March 2008 are 37 286 866

Directors and advisers

Directors	Geoffrey Burns (Chairman) Adam Cooke Ian Graham Michael Wigley
Investment Manager	Premier Fund Managers Limited Eastgate Court High Street Guildford Surrey GU1 3DL Telephone 01483 306 090 www premierassetmanagement co uk Authorised and regulated by the Financial Services Authority
Secretary and Registered Office	Premier Asset Management Ltd Eastgate Court High Street Guildford Surrey GU1 3DE Telephone Mike Nokes 020 7982 1260
Company Number	4897881
Website	www premierassetmanagement co uk
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA Telephone 0871 664 0300 (calls cost 10p per minute plus network extras) Overseas +44 208 639 3399 Email shareholder services@capitaregistrars com
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Stockbroker	JPMorgan Cazenove Limited 20 Moorgate London EC2R 6DA Telephone 020 7155 5000 www cazenove com