

2000

The Edinburgh Investment Trust plc

Annual Report and Accounts 31 March 2000



Managed by



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Company Summary

Objectives	The achievement of capital growth at a higher rate than the FTSE All-Share Index and dividend growth above the rate of UK inflation
Investment manager	Edinburgh Fund Managers plc
Equity shareholders' funds	£1,636.9 million at 31 March 2000
Market capitalisation	£1,410.2 million at 31 March 2000
Capital structure	263,840,644 ordinary shares of 25p each. Each ordinary share is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. £100,000,000 11½% debenture stock 2014 £100,000,000 7¾% debenture stock 2022
Management fee	0.3% per annum of the total assets of the company, after deducting current liabilities and excluding commonly managed funds. The notice period is one year.
ISA/PEP status	The company's shares are eligible for Individual Savings Accounts (ISAs). The company's shares can continue to be held in existing PEPs and are eligible for PEP transfers.
AITC membership	The company is a member of The Association of Investment Trust Companies and a subscriber to the 'its' campaign.

The Edinburgh Investment Trust plc

Highlights of the Financial Year

- Share price: up 15.1 % to 534.50p, double the rise in the FTSE All-Share Index
- Net asset value: up 11.0 % to 618.29p per share, substantially ahead of the 7.5% rise in the FTSE All-Share Index, the company's benchmark
- Dividend: up 2.5 % to 12.15p for the year
- Discount: successfully narrowed from 16.6 % to 13.6 % at the year end following an active marketing and share buyback campaign
- Investment performance: weightings in media, technology and telecommunications shares, exposure to smaller companies and tactical use of gearing contributed substantially to overall outperformance

	At 31 March		% change
	2000	1999	
Net asset value (p)	618.29	557.03	+11.0
Share price (p)	534.50	464.50	+15.1
FTSE All-Share Index	3,110.60	2,894.70	+7.5
Total dividend (p)	12.15	11.85	+2.5



Financial Summary

	2000	At 31 March 1999	% change
Performance			
Total assets less current liabilities	£1,831.3m	£1,838.4m	-0.4
Equity shareholders' funds	£1,636.9m	£1,642.6m	-0.3
Capital return			
Net asset value per share	618.29p	557.03p	+11.0
FTSE All Share Index	3,110.60	2,894.70	+7.5
Share price	534.50p	464.50p	+15.1
Total return			
Net asset value	—	—	+13.7
FTSE All Share Index	—	—	+9.9
Share price	—	—	+17.9
NAV adjusted for borrowings valued at market value	594.28p	526.06p	+13.0
Total dividend for year	12.15p	11.85p	+2.5
Revenue return per share	9.15p	11.71p	-21.9
Discount (difference between share price and net asset value)			
Where borrowings are deducted at par value	13.6%	16.6%	
Where borrowings are deducted at market value	10.1%	11.7%	
Gearing			
Actual gearing ratio	12.2%	11.9%	
Maximum potential gearing ratio	12.3%	12.3%	
Expense ratio			
— as % of average shareholders' funds	0.50%	0.42%	
Year's Highs/Lows			
	High	Low	
Net asset value	641.14p	524.34p	
Share price	554.50p	457.50p	
Discount	11.5%	18.0%	

Chairman's Statement

I am pleased to report a successful year. The company's objectives of achieving capital growth at a higher rate than the FTSE All-Share Index and dividend growth above the rate of UK inflation have both been met.

During the year, the net asset value grew by 11.0% compared with a rise of 7.5% in the FTSE All-Share Index. The share price rose by 15.1%. The board is recommending a final dividend of 8.25p per share which, if approved, will lead to a total distribution for the year of 12.15p per share, an increase of 2.5%. The UK's underlying rate of inflation over the same period has been 2%.

Portfolio performance

The UK equity market remained highly volatile during the year and the 7.5% increase in the index conceals significant movements in individual sectors. Against this difficult background the manager has done well to outperform.

Companies involved in the so-called "new economy" sectors, typically telecoms, media and technology, dominated the performance charts during the year. Many traditional UK companies in the consumer and industrial areas have effectively been in a bear market despite satisfactory trading results. This polarisation of performance was compounded in February and March of this year when Vodafone bought the German telecommunication and engineering company Mannesmann. This all-paper bid increased Vodafone's weighting in the index by around 5 percentage points and led institutional investors to increase their holdings to ensure an appropriate balance in their portfolios. In order to fund this, they had to sell existing investments, so exaggerating the underperformance of the "old economy" stocks.

The FTSE Smaller Companies index (excluding Investment Trusts) rose by no less than 39.5% during the year. For some time the company had been building up its exposure to this sector of the market and this, along with the manager's highly effective stock selection process, made a meaningful contribution to the performance of the fund as a whole.

Gearing

It is the company's policy to increase its exposure to equities through the investment of its existing borrowings, thus increasing the opportunity for growth of assets in rising markets but also the risk when markets fall. However, the manager has discretion, within defined limits, to reduce the gearing should their shorter term view of the market warrant it. This would normally be achieved by selling equities to increase the cash balances or by the use of derivatives.

Gearing had a positive impact on net asset value. On two occasions gearing was reduced by the sale of FTSE Futures contracts and these hedging operations added 0.1% to net asset value. At 31 March 2000 the company had 112% of shareholders' funds invested in UK equities.

Discount to net asset value

In last year's annual report I described two principal initiatives which the board was pursuing with the objectives of increasing demand for the company's shares and bringing the company's share price more closely in line with the underlying



Chairman's Statement

net asset per share. These were firstly, the introduction of a share buyback programme to help align supply more closely to demand for shares, and secondly the support of both the AITC marketing campaign and the Edinburgh Fund Managers Marketing Initiative.

Partly as a result of these initiatives the discount narrowed to 13.6% at the end of this financial year, compared with 16.6% previously. This narrowing of the discount, combined with the net asset value performance, led to a rise in the share price of 15.1% during the period, double the rise of 7.5% in the FTSE All-Share Index.

Share buyback programme

The company bought back 29,978,827 shares during the year, amounting to 10.2% of the equity capital. These purchases were carried out at discounts to net asset value ranging from 12%-18% and enhanced the net asset value by 1.7%. The board believes that the buyback process will continue to be useful in adding to the company's performance and reducing the discount volatility. A Special Resolution proposing an extension of this facility will be put to the annual general meeting on 5 July 2000.

Marketing initiatives

The board has decided to support the AITC 'its' campaign for another year. The contribution for the second year of the campaign will be £0.6 million plus VAT, a significant reduction from last year's £1.1 million plus VAT. So far the 'its' campaign has been successful in increasing the investing public's awareness of the benefits of investment trusts and the board looks to the campaign to build on this success in the future.

The combination of the AITC generic advertising campaign with the more specifically targeted Edinburgh Fund Managers Marketing Initiative aims to increase demand for the company's shares. Edinburgh Fund Managers provides a series of savings schemes through which potential investors can invest in The Edinburgh Investment Trust. The

percentage of shares in the company held within these savings scheme rose from 5.6% at the end of last year to 6.4% at the end of March 2000. The manager's updated website, www.edfd.com, is a most convenient way of finding out more about these savings products. The company's own website on www.itseit.com contains up-to-date information specifically about the company.

Dividends

The board is recommending a final dividend of 8.25p which will make a total for the year of 12.15p, a rise of 2.5%. Earnings per share for the year amounted to 9.15p and therefore revenue reserves are again being used to enable the company to meet its dividend policy. The increased weightings within the UK market to growth sectors, where typically companies are reinvesting surplus cash flow back into their expanding businesses rather than paying significantly higher dividends, has led to a reduction in the dividend yield of the benchmark index. Whilst this has in turn caused a fall in the company's income, it should give greater capital growth in the future as share prices reflect profits earned on the increased capital employed. In recognition of this change in the UK equity market structure and more accurately to reflect the source of future returns, the board has decided to revise the allocation of costs between the revenue and capital accounts. Previously this has been on a 50:50 basis, but from next year this will change to 30:70.

Robert Fleming Holdings (RFH)

At the end of the financial year, the company's investment in RFH amounted to £38.1 million or 2.3% of shareholders' funds. On 11 April 2000, and hence after the year-end, it was announced that, subject to various regulatory approvals, Chase Manhattan Corporation had reached agreement with the board of RFH to purchase the entire share capital of RFH. At the date of the announcement the offer valued each RFH share at £27.44, boosting the value of the investment at that date to £90.55 million. The date at which the transaction will be completed is still to be finalised



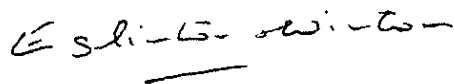
Chairman's Statement

and the exact price will be dependent on exchange rates and the price of Chase Manhattan shares.

Prospects

Strong economic growth in the US and the UK has led to increases in interest rates. Until recently these rises had occurred despite any material rise in inflation. If inflation, particularly in the US, were to rise materially from here then interest rates would have to be increased more than is presently anticipated by equity markets. If this were to happen, the outlook for the UK equity market would not be promising. On the other hand, evidence is just beginning to emerge that economic growth in the US and the UK is likely to slow over the next twelve months. Given the mild correction in equity markets since the end of the financial year, and the probability that interest rate rises are beginning to have their desired effect, I believe the prospects for the UK equity market in the second half of this calendar year are reasonably good.

Against this background The Edinburgh Investment Trust, the largest investment trust focused solely on UK quoted companies, can anticipate, with the benefit of gearing, another year of progress.



The Earl of Eglinton and Winton
Chairman

23 May 2000



Manager's Review

The company aims to achieve its objectives from a portfolio of UK equities including large and small companies. As manager, we seek to add value in the longer term through a combination of sector allocation and stock selection. Borrowings, or gearing, are employed to raise exposure to equities when we feel the prospects for equities are attractive.

Overall the FTSE All-Share Index rose 7.5% during the twelve months to the end of March 2000 but within that, there were extremes of performance. The leading sectors such as information technology, media and telecommunications rose 129%, 67% and 49% respectively whilst traditional sectors such as tobacco, general retailers and transport each fell by approximately 28%.

The year under review started well with investors on both sides of the Atlantic encouraged by the increasingly positive prospects for economic growth. Industrial and cyclical stocks performed well to begin with but, by the summer, the continuing strength of sterling had become a major concern for manufacturers. Inflationary pressures were almost non-existent and the Monetary Policy Committee of the Bank of England (MPC) had reduced the base interest rate to 5% by June. The summer months proved to be a dull period when the market made very little progress. Leading indicators pointed to strong economic growth, the housing market was particularly buoyant and the risks that inflation might start to rise as a result of the tight labour market, were factors which resulted in the MPC raising interest rates by a quarter point in September.

The final quarter of 1999 produced a 15% rise in the market. In line with what was happening in the US, investors buying technology, media and telecommunications stocks drove these sectors to unprecedented highs. We are clearly in a period of technological change which is significantly

contributing to the ability of companies to improve productivity and open up world markets in a way that we could not have envisaged a few years ago.

Corporate activity was a feature of the period. Enormous companies have been created by international mergers. The Vodafone Airtouch and Mannesmann merger, which was completed in February 2000 is an example of this, resulting in a company that had a weighting of over 12% of the FTSE All-Share Index at the end of March 2000. The consequence of this deal in particular has been an unprecedented level of activity as fund managers, particularly index tracking funds, rebalanced portfolios to reflect the weighting changes.

Many commentators now believe that economic growth is likely to slow later in the year. Interest rates may rise a little further in the UK but we believe that the peak in the cycle is now not far away.

Capital return

The net asset value per share rose from 557.0p to 618.3p during the year, a rise of 11.0%. This compares with a capital return of 7.5% from the FTSE All-Share Index over the same period.

Table 1 illustrates the key contributors to the performance of the net asset value of the company in relation to the benchmark. This analysis shows

that a positive contribution to performance came from stock selection, the use of borrowings and the buyback of shares. In addition there was a small positive contribution from the use of Index futures to hedge the gearing position during periods when the market retrenched.

The UK portfolio benefited from its emphasis on small companies, particularly the smaller technology stocks in which the portfolio was well represented. In the larger company portfolio, there were benefits from overweight positions in media and telecommunications but these positive factors were offset by disappointing returns from investments in the traditional sectors such as financials, utilities and consumer related.

Revenue return

The revenue return per share was 9.15p which was down from the previous year's return of 11.71p. The decline was attributable to the change in the balance of the portfolio towards growth stocks which typically have low dividend yields. In addition, there was a reduction in income due to lower cash balances held during the year.

Dividends

The total dividend for the year, if the final dividend is approved at the AGM, will be 12.15p per share, a rise of 2.5% on the previous year. The final dividend will be paid to those shareholders, directly or by way of the various savings schemes, who are on the register on the 9 June 2000. The dividend itself will be paid on 6 July. As manager, the primary objective each financial year, as far as capital is concerned, is the achievement of a return greater than the FTSE All-Share Index. Capital returns over the last twelve months have been predominantly achieved by investing in higher growth, lower yielding equities. Vodafone Airtouch for example rose by 51.4% during the financial year, well in excess of the index return. The dividend yield on Vodafone at 31 March however was 0.4% which was well below the FTSE All-Share yield of 2.1% at that time. As a

result of the portfolio's overweight position in these higher growth companies, dividends received this year were less than last year. As a result part of the undistributed revenue reserve, which has been built up over the years to allow flexibility of dividend payments, has been used to continue the company's progressive dividend policy. As noted in the Chairman's Statement, in order to reflect more accurately the source of future returns, the allocation of finance costs and management fees between revenue and capital has been changed to 30:70, previously 50:50, with effect from 1 April 2000.

Borrowings

The company has two debenture issues outstanding amounting to £200 million. This debt has, in general, been utilised fully during the year which added 0.9% to net asset value performance. On two occasions during the year gearing was reduced

	%
Increase in Net Asset Value	11.0
Increase in FTSE All-Share Index	7.5
Outperformance	3.5

Analysis of Outperformance	%
UK Equities	+2.2%
– Stock Selection	+1.2%
– Sector Allocation	+1.0%
Borrowings*	+0.9%
Cash	-0.1%
Charges to capital	-0.8%
Revenue deficit for year	-0.5%
Index Futures	+0.1%
Share Buyback	+1.7%

Table 1 Analysis of performance – year to 31 March 2000

* Excludes the attributable effect of stock selection and sector allocation



Manager's Review

because we felt there was a danger, in the shorter term, of a stock market correction. These reductions were carried out by selling FTSE Futures contracts. This use of derivatives is an efficient, and if timed appropriately, an effective way of reducing the risk of the portfolio ahead of a market sell-off. This hedging operation added 0.1% to net asset value returns during the year. At 31 March 2000 the company had approximately 112% of shareholders' equity invested in UK equities.

Portfolio activity

The structure of the FTSE All-Share Index changed during the year, reflecting the increasing importance of new technology stocks in the economy. Thus, the major change in sector allocation within the portfolio over the year was the increased exposure to information technology stocks which now make up over 7% of the portfolio. Many of these started life in our small companies portfolio. The fund has been overweight in small companies throughout the year as can be seen in Table 2 which gives an analysis of the portfolio by size. The fund was also overweight in the media and telecommunications sectors throughout the year although exposure to the latter was reduced to neutral during the first quarter of 2000. Thus the structure of the fund has changed over the past twelve months to embrace the technological revolution which is underway. An analysis of the portfolio by sector is provided in

Table 3 overleaf and a more detailed breakdown is shown on page 11.

At the same time, there has been a reduction in exposure to companies which have little ability to pass on costs and which are experiencing fierce pricing competition. Thus the portfolio ended the year with underweight positions in retailing, leisure, general industrials and basic industries such as chemicals and steel. Other key sector positionings were being underweight in pharmaceuticals and overweight in financials.

Purchases

Investment in information technology was increased through new holdings in ARM, CMG, Logica, BATM, Autonomy and Baltimore. In the telecommunications sector, Kingston, Energis, Colt and Redstone have been added as new holdings but exposure to Vodafone Airtouch was reduced from overweight to underweight. Elsewhere new holdings were established in Incepta, Trafficmaster, Woolwich, Ocean Group, Anglo American, Wolseley, Hays, RMC and The Royal Bank of Scotland.

Sales

Holdings sold were generally in companies with consumer related businesses including Kingfisher, Safeway, Storehouse, ASDA (taken over by WalMart), Hilton Group, Macfarlane and Whitbread. Exposure to transport was reduced through sales of Railtrack, P&O and First Group. The sales of Canary Wharf and CSC reduced exposure to the property sector. Other holdings sold, which were the subject of takeovers, were Rugby Group, Orange and Blue Circle Industries.

Unlisted investments

The company's unlisted investments amounted to £38 million at the year end. This was almost entirely represented by Robert Fleming Holdings ('RFH'), a long held investment in the London merchant banking group. The basis of valuation of

	At 31 March 2000	
	Portfolio %	Index %
FTSE 100	80.1	81.3
FTSE 250	12.4	14.2
FTSE Small Cap	7.5	4.5
	100.0	100.0

Table 2 Size analysis of the UK equity portfolio
Index is the FTSE All-Share Index

Manager's Review

this investment is outlined in note 10 on page 31. As noted in the Chairman's Statement, the board of RFH announced, on 11 April 2000, that it had reached agreement with the board of Chase Manhattan Corporation on the terms of a recommended offer for the entire share capital of RFH. The valuation uplift associated with this sale was included in the portfolio on that date. The sale is still subject to a number of regulatory approvals but, assuming these are received, the deal should go through sometime in September. The company will receive the proceeds in cash and Chase shares which will not be retained as a long term holding.

Future portfolio strategy

The portfolio has maintained an overweight position in smaller companies and has a broad exposure to technology stocks. The focus of our attention when analysing these companies has

been on backing management teams that we believe have the capability to generate value for shareholders through their involvement in the current technological revolution. We have preferred to ride out the recent correction in the sector rather than try to trade in and out over a very short timescale. The fund also remains overweight in media but exposure to telecommunications has been reduced primarily as a result of not completely reweighting the portfolio's position in Vodafone Airtouch. In an environment in which price competition remains fierce, we are maintaining our underweight stance in consumer related sectors such as retailing. Since the end of the financial year the level of gearing has remained unchanged at 12%.



Thirty Largest Investments

at 31 March 2000

Company	Market Value £000	Sector
Vodafone Airtouch	199,516	Telecommunication services
BP Amoco	108,965	Oil & gas
British Telecom	90,475	Telecommunication services
HSBC Holdings	66,320	Banks
Shell Transport & Trading	64,480	Oil & gas
Glaxo Wellcome	62,825	Pharmaceuticals
SmithKline Beecham	56,304	Pharmaceuticals
Astrazeneca	40,624	Pharmaceuticals
Robert Fleming Holdings*	38,115	Speciality & other finance
Lloyds TSB	34,424	Banks
Ten largest investments	762,048	41.6% of total assets less current liabilities
Cable & Wireless	32,984	Telecommunication services
Barclays	30,913	Banks
British Sky Broadcasting	23,489	Media & photography
Marconi	23,219	Information technology hardware
Pearson	21,535	Media & photography
Reuters Group	21,024	Media & photography
The Royal Bank of Scotland Group	20,123	Banks
Tesco	19,831	Food & drug retailers
Abbey National	19,388	Banks
Prudential	18,457	Life assurance
Twenty largest investments	993,011	54.2% of total assets less current liabilities
Legal & General	17,577	Life assurance
Telewest Communications	16,853	Telecommunication services
Diageo	16,485	Beverages
Rio Tinto	16,419	Mining
CGU	15,750	Insurance
Norwich Union	15,559	Life assurance
Halifax Group	14,707	Banks
London Bridge Software	14,625	Software & computer services
Anglo American	14,565	Mining
British Aerospace	14,160	Aerospace & defence
Thirty largest investments	1,149,711	62.8% of total assets less current liabilities
Other equity investments represented by 145 holdings	680,939	37.2% of total assets less current liabilities
Total equity investments	1,830,650	100.0% of total assets less current liabilities
Net current assets	640	0.0%
Total assets less current liabilities	1,831,290	100.0%

* unlisted investment

Distribution of Assets

at 31 March

		FTSE All Share Index Weightings 2000 %	Distribution of Assets 2000 % 1999 %	
Resources	Mining	1.7	1.7	0.6
	Oil & gas	9.5	9.7	9.4
		11.2	11.4	10.0
Basic industries	Chemicals	1.0	0.0	0.0
	Construction & building materials	1.4	1.5	1.1
	Forestry & paper	0.1	0.0	0.0
	Steel & other metals	0.2	0.0	0.0
		2.7	1.5	1.1
General industrials	Aerospace & defence	1.0	0.9	0.9
	Diversified industrials	0.0	0.0	0.0
	Electronic & electrical equipment	1.2	0.8	1.6
	Engineering & machinery	0.9	0.9	1.0
		3.1	2.6	3.5
Cyclical consumer goods	Household goods & textiles	0.1	0.0	0.0
	Automobiles	0.4	0.7	1.7
		0.5	0.7	1.7
Non cyclical consumer goods	Beverages	1.4	0.9	1.9
	Food producers & processors	1.7	1.4	2.3
	Health	0.5	0.3	0.6
	Packaging	0.1	0.0	0.1
	Personal care & household products	0.2	0.0	0.4
	Pharmaceuticals	9.4	9.0	10.8
	Tobacco	0.7	0.4	0.7
		14.0	12.0	16.8
Cyclical services	Distributors	0.4	0.9	0.8
	General retailers	2.4	1.5	3.9
	Leisure entertainment & hotels	1.6	1.0	2.1
	Media & photography	6.8	8.0	4.7
	Restaurants pubs & breweries	1.2	1.1	2.7
	Support services	1.8	2.0	1.2
	Transport	1.7	1.6	2.5
		15.9	16.1	17.9
Non cyclical services	Food & drug retailers	1.4	1.1	1.9
	Telecommunications services	21.2	20.1	12.0
		22.6	21.2	13.9
Utilities	Electricity	1.7	1.5	2.6
	Gas distribution	1.2	1.2	1.4
	Water	0.7	0.6	0.5
		3.6	3.3	4.5
Financials	Banks	11.3	11.6	15.2
	Insurance	1.7	1.5	2.6
	Life assurance	2.8	2.8	3.2
	Investment companies	2.8	3.1	3.9
	Real estate	1.3	1.0	1.5
	Speciality & other finance	1.2	3.7	2.7
		21.1	23.7	29.1
Information technology	Information technology hardware	1.8	1.8	0.0
	Software & computer services	3.5	5.7	1.2
		5.3	7.5	1.2
Total equities (incl convertibles)		100.0	100.0	99.7
Net current assets		0.0	0.0	0.3
Total assets less current liabilities		100.0	100.0	100.0



Changes in Asset Distribution

Sector classification	Valuation at 31 March 1999 £000	Net purchases (sales) £000	Appreciation (depreciation) £000	Valuation at 31 March 2000 £000
Resources	182,380	7,377	18,985	208,742
Basic industries	21,003	10,181	(4,323)	26,861
General industrials	95,447	(19,371)	(15,925)	60,151
Cyclical consumer goods	868	(631)	231	468
Non cyclical consumer goods	309,087	(41,844)	(48,050)	219,193
Cyclical services	329,800	(86,169)	51,692	295,323
Non cyclical services	254,840	37,444	96,369	388,653
Utilities	82,251	(21,073)	(1,097)	60,081
Financials	534,953	(70,917)	(29,798)	434,238
Information technology	22,151	18,999	95,790	136,940
Derivatives	—	(2,119)	2,119	—
Total equities (incl convertibles)	1,832,780	(168,123)	165,993	1,830,650
Net current assets	5,579	(4,952)	13	640
Total assets less current liabilities	1,838,359	(173,075)	166,006	1,831,290

Analysis of Shareholders

% of ordinary shares held by shareholders

Individuals (41.0%)

Insurance and
assurance companies (34.1%)

Pension funds (12.9%)

Investment and unit trusts (8.1%)

Others (3.9%)

Capital Gains Tax Information

The market value of an ordinary share in the company on 31 March 1982 was 58.49p. This price does not apply to shares held in Scottish United Investors plc at 31 March 1982 which were subsequently acquired by the company.



Long Term Record

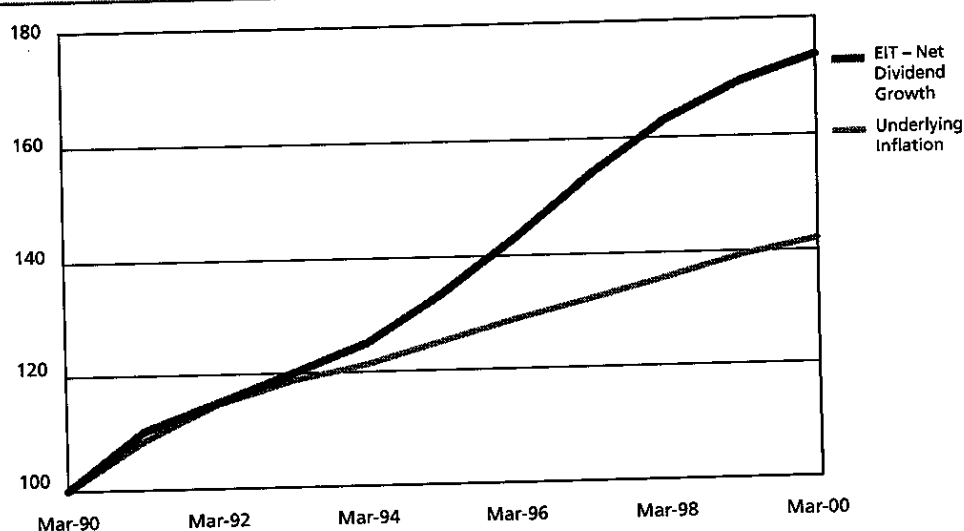
Year ended 31 March	Total assets less current liabilities £m	Ordinary shareholders' funds £m	Per ordinary share at 31 March					% expenses of average shareholders' funds	Actual gearing ratio %	Potential gearing ratio %
			Net asset value p	Earnings p	Dividend p	Share price p	Discount %			
1990	872.1	752.6	261.9	7.84	7.00	210.0	19.8	0.4	1.4	15.9
1991	887.6	775.4	263.9	8.17	7.70	224.5	14.9	0.4	11.5	14.5
1992	858.4	746.0	253.9	8.19	8.05	212.5	16.3	0.4	3.2	15.1
1993	1,097.2	883.9	300.8	9.25	8.40	263.5	12.4	0.4	22.4	24.1
1994	1,212.5	1,005.1	342.1	10.17	8.75	306.5	10.4	0.4	18.1	20.6
1995	1,097.2	939.9	319.9	10.37	9.35	292.5	8.6	0.5	14.4	16.7
1996	1,228.3	1,124.9	382.9	13.37	10.00	330.5	13.7	0.4	10.9	11.8
1997	1,337.6	1,234.3	420.1	12.56	10.75	364.5	13.2	0.4	1.0	8.4
1998	1,846.8	1,651.3	559.9	14.48	11.40	500.5	10.6	0.4	6.4	12.1
1999	1,838.4	1,642.6	557.0	11.71	11.85 [†]	464.5	16.6	0.4	11.9	12.3
2000	1,831.3	1,636.9*	618.3	9.15	12.15	534.5	13.6	0.5	12.2	12.3

Note:

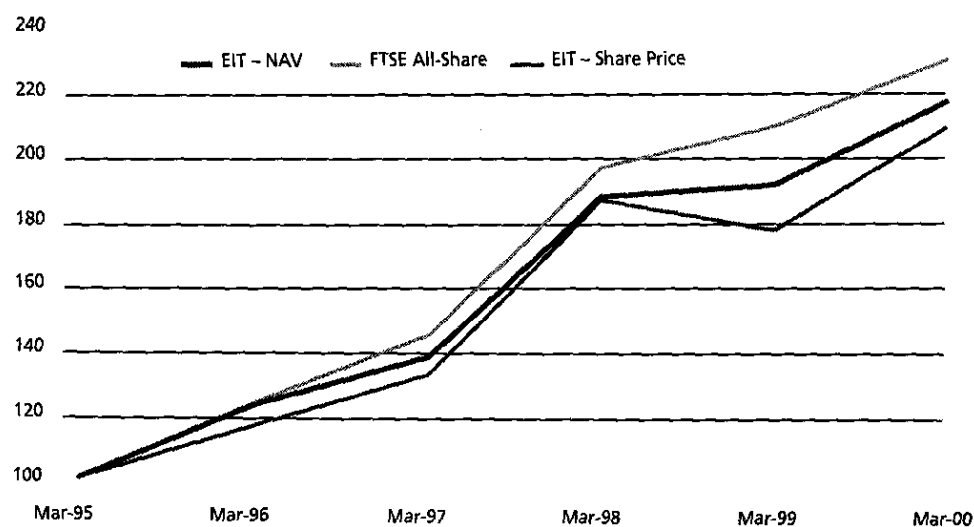
[†] Of the 11.85p dividend, 3.80p was paid as a foreign income dividend.

* 29,978,872 ordinary shares were bought back during the year.

Comparison of Net Dividend Growth of The Edinburgh Investment Trust (EIT)
to Underlying Inflation (figures rebased to 100)

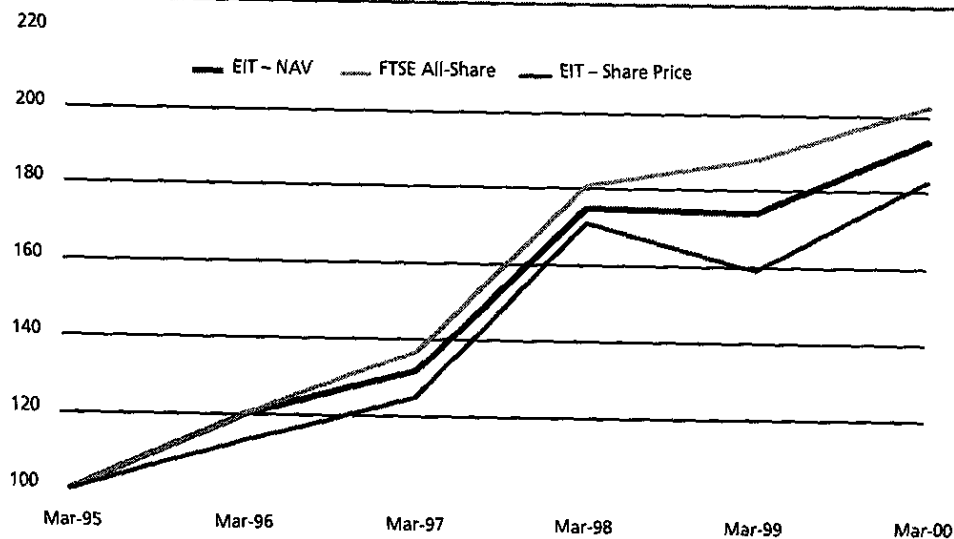


Comparison of NAV and Share Price Total Return Performance of The Edinburgh Investment Trust (EIT) to FTSE All-Share Index (figures rebased to 100)



Source: AITC

Comparison of NAV and Share Price Capital Return Performance of The Edinburgh Investment Trust (EIT) to FTSE All-Share Index (figures rebased to 100)



Corporate Information

Registered Office

Donaldson House
97 Haymarket Terrace
Edinburgh EH12 5HD
Telephone: 0131-313 1000

website: www.itseit.com

Manager and Secretary

Edinburgh Fund Managers plc
Donaldson House
97 Haymarket Terrace
Edinburgh EH12 5HD
Telephone: 0131-313 1000
Regulated by IMRO and
the Personal Investment Authority
website: www.edfd.com

Registrar

Lloyds TSB Registrars Scotland
117 Dundas Street
Edinburgh EH3 5ED
Telephone: 0870-601 5366

Bankers

Bank of New York Europe Limited
67 Lombard Street
London EC3P 3DL

Auditors

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Company Brokers

HSBC
UBS Warburg

Company Registration Number

SC 1836

The Earl of Eglinton and
Winton

Chairman

The Earl of Eglinton and
Winton (60) was appointed to
the board in 1992 and became
chairman in 1994. He was
deputy chairman of Gerrard
and National Holdings and
chairman of Gerrard Vivian
Gray.

Ian Inglis

Director

Ian Inglis*, LLB, FCIBS, WS (59)
was appointed to the board in
1997. He was a senior partner
in Shepherd & Wedderburn
WS and is a director of Bank
of Scotland, Murray trnt PLC
and Ivory & Sime UK Smaller
Companies Trust.

* Member of the Audit and M

Scott Dobbie

Director

Scott Dobbie*, CBE (60) was appointed to the board in 1998. He is chairman of CRESTCo Ltd and the Securities Institute and a director of the Securities and Futures Authority Ltd and Murray VCT 4 PLC. He is also a Commissioner of the Jersey Financial Services Commission and an advisor to Deutsche Bank.

Sir Gavin Laird

Director

Sir Gavin Laird*, CBE (67) was appointed to the board in 1994. He was General Secretary of the Amalgamated Engineering and Electrical Union and is chairman of Murray VCT 4 PLC and a director of Britannic Asset Management Limited.

Eileen Mackay

Director

Eileen Mackay*, CB (56) was appointed to the board in 1996. She was Principal Finance Officer in The Scottish Office and is a director of The Royal Bank of Scotland Group and its subsidiaries The Royal Bank of Scotland and National Westminster Bank. She is also a director of Scottish Financial Enterprise.

the board

Sir Chips Keswick

Director

Sir Chips Keswick* (60) was appointed to the board in 1992. Sir Chips is a director of the Bank of England, Anglo American plc, De Beers Consolidated Mines, IMI, Persimmon and Investec Bank (UK) Ltd.

Roy Summers

Director

Roy Summers*, D.Univ, FIBrew (64) was appointed to the board in 1994. He was a director of Scottish & Newcastle, is a director of Young & Co's Brewery, East of Scotland Water Authority and chairman of Canongate Technology.

ment Engagement Committee



Directors' Report

Business and status

The company carries on business as an investment trust and, for the purpose of the Income and Corporation Taxes Act 1988, has been treated by the Inland Revenue as approved as such for the year ended 31 March 1999, the latest year for which accounts have been submitted. The company has subsequently conducted its affairs so as to enable it to continue to seek such approval.

Review of activities

During the year the company followed the normal activities of an investment trust. Details of these are given in the Chairman's Statement and the Manager's Review.

Share capital

During the year the company bought back 29,978,827 ordinary shares of 25p each (representing 10.2% of the issued share capital) on the London Stock Exchange for cancellation. The total cost of these shares was £151,762,000. Since 31 March 2000 a further 4,786,000 shares have been bought back for cancellation.

The principal purpose of such share buybacks was to address the imbalance between the supply and demand for the company's ordinary shares and thereby reduce both the scale and volatility of the discount at which the shares trade in relation to

the underlying net asset value whilst at all times enhancing the net asset value for the remaining shareholders.

Dividends

The directors recommend that a final dividend of 8.25p (1999–8.05p) per share be paid on 6 July 2000 to shareholders on the register at the close of business on 9 June 2000, making a total of 12.15p (1999–11.85p) per share for the year ended 31 March 2000.

Directors

In accordance with the Articles of Association, The Earl of Eglinton and Winton and Eileen Mackay retire by rotation at the annual general meeting and offer themselves for re-election. Resolutions to this effect will be proposed at the annual general meeting.

The names of the directors and their holdings in the company's shares are shown in Table 1 below.

No contract or arrangement existed during the year in which any of the directors had a material interest. No director had a service contract with the company.

The company has not been notified of any changes in the holdings below between 31 March 2000 and 23 May 2000.

	Ordinary Shares held at		Nature of interest
	31 March 2000	31 March 1999	
The Earl of Eglinton and Winton	4,350	4,350	Beneficial
	4,600	17,300	Non beneficial
Scott Dobbie	65,121	63,627	Beneficial
Ian Inglis	2,000	2,000	Beneficial
Sir Chips Keswick	5,000	5,000	Beneficial
Sir Gavin Laird	5,189	5,070	Beneficial
Eileen Mackay	2,507	2,490	Beneficial
Roy Summers	17,233	13,891	Beneficial
	1,248	1,020	Non beneficial

Table 1 Directors and their holdings in the company

Directors' Report

Year 2000

The year 2000 compliance project was successfully implemented by Edinburgh Fund Managers plc, the company's manager and ensured that its systems and services continued to operate over the millennium. All costs of the project were met by the manager.

Corporate Governance

Compliance

The company is committed to high standards of corporate governance. The board is accountable to the company's shareholders for good governance and this statement describes how the company applies the principles identified in the Combined Code appended to the Listing Rules of the Financial Services Authority.

The board believes that the company has complied throughout the accounting period with the provisions set out in Section 1 of the Code except for the provision which relates to the combination of the roles of the chairman and chief executive. This provision does not apply as the company has no executive directors.

Directors

The board has overall responsibility for the company's affairs. It delegates, through an investment management agreement and through specific instructions, the day to day management of the company to the manager, Edinburgh Fund Managers plc. The company has no executives or employees.

The board presently consists of seven non-executive directors, one of whom is chairman.

All of the directors are considered by the board to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Biographies of the directors appear on pages 16 and 17 of this report. Each director has the requisite business and financial experience which

enables the board to provide effective strategic leadership and proper governance of the company. The senior independent director is Scott Dobbie.

The board meets at least eleven times each year. There is an annual cycle of board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing achievements, budgets, dividend policy and communication with shareholders.

Appointments of new directors are considered by the whole board taking into account the need to maintain a balanced board. When a new director is appointed to the board, he or she is provided with all relevant information regarding the company and their duties as a director.

A director appointed during the year is required to retire and seek election by shareholders at the next annual general meeting. The Articles also require that one third of the non-executive directors retire by rotation each year and seek re-election at the annual general meeting and also that every director submit himself or herself for re-election at least every three years.

There is a procedure for directors to take independent professional advice, if necessary, at the company's expense. This is in addition to the access which every director has to the advice and services of the company secretary, Edinburgh Fund Managers plc, which is responsible to the board for ensuring that board procedures are followed and that applicable rules and regulations are complied with.

Communication with shareholders

The directors place great importance on communication with the company's shareholders. The company also carries out a programme of regular dialogue and individual meetings with institutional shareholders.

At the annual general meeting all shareholders have the opportunity to put questions to the board and a



Directors' Report

presentation from the manager covers the investment performance and strategy during the financial year and the outlook for the year ahead. The board hopes that as many shareholders as possible will be able to attend the meeting. Shareholders have direct access to the manager at any time through the freephone shareholder information service.

Accountability and audit

The company has adopted the transitional approach for the Combined Code set out in the letter from the London Stock Exchange to listed companies at the end of September 1999 and reports as follows:

The board confirms that, as at 31 March 2000, it had established the procedures necessary to implement the guidance Internal Control: Guidance for Directors on the Combined Code. The board will consider management and internal control on a regular basis during the year and there will be a full risk and control assessment before reporting on the year ending 31 March 2001.

The board has overall responsibility for ensuring that there is in place a system of internal financial control for the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. During the year the board has reviewed the effectiveness of the systems. Any system of internal financial control can only provide reasonable and not absolute assurance of meeting the internal control objectives.

The manager is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the company and to manage its affairs properly. The system extends to operational and compliance controls

and risk management. Clear lines of accountability have been established between the board and the manager and regular reports on controls and compliance issues are provided to the board. In carrying out its review, the board has had regard to the activities of the manager, the manager's internal audit function and the external auditors.

The audit and management engagement committee, of which Sir Gavin Laird is chairman, meets at least four times a year and considers reports from the internal and external auditors, as well as from the manager. The audit and management engagement committee keeps the scope and effectiveness of the external audit under review. The independence and objectivity of the external auditors are also considered on a regular basis. Shareholders have the opportunity at each annual general meeting to vote on the election of the external auditors for the forthcoming year.

Going concern

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Substantial share interests

At 23 May 2000 the substantial interests in the ordinary share capital which had been notified to the company are shown in Table 2.

Corporate Governance and

Socially Responsible Investment Policy

The company's manager actively encourages companies to adhere to best practice in the area of Corporate Governance and Socially Responsible Investing.

They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas.

Their ultimate objective however is to deliver superior investment return for their clients.

Holder	No of ordinary shares	%
The Standard Life Assurance Company	33,506,002	12.9
Prudential Corporation	10,065,922	3.9

Table 2 Substantial share interests

Directors' Report

Accordingly, whilst they will seek to favour companies which pursue best practice in these areas this must not be to the detriment of the return on the investment portfolio.

In order to monitor company policies effectively they subscribe to the Proxy Voting and Environmental Screening service offered by Manifest, an organisation which provides specialist research information on both areas.

Payments Policy

The company's payment policy is to ensure settlement of suppliers' invoices in accordance with the stated terms. In certain circumstances, settlement terms are agreed prior to business taking place.

Auditors

Resolutions will be proposed at the annual general meeting for the re-appointment of KPMG Audit Plc as auditors of the company and to authorise the directors to fix their remuneration.

Annual General Meeting – Special business

Resolutions relating to the following items of special business will be proposed at the forthcoming annual general meeting:-

(i) *Repurchase of the company's own ordinary shares*

At the extraordinary general meeting of the company held on 1 July 1999, shareholders passed a resolution giving the company authority to make purchases of up to 14.99% of the then issued share capital of the company.

Since July 1999 a total of 34,764,827 shares have been bought back for cancellation.

It was indicated at the time of the extraordinary general meeting that the directors intended to seek ordinary shareholders' approval for renewal of the authority at the company's annual general meeting to be held in July 2000.

Resolution number 7 set out in the notice of annual general meeting seeks to renew the authority to purchase ordinary shares. The principal reason for such purchases is to

address the imbalance between the supply and demand for the company's shares and thereby reduce both the scale and volatility of the discount at which the shares trade in relation to the underlying net asset value whilst at all times enhancing the net asset value for remaining shareholders.

Under the Listing Rules of the Financial Services Authority, the maximum price that may be paid on the exercise of the authority must not exceed 105% of the average of the middle market quotations for the ordinary shares over the five business days immediately preceding the date of purchase. The minimum price which may be paid will be 25p per ordinary share. Purchases of ordinary shares will be made within guidelines established from time to time by the directors.

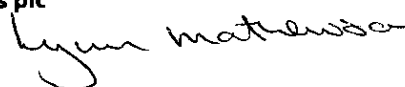
(ii) *Amendment to the articles of association*

The company funds the buyback of ordinary shares out of the distributable profits standing to the credit of the company's realised reserve and in so doing it loses investment company status. Following a recent amendment to the Companies Act which became effective on 8 November 1999, the company is now permitted to distribute its capital profits for the purposes of redeeming or purchasing its own shares whilst retaining its investment company status. However, to allow the company to take advantage of this amendment the company's articles require to be altered. For the avoidance of doubt, notwithstanding this amendment to the articles of association, the company will continue to be prohibited from using its capital reserve to fund dividend payments.

By order of the board,

Edinburgh Fund Managers plc
Secretary

Edinburgh, 23 May 2000




Statement of Directors' Responsibilities

Company law 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 revenue of the company for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they comply with all the above requirements. 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 financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and to detect fraud and other irregularities.



Auditors' Report

To the members of

The Edinburgh Investment Trust plc

We have audited the financial statements on pages 24 to 36.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 22, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statement on pages 19 and 20 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority and we report if it does not. We are not required to consider whether the board's statements on internal controls cover all risks and controls or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

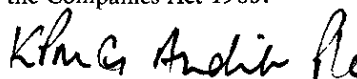
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2000 and of the return for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants

Registered Auditor

Edinburgh, 23 May 2000



Statement of Total Return

for the year ended 31 March

		2000			1999 (restated)		
	Notes	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Realised gains on investments	17	—	203,110	203,110	—	43,734	43,734
Decrease in unrealised appreciation	18	—	(37,117)	(37,117)	—	(39,260)	(39,260)
TOTAL CAPITAL GAINS							
ON INVESTMENTS		—	165,993	165,993	—	4,474	4,474
Currency gains		—	13	13	—	24	24
Income from investments	2	39,707	—	39,707	47,420	—	47,420
Interest receivable on short term deposits		1,010	—	1,010	690	—	690
Underwriting commission		62	—	62	53	—	53
Rental income		—	—	—	136	—	136
Investment management fee	3	(3,232)	(3,232)	(6,464)	(3,038)	(3,038)	(6,076)
Administrative expenses	4	(1,806)	—	(1,806)	(871)	(35)	(906)
Share buyback expenses		—	(31)	(31)	—	—	—
NET RETURN BEFORE FINANCE COSTS AND TAXATION		35,741	162,743	198,484	44,390	1,425	45,815
Interest payable and similar charges	5	(9,751)	(9,751)	(19,502)	(9,766)	(9,766)	(19,532)
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		25,990	152,992	178,982	34,624	(8,341)	26,283
Taxation	6	(1)	—	(1)	(143)	—	(143)
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		25,989	152,992	178,981	34,481	(8,341)	26,140
Preference stock dividends – non equity		(10)	—	(10)	(62)	—	(62)
RETURN ATTRIBUTABLE TO EQUITY SHAREHOLDERS		25,979	152,992	178,971	34,419	(8,341)	26,078
Dividends in respect of equity shares	7	(32,829)	—	(32,829)	(34,818)	—	(34,818)
Transfer (from)/to reserves		(6,850)	152,992	146,142	(399)	(8,341)	(8,740)
RETURN PER ORDINARY SHARE	8	9.15p	53.86p	63.01p	11.71p	(2.83p)	8.88p
TOTAL DIVIDEND PER ORDINARY SHARE		12.15p			11.85p		

The revenue column of this statement represents the revenue 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.



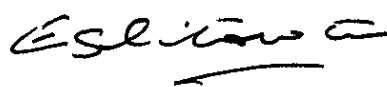
Balance Sheet

at 31 March

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Investments	10	1,830,650	1,832,780
CURRENT ASSETS			
Debtors	11	26,259	24,420
UK Treasury Bills		—	9,890
Cash and short term deposits		13,625	2,329
		<u>39,884</u>	<u>36,639</u>
CREDITORS: AMOUNTS FALLING			
DUE WITHIN ONE YEAR	12	<u>39,244</u>	<u>31,060</u>
NET CURRENT ASSETS		<u>640</u>	<u>5,579</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,831,290</u>	<u>1,838,359</u>
CREDITORS: AMOUNTS FALLING			
DUE AFTER MORE THAN ONE YEAR	13	<u>194,348</u>	<u>194,097</u>
		<u>1,636,942</u>	<u>1,644,262</u>
CAPITAL AND RESERVES			
Called up share capital – non equity	14	—	1,700
Called up share capital – equity	14	65,960	73,455
Share premium	15	6,639	6,639
Capital redemption reserve	16	7,495	—
Capital reserve – realised	17	850,419	812,072
Capital reserve – unrealised	18	664,955	702,072
Revenue reserve	19	<u>41,474</u>	<u>48,324</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>1,636,942</u>	<u>1,642,562</u>
		<u>1,636,942</u>	<u>1,644,262</u>
NET ASSET VALUE PER ORDINARY 25P SHARE	24	618.29p	557.03p

The financial statements on pages 24 to 36 were approved by the board on 23 May 2000 and were signed on its behalf by:

THE EARL OF EGLINTON AND WINTON, Director




Cashflow Statement

for the year ended 31 March

	Notes	2000 £000	1999 £000
NET CASH INFLOW			
FROM OPERATING ACTIVITIES	20	36,135	36,871
SERVICING OF FINANCE			
Interest paid		(19,250)	(19,308)
Preference dividends paid		(10)	(62)
NET CASH OUTFLOW			
FROM SERVICING OF FINANCE		(19,260)	(19,370)
TAXATION			
UK corporation tax recovered		480	661
Overseas tax paid		(2)	(141)
NET CASH INFLOW FROM TAXATION		478	520
FINANCIAL INVESTMENT			
Purchase of investments		(516,312)	(417,769)
Sale of investments		688,559	327,031
Net proceeds from the sale of Dunedin House	9	—	3,979
NET CASH INFLOW/(OUTFLOW)			
FROM FINANCIAL INVESTMENT		172,247	(86,759)
EQUITY DIVIDENDS PAID		(34,714)	(33,937)
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING		154,886	(102,675)
NET CASH INFLOW FROM MANAGEMENT OF LIQUID RESOURCES	23	9,890	81,810
FINANCING			
Repayment of debenture stock		—	(1,640)
Repayment of preferred stock	14	(1,700)	—
Buyback of ordinary shares	17	(151,793)	—
Expenses relating to the repayment of preference stock		—	(35)
NET CASH OUTFLOW FROM FINANCING		(153,493)	(1,675)
INCREASE/(DECREASE) IN CASH	22	11,283	(22,540)



Notes to the Accounts

1 Accounting policies

The accounts have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (the SORP). They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

During the year, the company ceased to be an investment company within the meaning of Section 266 of the Companies Act 1985, however the company continued to conduct its affairs as an investment trust for taxation purposes under Section 842 of the Income and Corporation Taxes Act 1988.

Accordingly, the directors consider it appropriate to continue to present the accounts in accordance with the SORP. Under the SORP, the financial statements include a Statement of Total Return in which the revenue column is the revenue account of the company. The revenue column excludes the following capital items which, since the company is no longer an investment company, the Companies Act and/or Financial Reporting Standard 3 'Reporting Financial Performance' would ordinarily require to be included in the revenue account.

	2000 £000	1999 £000
Gains on investments	165,993	4,474
Management fees	(3,232)	(3,038)
Realised exchange differences	13	24
Debenture interest and amortised expenses	(9,751)	(9,766)

In the opinion of the directors, the inclusion of these items in the revenue account would be misleading and would distort both the revenue and capital performance of the company in such a way that the revenue profits capable of distribution by way of dividend would not be clearly shown. The directors therefore consider that these departures from the specific provisions of Schedule 4 to the Companies Act relating to the form and content of accounts for companies other than investment companies and from accounting standards are necessary to give a true and fair view of the company's affairs. These departures have no effect on total return or on the balance sheet.

(a) **Revenue, expenses and interest payable** – Income from equity investments, including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Foreign income is converted at the exchange rate applicable at the time of receipt. Franked investment income is reported net of tax credits in accordance with Financial Reporting Standard 16 'Current Tax' ('FRS 16'). *The figures for 1999 have been restated accordingly. FRS 16 has had no effect on the total return for both the prior and current year.* Interest receivable on fixed interest securities, short-term deposits, expenses and interest payable are treated on an accruals basis.

Expenses are charged to capital where they are incurred in connection with the maintenance or enhancement of the value of the investments. In this respect the investment management fee and relevant finance costs are allocated between revenue and capital, in line with the board's expectation of returns from the company's investments over the long term in the form of revenue and capital respectively.

(b) **Investments** – Listed investments are valued at market prices, foreign currencies being converted at the rates of exchange ruling at the relevant balance sheet date. Unlisted investments are valued by the directors taking account of latest dealing prices, brokers' valuations and other available accounting information as appropriate.



Notes to the Accounts

1 Accounting policies—contd

(c) **Realised capital reserves** – Gains and losses on realisation of investments and differences on exchange are dealt with in the realised capital reserves. The capital element of the investment management fee along with the associated irrecoverable VAT and relevant finance costs are charged to this reserve. Any associated tax relief is credited to this reserve.

(d) **Unrealised capital reserves** – Increases and decreases in the valuation of investments held are dealt with in the unrealised capital reserve.

(e) **Taxation** – Deferred taxation is provided on all timing differences to the extent that liabilities are likely to arise in the foreseeable future.

		2000		1999 (restated)	
		Franked £000	Unfranked £000	Franked £000	Unfranked £000
2 Investment income					
Dividends					
Listed:	United Kingdom	38,789	21	30,507	11,821
	Overseas	—	18	—	1,044
Unlisted:	United Kingdom	875	—	842	—
Interest					
Listed:	United Kingdom	—	4	—	3,206
		<u>39,664</u>	<u>43</u>	<u>31,349</u>	<u>16,071</u>
Total investment income		<u>39,707</u>		<u>47,420</u>	

		2000 £000	1999 £000
3 Investment management fee			
Investment management and secretarial fee (including VAT)		6,464	6,076
Charged against capital reserve – realised (see note 17)		(3,232)	(3,038)
		<u>3,232</u>	<u>3,038</u>

The investment management fee paid to Edinburgh Fund Managers plc is 0.30% per annum of the total assets of the company, after deducting current liabilities and excluding commonly managed funds. The fee is subject to VAT at the appropriate rate. The investment management fee is chargeable 50% to revenue and 50% to capital. The management agreement between the company and Edinburgh Fund Managers plc is terminable by either party on 1 year's notice.

Edinburgh Fund Managers plc also received fees from third parties amounting to £93,000 (1999–£67,000), excluding VAT, relating to investment trust holdings held by the trust during the year to 31 March 2000. As at 31 March 2000, the portfolio included such investment trust holdings valued at £12,647,000 (1999–£7,144,000).



Notes to the Accounts

	2000 £000	1999 (restated) £000
4 Administrative expenses		
Directors' fees	128	127
Auditors' remuneration – audit services	12	11
– non audit services	2	4
Registrar costs	170	187
Investment Trust Initiative	190	169
AITC 'its' campaign	741	—
Custody fees	70	46
Printing and postage	83	74
Irrecoverable VAT	260	70
Other expenses	150	183
	<u>1,806</u>	<u>871</u>

The emoluments of the chairman, who was the highest paid director, were £29,375 (1999–£28,125).

The emoluments of the other directors were £16,500 (1999–£16,000).

The non audit fees relate to the auditor's review of the interim accounts and tax advice.

The contribution to the Investment Trust Initiative was paid to Edinburgh Fund Managers plc in respect of marketing and promotion of the trust.

5 Interest payable and similar charges

Debentures repayable within 5 years	—	31
Debentures repayable after more than 5 years	19,250	19,250
Amortised debenture stock discount and issue expenses	252	251
	<u>19,502</u>	<u>19,532</u>
Charged against capital reserve – realised (see note 17)	(9,751)	(9,766)
	<u>9,751</u>	<u>9,766</u>

6 Taxation

Overseas tax	<u>1</u>	<u>143</u>
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There is no overall deferred taxation liability.

Financial Reporting Standard 16 'Current Tax' changes the way in which tax credits attributed to recipients of dividends from UK companies are presented in financial statements. Such dividends are now reported net of the tax credits and therefore the 1999 figures have been restated.



Notes to the Accounts

	2000 £000	1999 (restated) £000
7 Dividends on ordinary shares		
Interim dividend of 3.90p per share (1999–3.80p) paid 3 December 1999	11,062	11,166
Proposed final dividend of 8.25p per share (1999–8.05p) payable 6 July 2000	21,767	23,652
	<u>32,829</u>	<u>34,818</u>

8 Return per ordinary share		
The return per ordinary share is based on the following figures:		
	2000	1999
Weighted average number of ordinary shares in issue	284,039,438	293,819,471
Revenue return	£25,979,000	£34,419,000
Capital return	£152,992,000	(£8,341,000)
	2000 £000	1999 £000

9 Investment property		
Directors' valuation at 31 March 1999	—	4,009
Decrease in valuation	—	(30)
Proceeds from sale of property	—	(4,090)
Costs relating to the sale	—	111
At 31 March 2000	—	—

10 Fixed asset investments			
	Listed £000	Unlisted £000	Total £000
Market value at 31 March 1999	1,797,175	35,605	1,832,780
Less: Unrealised appreciation at 31 March 1999	678,856	23,216	702,072
Cost at 31 March 1999	1,118,319	12,389	1,130,708
Additions at cost	526,312	—	526,312
Sales – proceeds	(694,434)	(1)	(694,435)
– realised net gains on sales	203,110	—	203,110
Cost at 31 March 2000	1,153,307	12,388	1,165,695
Unrealised appreciation at 31 March 2000	638,595	26,360	664,955
Market value at 31 March 2000	1,791,902	38,748	1,830,650

The portfolio contains £nil (1999–£1,645,000) of convertible stocks.



Notes to the Accounts

10 Fixed asset investments—contd**Unlisted investment:**

At 31 March 2000, the valuation of Robert Fleming Holdings Ltd, an international investment bank, which is included in the ten largest holdings, was £38,115,000 (1999—£34,980,000). Details of the investment are shown below:

Proportion of capital owned %	Book cost £000	Attributable net asset value £000*	Earnings per share p*	Dividend per share p*	Dividend cover*
1.9	11,589	18,965	21.1	25.5	—

* Figures taken from Annual Report to 31 March 1999.

For purposes of valuing the company's investment in Robert Fleming Holdings (RFH) as at 31 March 2000, the directors used a share price of £11.55 which, as in previous years, was calculated by reference to the dividend yields of RFH and of a broad mix of UK and overseas financial institutions. The resultant share valuation was widely used by shareholders of RFH.

Post Balance Sheet Event

On 11 April 2000, Chase Manhattan Corporation announced terms of a recommended offer for the entire issued share capital of RFH which valued each share at approximately £27.44. The effect of this uplift was to increase, at that date, the company's net asset value per share by approximately 19.70p per share. The date at which the transaction will be completed is still to be finalised and the exact price will be dependent on exchange rates and the price of Chase Manhattan shares.

2000	1999
£000	£000

11 Debtors**Amounts falling due within one year:**

Amounts due by brokers	15,953	10,077
Accrued income	9,674	13,605
Sundry debtors	391	16
Taxation	241	722
	<u>26,259</u>	<u>24,420</u>

12 Creditors: amounts falling due within one year

Amounts due to brokers	13,735	3,735
Taxation	775	775
Interest due on debenture stocks	2,836	2,836
Sundry creditors	131	62
Final ordinary dividend	21,767	23,652
	<u>39,244</u>	<u>31,060</u>



Notes to the Accounts

	2000 £000	1999 £000
13 Creditors: amounts falling due after more than one year		
Repayable after more than 5 years:		
11½% debenture stock 2014	100,000	100,000
7¾% debenture stock 2022	100,000	100,000
Unamortised discount and expenses of debenture issue	(5,652)	(5,903)
	<u>194,348</u>	<u>194,097</u>

The 11½% debenture stock is redeemable at par on 30 June 2014 and interest is payable in half yearly instalments in June and December each year. The 7¾% debenture stock is redeemable at par on 30 September 2022 and interest is payable in half yearly instalments in March and September each year.

Both debenture stocks are secured by a floating charge over the whole of the assets of the company.

The market value of the debenture stocks at 31 March 2000 was £269,000,000 (1999-£291,000,000). The effect on the net asset value of deducting the debenture stocks at market value rather than at par is disclosed in note 24.

14 Called up share capital

Authorised:		
3.65% preferred stock – non equity	—	1,700
316,099,929 (1999-316,099,929) ordinary shares of 25p – equity	79,025	79,025
	<u>79,025</u>	<u>80,725</u>
Issued and fully paid:		
3.65% preferred stock – non equity	—	1,700
263,840,644 (1999-293,819,471) ordinary shares of 25p – equity	65,960	73,455
	<u>65,960</u>	<u>75,155</u>

The 3.65% preferred stock was repaid at par on 12 May 1999.

During the year, the company repurchased 29,978,827 ordinary shares at a cost of £151,762,000. This represented 10.2% of the company's issued ordinary share capital and reduced the number of ordinary shares in issue from 293,819,471 to 263,840,644.

Since the year end, a further 4,786,000 ordinary shares have been repurchased at a cost of £23,892,000, reducing the number of ordinary shares in issue to 259,054,644.

15 Share premium

At 31 March 2000 and 31 March 1999	<u>6,639</u>	<u>6,639</u>
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Notes to the Accounts

	2000 £000	1999 £000
16 Capital redemption reserve		
Transfer from called up share capital arising from the buyback of ordinary shares (see note 14)	7,495	—

17 Capital reserve – realised

At 31 March 1999	812,072	781,153
Realised gain on sale of Treasury Bills	—	21
Realised exchange differences on currency transactions	13	24
Realised gain on sale of investments during year	203,110	44,129
Realised loss on sale of investment property	—	(416)
Management fee	(3,232)	(3,038)
Debenture interest and amortised expenses	(9,751)	(9,766)
Cost relating to the preference stock repayment	—	(35)
Cost of ordinary shares repurchased	(151,762)	—
Expenses of ordinary share buyback	(31)	—
At 31 March 2000	850,419	812,072

50% of the investment management fee and relevant finance costs have been allocated to this reserve, in line with the board's expectation of returns from the company's investments over the long term in the form of income and capital respectively.

18 Capital reserve – unrealised

At 31 March 1999	702,072	741,332
Decrease in unrealised appreciation on investments	(37,117)	(39,646)
Transfer of unrealised loss relating to the sale of the investment property	—	386
At 31 March 2000	664,955	702,072

19 Revenue reserve

At 31 March 1999	48,324	48,723
Movement for the year	(6,850)	(399)
At 31 March 2000	41,474	48,324

This represents the only reserve from which dividends can be funded.



Notes to the Accounts

2000
£000

1999
£000

20 Reconciliation of net revenue to net cash inflow from operating activities

Net revenue before finance costs and taxation	35,741	44,390
Decrease/(increase) in accrued income	3,558	(1,667)
Increase in other debtors	—	(16)
Increase/(decrease) in creditors	68	(134)
Stock dividends received	—	(2,664)
Management fee charged to capital	(3,232)	(3,038)
Net cash inflow from operating activities	36,135	36,871

21 Analysis of changes in financing during the year

	2000		1999	
	Equity share capital (including premium) £000	Debentures and loans £000	Equity share capital (including premium) £000	Debentures and loans £000
Balance at 31 March 1999	80,094	194,097	80,094	195,486
Share buybacks	(7,495)	—	—	—
Unamortised discount and expenses of issue	—	251	—	251
Repayment of debenture stock	—	—	—	(1,640)
Balance at 31 March 2000	72,599	194,348	80,094	194,097
			2000 £000	1999 £000

22 Analysis of changes in cash during the year

Balance at 31 March 1999	2,329	24,845
Net cash inflow before the effect of foreign exchange rate movements	11,283	(22,540)
Effect of foreign exchange rate movements	13	24
Balance at 31 March 2000	13,625	2,329

23 Analysis of changes in net debt during the year

	At 31 March 1999 £000	Non-cash movements £000	Cash flows £000	Unamortised issue expenses and discount £000	At 31 March 2000 £000
Cash and short term deposits	2,329	13	11,283	—	13,625
Treasury Bills	9,890	—	(9,890)	—	—
Debt due after more than one year	(194,097)	—	—	(251)	(194,348)
Net debt	(181,878)	13	1,393	(251)	(180,723)



Notes to the Accounts

24 Net asset value per share

Total shareholders' funds have been calculated in accordance with the provisions of Financial Reporting Standard 4 'Capital Instruments'. The analysis of total shareholders' funds on the face of the balance sheet does not reflect the rights, under the articles of association, of the ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to ordinary shareholders at the year end, adjusted to reflect the deduction of the debenture stock at par. A reconciliation between the two sets of figures is given below: -

	2000	1999
Total shareholders' funds	£1,636,942,000	£1,642,562,000
Adjusted net assets	£1,631,290,000	£1,636,659,000
Number of equity shares in issue at year end	263,840,644	293,819,471
Total shareholders' funds per share	620.43p	559.04p
Less: Unamortised debenture stock discount and issue expenses	(2.14p)	(2.01p)
Adjusted net asset value per share	<u>618.29p</u>	<u>557.03p</u>
	2000 £000	1999 £000

The movements during the year of the assets attributable to the ordinary shares were as follows:-

Adjusted net assets at 31 March 1999	1,636,659	1,645,148
Total recognised capital gains/(losses) for the year	152,992	(8,341)
Revenue return for the year	25,979	34,419
Dividend appropriated in the year	(32,829)	(34,818)
Movement in unamortised debenture stock discount and issue expenses	251	251
Share buybacks	(151,762)	—
Adjusted net assets at 31 March 2000	<u>1,631,290</u>	<u>1,636,659</u>

The net asset value adjusted to include the debenture stocks at market value rather than at par is 594.28p (1999-526.06p).

25 Reconciliation of movement in equity shareholders' funds

Equity shareholders' funds at 31 March 1999	1,642,562	1,651,302
Net revenue for the year (after dividends)	(6,850)	(399)
Total recognised capital gains/(losses) for the year	152,992	(8,341)
Share buybacks	(151,762)	—
Equity shareholders' funds at 31 March 2000	<u>1,636,942</u>	<u>1,642,562</u>



Notes to the Accounts

	2000 £000	1999 £000
26 Commitment and contingencies		
Amounts uncalled in respect of nil or partly paid shares	689	—
Contingent liabilities in respect of underwriting agreements	—	—

27 Risk management, financial assets and liabilities

The following information is given in accordance with Financial Reporting Standard 13, 'Derivatives and Other Financial Instruments' ('FRS 13').

Risk management

The major risks associated with the company are market, liquidity risk and interest rate risk. The company has established a framework for managing these risks which is evolving continually as the company's investment activities change in response to market developments. The directors have provided the manager with guidelines and limits for the management of gearing, investments and financial instruments.

Market risk arises from changes in interest rates, valuations accorded to equities, movements in prices and the liquidity of financial instruments. Market price risk is managed through investment guidelines agreed by the board with the manager and is discussed at each board meeting. It is the company's policy to increase its exposure to equity market price risk through the investment of borrowings, thus increasing the opportunity for growth of assets in rising markets but also the risk when markets fall. The downside risk may be reduced by increasing the level of cash balances through the sale of equities or by the utilisation of derivatives.

All of the company's long term debt is fixed rate which exposes the company to changes in market value in the event that the debt is repaid before maturity. The debenture stocks in issue provide secure long term funding while short term flexibility is achieved through overdraft facilities. Information on the debenture stock is provided in note 13.

Financial assets and liabilities

The company's financial instruments comprise equity investments, derivative contracts, treasury bills, cash balances, debenture stocks and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement. Short term debtors and creditors are excluded from disclosure as allowed by FRS 13.

Fixed asset investments with a listing (see note 10) are valued at middle market prices which equate to their fair values. The fair values of all other assets and liabilities are represented by their carrying values in the balance sheet.

During the year, the company entered into certain derivative contracts. These contracts are periodically entered into as a hedge for the investments of the company against downward movements in the value of the investments. The positions closed during the year realised a gain of £1,689,000 (1999—nil). The largest position in derivative contracts held during the year was £137,347,000 (1999—nil). The company had open positions in derivative contracts of £1,403,000 at 31 March 2000 (1999—nil).



Notice of Meeting

Notice is hereby given that the one hundred and eleventh Annual General Meeting of The Edinburgh Investment Trust plc will be held in the Caledonian Hilton Hotel, Princes Street, Edinburgh on Wednesday 5 July 2000 at 12 noon, for the following purposes:

ORDINARY BUSINESS

1. To receive the Report of the Directors and the Accounts for the year to 31 March 2000;
2. To declare a final dividend on the ordinary shares.
3. To re-elect The Earl of Eglinton and Winton a director of the company.
4. To re-elect Eileen Mackay a director of the company;
5. To re-appoint KPMG Audit Plc as auditors of the company.
6. To authorise the directors to fix the remuneration of the auditors for the year to 31 March 2001.
- (ii) the minimum price which may be paid for a Share shall be 25p;
- (iii) the maximum price (exclusive of expenses) which may be paid for a Share shall not be more than 5% above the average of the middle market quotation (as derived from the Stock Exchange Daily Official List) for the shares for the five business days immediately preceding the date of purchase; and
- (iv) unless previously revoked, renewed or varied, the authority hereby conferred shall expire at the conclusion of the annual general meeting of the company to be held in 2001, provided that prior to such expiry the Company may enter into a contract to purchase Shares under such authority which would or might be executed wholly or partly after the expiry of such authority and the Company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions.

Special resolutions

7. That the company be and it is hereby authorised in accordance with section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of section 163(3) of the Act) of any of its ordinary shares of 25p each ('Shares') in such manner and upon such terms as the directors of the company may from time to time determine, provided that:-
 - (i) the maximum number of Shares hereby authorised to be purchased is 14.99% of the issued share capital of the company as at the date of the passing of this resolution;

8. That the articles of association of the company be amended by the deletion of articles 118(A) and 118(B) in their entirety and the insertion of the following as article 118 in their place:

118 Application of sums standing to credit of reserve accounts

Any moneys carried to and standing to the credit of capital reserve may be applied for any of the purposes to which sums standing to the credit of any reserve under the provisions of article 116 can be applied provided that no part of the capital reserve or any other moneys in the nature of accretion to capital (including for the avoidance of doubt any part of the reserve fund mentioned in article 116 hereof) shall in any event be available for distribution as dividend or any other distribution (as such term is defined in Section 263(2) of the Act) (other than a



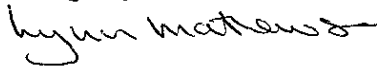
Notice of Meeting

distribution for the purposes of redeeming or purchasing shares in the company in accordance with Section 160 or 162 in Chapter VII of Part V of the Act).

By order of the board

Edinburgh Fund Managers plc

Secretary



5 June 2000

Registered office:

Donaldson House, 97 Haymarket Terrace,
Edinburgh EH12 5HD

Notes:

1. Holders of ordinary shares are entitled to attend and vote at the meeting.

Members must be entered on the company's *register of members* 48 hours before the time appointed for the meeting. If the meeting is adjourned for more than 48 hours then, for members to be entitled to vote, they must be entered on the company's register of members 48 hours prior to the time fixed for the adjourned meeting. Any such holder may appoint another person (whether a member of the company or not) as his proxy to attend and vote on a poll in his stead. Proxies must be lodged at the company's registrar, Lloyds TSB Registrars Scotland, 117 Dundas Street, Edinburgh EH3 5ED not less than 48 hours before the time appointed for the meeting. Completion of a form of proxy will not prevent a holder of ordinary shares from attending or voting in person should he so wish.

2. There are special arrangements for holders of shares through The Edinburgh Fund Managers Investment Trust Savings Plan, Investment Trust PEP/ISA and Investment Trust Pension. These are explained in the 'Letter of Directions' which such holders will have received with this report.



Financial Calendar

Announcements, ordinary share dividend payments and the issue of the annual and interim reports may normally be expected in the following months:

May – Preliminary figures and recommended final dividend for year announced

June – Annual report and accounts published

July – Annual General Meeting and final dividend paid

October – Interim figures and interim dividend announced

November – Interim report for half-year to 30 September published

December – Interim dividend paid

Debenture interest is payable half-yearly as undernoted:

Debenture stock	Interest payable
11½% debenture stock 2014	30 June and 31 December
7¼% debenture stock 2022	31 March and 30 September

This year's Annual General Meeting will be held in the Caledonian Hilton Hotel, Princes Street, Edinburgh on Wednesday 5 July 2000 at 12 noon to be followed by a buffet lunch. Shareholders are asked to reply on the enclosed card if they will be attending the meeting.



Information for Investors

EDINBURGH FUND MANAGERS

Edinburgh Fund Managers plc was formally established in 1969 and has grown steadily since that time now with offices in Edinburgh, Dundee and North America. Today Edinburgh Fund Managers is one of the largest managers of investment trusts in the UK with over £4.2 billion of funds under management as at 31 March 2000. Total assets managed by the group at the same date were over £8.5 billion.

Investment Trusts

It is the business of investment trusts, advised by their managers, to invest in the shares of other companies. The investment objectives vary from trust to trust ranging from investment for capital growth and/or income, to trusts which invest internationally, in a specific area of the world or in a single country market. Investing in investment trusts can provide a spread of investments, managed by experts, at low cost.

HOW TO INVEST

Ordinary shares

Investors can buy and sell shares in The Edinburgh Investment Trust directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through The Edinburgh Fund Managers Investment Trust Savings Plan, Investment Trust ISA and Investment Trust Pension.

PRODUCT DETAILS

InvestIT – The Edinburgh Fund Managers

Investment Trust Savings Plan

InvestIT provides a straightforward way to invest in The Edinburgh Investment Trust and other investment trusts managed by Edinburgh Fund Managers. Investors can make regular monthly payments (minimum £30 per month) or invest occasional lump sums (minimum £250 initially and £30 thereafter). Existing shareholders can also invest in the Plan and have their dividends reinvested. *There is no charge for buying or holding shares through InvestIT other than 0.5%*

Government Stamp Duty which is currently payable on all share purchases. There is a nominal £10 +VAT transaction fee applied to all sales.

Edinburgh Fund Managers

Investment Trust ISA/PEP

ISA

The Edinburgh Fund Managers Investment Trust Individual Savings Account (ISA) is the tax efficient savings vehicle. There are two types of ISAs available, a Maxi and a Mini. A Maxi ISA allows investors to maximise the amounts placed in stocks and shares. Investors will have the opportunity to invest up to £7,000 in the tax year 2000/2001 in The Edinburgh Investment Trust where they take out a Maxi ISA.

A feature of the Edinburgh Fund Managers

Investment Trust ISA is its low charges. The initial charge is £30 + VAT and the annual management fee is 0.5% +VAT. No charges are made for buying or selling shares other than Government Stamp Duty on share purchases.

PEP

PEP investors can continue to hold their existing PEPs. *No further contributions can be made to The Edinburgh Investment Trust through a PEP other than reinvestment of any income generated.* However, investors will be able to transfer between different PEP funds and different PEP providers without losing their tax advantages. To enable new investors to take advantage of investing in a PEP in The Edinburgh Investment Trust, a PEP transfer brochure will be available. Again charges are low *with no transfer fee being charged. An annual management charge of 0.5% + VAT capped at £40 + VAT is charged.*

The Edinburgh Fund Managers

Investment Trust Pension

The Investment Trust Pension enables investors to save for retirement by investing in The Edinburgh Investment Trust. The Investment Trust Pension offers the choice of a *Personal Pension Plan* or a *Free Standing Additional Voluntary Contributions*



Information for Investors

Plan. Contributions can be made monthly, yearly or by lump sums, and there are low minimum investment amounts.

Note

Please remember that past performance is not necessarily a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs/PEPs, may be changed by future legislation.

Keeping you informed

The company's share price appears under the heading 'Investment Trusts' in the Financial Times, and other national newspapers. Investors can also obtain the latest share price by phoning FT Cityline on 0336-432 422. All calls cost 60p per minute.

For internet users, detailed data on The Edinburgh Investment Trust, including price and performance information, is available on the company's website (www.itseit.com) and the manager's website (www.edfd.com).

Lloyds TSB Registrars also have a website (www.lloydstsb-registrars.co.uk) which includes a page entitled 'Shareholder Services', which gives shareholders an insight into their shareholding. The website also has information about how to register a change of name and what to do if you have lost your share certificate.

For information and application forms on the InvestIT, ISA, PEP, Pension and Share Exchange Schemes please contact:

Registrar

Lloyds TSB Registrars Scotland
117 Dundas Street
Edinburgh EH3 5ED
Telephone: 0870-601 5366
Textphone: 0870-600 3950

Support Desk

Edinburgh Fund Managers plc
Donaldson House
97 Haymarket Terrace
Edinburgh EH12 5HD
Telephone: 0131-313 1000
or FREE on 0800-028 6789 (24 hours)

InvestIT Administrator

Lloyds TSB Registrars
Savings Plan
117 Dundas Street
Edinburgh EH3 5ED
Telephone: 0870-606 0268

Individual Savings Account/Personal Equity Plan

Administrator

Cogent Investment Operations Limited
ISA/PEP Administrator
3 Finsbury Avenue
London EC2M 2PA
Telephone: 0800-028 6789

Pension Administrator

Edinburgh Pension Centre
Personal Pension Management Limited
24-27 Barnack Business Centre
Blakey Road
Salisbury
Wiltshire SP1 2LP
Telephone: 0800-137 079

