Glasgow Income Trust plc

ANNUAL REPORT 1999

MANAGED BY

GLASGOW

INVESTMENT MANAGERS

Contents

The painting on the front cover is 'The Vegetable Stall' by W.Y. Macgregor (1855-1923)
a member of the group of painters known as 'The Glasgow Boys'.
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Objective

The principal objective of the Company is to provide shareholders with a high level of income and to obtain growth in both income and capital over the longer term.

Highlights

	As at 30 September 1999	As at 30 September 1998	% *change*
Net asset value per ordinary share	77.09p	66.58p	+15.8
Ordinary share price	74.25p	59.75p	+24.3
Net dividends per ordinary share	3.00p	2.90p	+3.4

Performance

Total return on a theoretical investment *of £100 with net income reinvested*

	1 year £	3 years £	5 years £
Glasgow Income Trust plc			
- Share price total return	129.31	186.25	204.73
- Net asset value total return	120.27	165.49	216.42
TOPSI-100 Index*	125.71	168.53	221.15
FTSE All-Share Index†	123.40	156.90	214.90

	As at 30 September 1999	As at 30 September 1998
Net dividend yield		
Glasgow Income Trust plc▼	4.0%	4.9%
TOPSI-100 Index*	4.1%	4.6%
FTSE All-Share Index	2.4%	2.8%

* Source: Dresdner Kleinwort Benson.
† Source: Association of Investment Trust Companies.
▼ Based on share price and net dividend at the financial year end.

Chairman's Statement

Background

In the first six months of the Company's year the UK stockmarket rose steadily in response to interest rate reductions. In the second half the strength of equities was sustained initially by forecasts of faster output growth but, when the Monetary Policy Committee raised interest rates in July to resist the inflationary pressures resulting from the acceleration in UK economic activity, share prices began to surrender their earlier rises. The total return of 23.4% on the FTSE All-Share Index over the year to 30 September 1999 was all achieved in the first half.

Investment Returns

The total return on net assets was 20.3%. Within this total there was considerable variation in the performance of individual sectors. The adverse impact on performance of the overweight position in Utilities mentioned in the Interim Report was recovered in the second calendar quarter of 1999 by good returns from the investments in cyclical Basic Industry and General Industrial stocks. In the third quarter, however, these cyclical stocks reacted adversely to the introduction of higher interest rates. At the same time falling prices in the gilt-edged market were accompanied by some weakness in the prices of the high-yielding convertible securities held principally for their contribution to revenue. As a result overall investment performance began to lag the benchmark just at the end of the Company's year.

Looking at the longer term, the total return on net assets over the five years to 30 September 1999 was 16.7% per annum, a little ahead of the return of 16.5% p.a. on the All-Share Index. These figures include income returns of 6.3% p.a. from the Company and 4.7% p.a. on the index.

Share Price Rating

The discount of share price to underlying net asset value per share fell from 10.3% to 3.7% over the year to 30 September 1999. As a result of this significant improvement in the rating of the Company's shares, the total return in the hands of a shareholder was 29.3%, well above the return on net assets.

Dividends

The Board is recommending a final dividend of 1.125p per share, bringing total dividends for the year to 3.0p, a rise of 3.4% over the level of dividends paid last year. If approved, the final dividend will be paid on 29 February 2000 to shareholders on the register at close of business on 4 February 2000.

Portfolio Profile

As the UK equity market rose in the first half of the company's year, the exposure to ordinary shares was lowered and the level of gearing reduced to 9.1% of net assets by repaying some of the Company's short term borrowings. In the third quarter of 1999, however, when interest rates began to rise, falls in share prices provided an opportunity to begin raising the equity exposure again. The investments made at this time were financed by borrowing and gearing was 20.7% of net assets at 30 September 1999. There was little change in the portfolio of convertible securities.

Chairman's Statement

(Continued)

Purchase of Own Shares

As an investment company the Company is able to take advantage of special rules on distributions contained in the Companies Act 1985. Legislation has recently been passed altering the requirements that a company must satisfy to qualify as an investment company. It is proposed to take advantage of the new regulations and amend the Company's Articles of Association to enable it to buy back its own shares without loss of investment company status. Accordingly a resolution is being proposed at the forthcoming Annual General Meeting.

The resolution passed at the last Annual General Meeting to authorise the Company to make market purchases of up to 14.99% of its own ordinary shares expires on the date of the forthcoming Annual General Meeting and a resolution is being proposed to renew this authority for a further year. Shares will only be purchased at prices below the prevailing net asset value per ordinary share.

Outlook

Although the UK economy is expected to expand more slowly in 1999 than the 2.2% recorded for 1998, forecasts of output growth in the next two years have been rising steadily. Despite these forecasts of faster growth, however, it appears that competitive markets for goods and services and active management of UK monetary policy are likely to ensure a prolonged period of low inflation. The ratings accorded to equities, therefore, seem likely to remain high and the combination of improving economic prospects and share price weakness represents an opportunity to increase investment in ordinary shares on less demanding valuations than were available during much of the year under review.

Board

Sandy Struthers, who has served as a Director of the Company since its launch in 1988, has reached the age of 70 and, in accordance with the provisions of the Articles of Association, will retire from the Board at the Annual General Meeting on 16 December 1999. My fellow directors and I should like to take this opportunity to thank Sandy for his contribution to the Board's deliberations and to wish him well in his retirement.

R G Hanna
Chairman

Investment Managers' Review

Background

UK Equities produced a healthy performance over the year to 30 September 1999, the FTSE All-Share Index recording a total return of 23.4% over the period.

Sentiment recovered rapidly as concern abated that Russian cancellation of debt repayments and the rescue of the Long Term Capital Management hedge fund would lead to a financial collapse. The relaxation of monetary policy in October 1998, through co-ordinated action by the central banks of the USA, UK and Europe, diminished the prospect of global deflation and created expectations of a universal acceleration of economic activity. Investor, business and consumer confidence improved, forecasts of output growth were raised and commodity prices regained their upward momentum. Such was the pace of the upturn in 1999 that, towards the end of the period under review, it became necessary to raise short-term interest rates in the USA and the UK to counter the re-emergence of inflationary pressures.

These marked swings in sentiment and changes of policy led to divergent investment performances among stockmarket sectors. Over the first half of 1999 cyclical and recovery stocks performed much more strongly than the shares of highly rated growth companies, which were largely neglected by investors. In the third quarter, however, the recovery began to be threatened by rises in short-term interest rates and the performance of cyclical stocks moved into reverse. A number of sectors proved immune to the rotational trends within the stockmarket. These might be described as "new economy" sectors and included Telecommunications and Information Technology where long term growth prospects founded on high rates of innovation were largely unaffected by the shorter term influences of the economic cycle.

The economic background was unfavourable to Fixed Interest securities. The Government All Stocks gilt-edged index fell by 5.5% over the year, reflecting investor concern that inflationary pressures might reappear as output growth accelerated.

Portfolio

Policy

Exposure to ordinary shares was raised to 105.5% of net assets at 30 September 1999 compared with 100.9% last year. Exposure to convertibles was little changed at 13.2%.

Short term borrowings were increased to finance the higher equity exposure. Total borrowings rose from £3 million to £5 million and overall gearing from 14.6% to 20.7%.

Equities

Exposure to **Basic Industries** was increased through the purchase of new holdings in Burmah Castrol, the lubricant company, and Imperial Chemical Industries, the specialist chemical company. Both companies have reorganised their operations and are highly geared to growth in economic activity.

In the **Non-Cyclical Consumer Goods** group the holding in Allied Domeq was sold after the share price had risen strongly on takeover rumours. A new holding in REXAM, the specialist packaging company, was purchased as the shares were lowly rated and offered an above average yield.

Investment Managers' Review

(Continued)

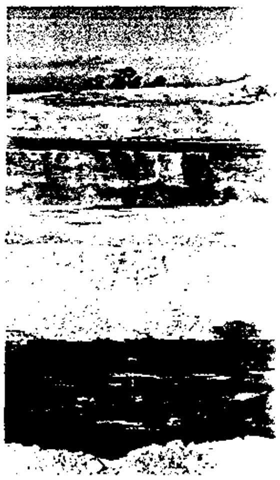
Within **Cyclical Services** the opportunity was taken to sell Lex Service after the shares performed strongly following the acquisition of the RAC. New holdings were acquired in Kingfisher, the conglomerate retailer, and Marks & Spencer, as both companies' ratings appeared low relative to the rest of the sector. Dixons Group was sold following the strong performance of the shares before the flotation of Freeserve, its subsidiary. Next, the fashion retailer, was sold as the rating fully discounted immediate prospects. A holding in Mirror Group, the newspaper publisher, was purchased, but the company was subsequently taken over by Trinity Group. Scottish & Newcastle was purchased in the expectation that the company will benefit from rationalisation in the brewing industry.

In the **Non-Cyclical Services** group the food retailer Somerfield was purchased. The sector had been depressed by concern at the possible impact of competition following Asda's acquisition by Wal-Mart and Somerfield offered an above average yield and recovery prospects. The holding in British Telecommunications was increased in anticipation of strong profit growth from increased internet usage.

In **Financials** the holding in HSBC was sold, as the shares had benefited from improved sentiment in South East Asia, and Barclays Bank was also sold, because it appeared fully valued after largely completing its rationalisation measures. Following a period of strong performance the holding in Provident Financial, the consumer credit group, was sold due to concern at the prospect of increased competition within its markets. A new holding in Liberty International was purchased. This company's main interest is an investment in Capital Shopping Centres, the property company which specialises in out-of-town developments.

Kingfishers' first Big W store in Edinburgh.

Compass provides food and beverages in a variety of outlets, including airports.



Mining operations carried ou
Billiton, at McDonald's Pitt, Bays

Investment Managers' Review

(Continued)

Convertibles

The Kleinwort Benson COSI-80 Index of leading convertible stocks produced a total return of 19% over the year, more in line with UK Equities than Fixed Interest. The Index comprises predominantly cyclical stocks which performed well over the period. There was no activity within the convertible portfolio, which is made up mainly of high yielding stocks. They are held principally for the level of income which they provide and behave more as fixed income than equity securities.

Management of Risk

The Company's objective is addressed by investing in UK equities to provide growth in capital and income and in fixed income securities to provide a high level of income. Additional revenue is generated from premiums earned by writing covered out-of-the-money traded options against assets held in the portfolio.

Short term borrowings are employed to augment the portfolio of investments, so that greater returns to shareholders may be generated from the capital stock thus enlarged. The Company's short term borrowings and cash resources carry interest at floating rates. The interest rate profile is managed as part of the overall investment strategy of the Company.

The impact of security price volatility is reduced by diversification and by writing covered traded options. Diversification is by type of security – ordinary shares, preference shares, convertibles, corporate fixed interest and gilt-edged – and by investment in the stocks and shares of companies in a range of industrial, commercial and financial sectors. The management of the portfolio is conducted according to investment guidelines, established by the Board after discussion with the Managers, which specify the limits within which the Managers are authorised to act.

The value of the portfolio is exposed to the risk of volatility in the prices of its constituent investments and the risk that a capital profit may be foregone if a traded option position moves "into the money" (i.e. a share price rises above the strike price of a call option or falls below that of a put option). A measure of the capital profit foregone in respect of traded options exercised in the course of the year is included in note 11 to the financial statements.

Portfolio of Investments

at 30 September 1999

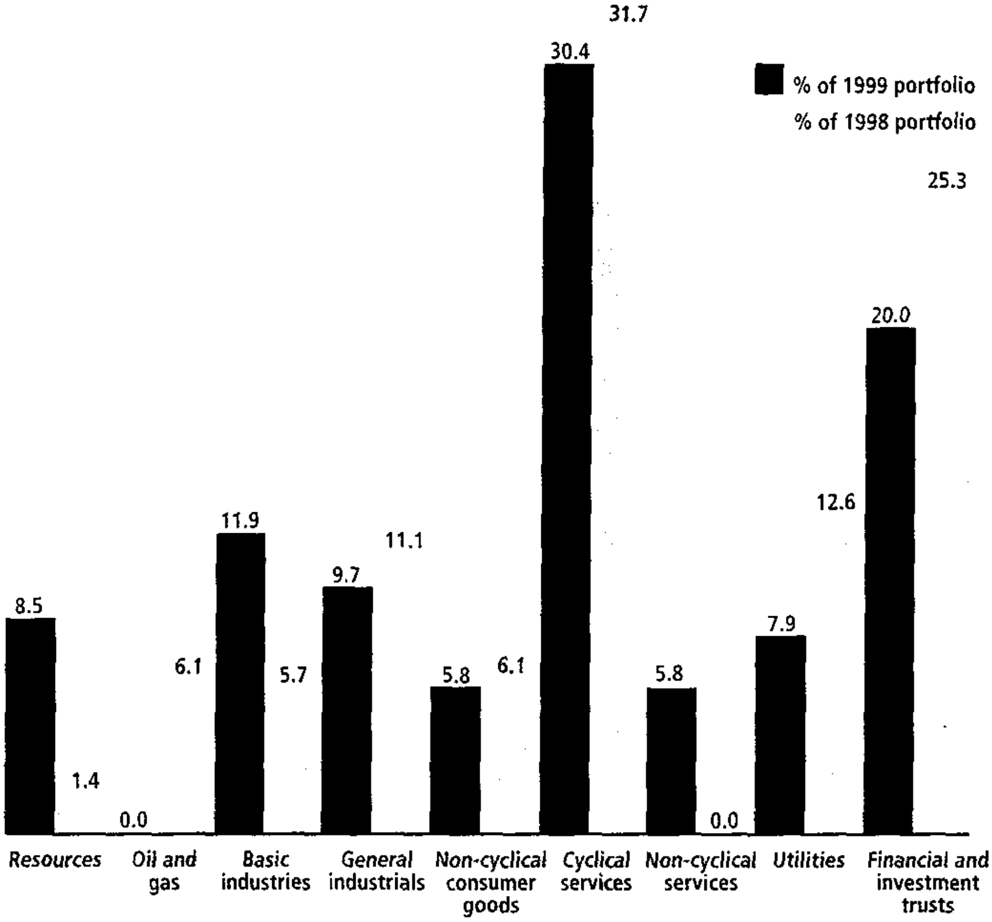
	Market value £000	% of portfolio
ORDINARY SHARES		
British Telecommunications	1,241	4.3
BP Amoco	1,128	3.9
Lloyds TSB	982	3.4
Kingfisher	944	3.3
Railtrack	882	3.1
Marks & Spencer	795	2.8
Abbey National	755	2.6
E D & F Man	741	2.6
United News & Media	731	2.5
Shell	681	2.4
Swallow	658	2.3
REXAM	651	2.3
Billiton	636	2.2
British Steel	617	2.1
Compass	596	2.1
Liberty International	593	2.1
Burmah Castrol	568	2.0
Scottish & Southern Energy	567	1.9
Tomkins	547	1.9
Dixons	541	1.9
Britannic	521	1.8
Imperial Chemical Industries	505	1.7
Legal & General	500	1.7
Carlton Communications	482	1.7
BG	482	1.7
Severn Trent	475	1.6
CGU	469	1.6
Gallaher	462	1.6
Peninsular & Oriental Deferred	458	1.6
Scottish & Newcastle	452	1.6
Scottish Power	446	1.5
General Electric	437	1.5
Stagecoach	427	1.5
Williams	373	1.3

	Market value £000	% of portfolio
ORDINARY SHARES (Continued)		
Trinity Mirror	363	1.3
Beazer	355	1.2
Bass	327	1.1
British Energy	321	1.1
Royal & Sun Alliance	305	1.0
Advance UK Trust	277	1.0
BICC	271	0.9
Tilbury Douglas	269	0.9
FKI	266	0.9
Somerfield	260	0.9
RMC	187	0.6
Express Dairies	172	0.6
Safeway	170	0.6
Shires Smaller Companies	159	0.5
Northern Foods	107	0.4
Adam & Harvey	95	0.3
	25,247	87.4
CONVERTIBLES		
British Aerospace 7.75p pref	934	3.2
BBA 6.75% pref	614	2.1
Tarmac Finance (Jersey) 9.5% bonds	384	1.3
Carlton Communications 6.5p pref	362	1.3
BICC 10.75p pref	298	1.0
Rank 8.25p pref	293	1.0
Northern Foods 6.75% pref	271	1.0
	3,156	10.9
UNQUOTED BONDS		
Paribas UK Equity Basket 8.5% 2000	488	1.7
	28,891	**100.0**

Distribution of Assets

	30 September 1999 Market Value £000	30 September 1999 % of Shareholders' Funds	30 September 1998 Market Value £000	30 September 1998 % of Shareholders' Funds
Ordinary shares	25,247	105.5	20,863	100.9
Convertibles	3,156	13.2	2,827	13.7
Unquoted bonds	488	2.0	-	-
	28,891	120.7	23,690	114.6
Net current liabilities	(4,962)	(20.7)	(3,023)	(14.6)
	23,929	**100.0**	**20,667**	**100.0**

Analysis of Portfolio



The portfolio is wholly invested in the United Kingdom.

Directors and Corporate Information

Directors

Ronald G. Hanna (Chairman)
Age 57. Joined the Board in 1995. Chief Executive of Bett Brothers plc and a non-executive Director of Edinburgh High Income Trust plc. Formerly joint group Managing Director of CALA plc.

Alastair J. Struthers
Age 70. Joined the Board in 1988 as a founder Director. Chairman of J. & A. Gardner & Company Limited. Formerly Chairman of The Scottish National Trust PLC and of Caledonian MacBrayne Limited.

Ian M. Boyd
Age 55. Joined the Board in 1990. Group Finance Director of The Weir Group PLC since 1981 and a non-executive Director of Inveresk PLC since 1993. He was a Council Member of The Institute of Chartered Accountants of Scotland from 1987 to 1993.

Norman L. Murray
Age 51. Joined the Board in February 1999. Chairman of The AiM VCT plc. Non-executive Director of Murray Venture Investment Trust plc and Cairn Energy plc. Formerly Chairman of Morgan Grenfell Private Equity Limited and Chairman of the British Venture Capital Association 1997-98.

Managers, Secretaries and Registered Office

Glasgow Investment Managers Limited
Sutherland House
149 St Vincent Street
Glasgow G2 5DR
(Regulated by IMRO)

Auditors

Deloitte & Touche

Solicitors

Maclay Murray & Spens

Stockbrokers

HSBC Securities

Bankers

HSBC Bank plc

Registrars and Transfer Office

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

Company Registration Number 111955 (Scotland)

Report of the Directors

Status of the Company

The Company, which was incorporated in 1988, has received approval as an investment trust by the Inland Revenue for the year ended 30 September 1998 and has since conducted its affairs so as to enable it to retain such approved status. It is a member of the Association of Investment Trust Companies. The Company is an investment company within the meaning of Section 266 of the Companies Act 1985. So far as the Directors are aware the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Results and Dividends

The financial statements for the year ended 30 September 1999 appear on pages 16 to 26.

A final dividend of 1.125p per share is proposed which, together with the interim dividends already paid or declared, takes the total dividends for the year to 3.0p per share (1998 - 2.9p).

Activities

The Company is an authorised investment trust. Its subsidiary undertaking, G.I.T. Securities Limited, operates as an investment dealing company.

Review of the Business

A review of the business is given in the Chairman's Statement and the Investment Managers' Review.

Directors

The Directors are shown on page 9. All held office throughout the year with the exception of N. L. Murray who was appointed on 24 February 1999. G. M. Dobbie, having attained the age of 70, retired on 16 December 1998.

I. M. Boyd retires by rotation and, being eligible, offers himself for re-election. N. L. Murray, having been appointed since the last Annual General Meeting, retires from office and offers himself for election. A. J. Struthers, having attained the age of 70, retires at the Annual General Meeting and does not offer himself for re-election.

The interests of the Directors in office at 30 September 1999 in the ordinary shares of 25p each in the Company, all of which were beneficial, were as follows:

	30 September 1999	30 September 1998
R. G. Hanna	16,432	15,773
I. M. Boyd	30,000	30,000
N. L. Murray	12,981	-*
A. J. Struthers	1,000	1,000

* At date of appointment.

As a result of standing arrangements through The Glasgow PEP to acquire shares in the Company by reinvestment of dividends, R. G. Hanna's beneficial holding has increased during the period 1 October 1999 to 5 November 1999 by one share.

There have been no other changes in the Directors' interests between the year end and 5 November 1999.

No Director has a service contract with the Company or its subsidiary undertaking.

Report of the Directors

(Continued)

Corporate Governance

The Board has put in place Corporate Governance arrangements which it believes are appropriate for an investment trust company and enable the Company to comply with the relevant Principles of Good Governance and Code of Best Practice ("the Combined Code") published by the Committee on Corporate Governance in June 1998.

The Board

The Board currently consists of four non-executive Directors who are independent of the Managers.

The Board has appointed Glasgow Investment Managers Limited to manage the Company's investment portfolio within guidelines set by the Board and to provide it with accounting and secretarial services. The Managers provide the Board with monthly reports on the Company's activities. The Board has a formal schedule of matters specifically reserved to it for decision.

The Audit Committee comprises all of the Directors of the Company. The principal role of the Audit Committee is to review the annual and interim financial statements, the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements. The external auditors attend at least one meeting of the Audit Committee per year.

Appointments of new Directors are considered by the Board as a whole. Under the Articles of Association new Directors are subject to re-election at the first Annual General Meeting after their appointment. Thereafter, Directors are required to submit themselves for re-election every three years.

Relations with Shareholders

All shareholders have the opportunity to attend and vote at Annual General Meetings at which Directors and Managers are available to discuss key issues affecting the Company.

As recommended by the Combined Code, the Company intends to announce the proxy votes cast at general meetings.

Internal Control

The Combined Code recommends that the Directors review the effectiveness of the Group's system of internal controls, including financial controls. Formal guidance on the wider aspects of internal controls will apply to accounting periods ending on or after 23 December 1999. The London Stock Exchange has advised that until then Directors may limit comments to internal financial controls.

The Directors are responsible for the Group's system of internal financial control which is designed to safeguard the Group's assets, maintain proper accounting records and ensure that financial information used within the business or published is reliable. Such a system can only be designed to provide reasonable but not absolute assurance against material misstatement or loss. The system is maintained by the Managers who provide the Board with reports on its control procedures and its system of internal financial control. An independent custodian, HSBC Bank plc, is appointed to safeguard the Group's investments, which are registered in the name of HSBC Bank plc's nominee company. The Directors confirm that they have reviewed the system that has been in operation during the year.

Report of the Directors

(Continued)

Compliance with the Provisions of the Combined Code

Subject to the special circumstances of the Company as an investment trust, the Company has complied with the provisions set out in Section 1 of the Combined Code throughout the year.

Going Concern

The Directors consider that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason they continue to apply the going concern basis in preparing the financial statements.

Payment Policy

The Company's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms. The Company does not have trade creditors.

Year 2000

The Group is dependent on the information systems of the Managers, Glasgow Investment Managers Limited, and those of counterparties to whom certain functions are delegated.

Over the past two years, the Managers' systems have been examined and re-examined by external consultants to identify hardware and software potentially non-compliant with the year 2000. Hardware found to be non-compliant was upgraded or replaced. No potential software non-compliance problems were found. Anticipated future costs are not expected to be significant.

All counterparties were checked for compliance. All were found to be either compliant or in the process of upgrading to achieve compliance. Nevertheless, the Directors must point out that although they and the Managers have done everything in their power to achieve readiness, it is impossible to guarantee that the Group will be totally immune from adverse consequences of non-compliance.

Substantial Interests

As at 5 November 1999 the Company had received notification of the following interests in its ordinary shares:

	Number of shares	% of total
Glasgow Investment Managers Limited as manager of The Glasgow TrustPlan and Plan Manager of The Glasgow PEP	5,045,507	16.3

Report of the Directors

(Continued)

Share Capital

The power given to Directors at the last Annual General Meeting to allot shares for cash otherwise than in accordance with statutory pre-emption rights expires on the date of the forthcoming Annual General Meeting. Since in certain circumstances it may be in the best interests of the Company to issue shares for cash otherwise than *pro rata* to existing shareholders, the Directors consider that it is appropriate for this power to be renewed at the forthcoming Annual General Meeting. Accordingly Resolution 6 will be proposed as a special resolution giving the Directors power to allot for cash equity securities in connection with a rights issue and, provided the shares are issued at a price not less than their underlying fully diluted net asset value, in other cases up to an aggregate nominal amount of £776,055 (being 10% of the Company's existing ordinary capital) as if Section 89(1) of the Companies Act 1985 did not apply. This authority will require to be renewed at the Annual General Meeting in 2000.

Proposed Purchase of the Company's Own Shares

On 17 December 1998 the Court confirmed the reduction of £5 million in the Company's share premium account. A special reserve of the same amount was created to be used to fund the market purchase by the Company of its own ordinary shares.

The Company is an investment company under the Companies Act 1985 and as such is prohibited from distributing its capital profits. Regulations have recently been made altering the requirements which a company must satisfy in order to qualify as an investment company. Under the amended legislation a company must, to qualify as an investment company, continue to be prohibited by its memorandum or articles of association from distributing capital profits, but that prohibition need no longer extend to distributions of capital profits by redemption or purchase of a company's own shares.

It is proposed to take advantage of the new regulations and amend the Company's Articles of Association to enable the Company to buy back its own shares without loss of investment company status. Resolution 7 will therefore be proposed accordingly.

The resolution passed at the last Annual General Meeting to authorise the Company to make market purchases of up to 14.99% of its own ordinary shares expires on the date of the forthcoming Annual General Meeting. Accordingly Resolution 8 will be proposed as a special resolution to renew this authority for a further year.

Auditors

A resolution re-appointing Deloitte & Touche as auditors and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

for **Glasgow Investment Managers Limited**

Secretaries

16 November 1999

Directors' Responsibilities in relation to the preparation of the Financial Statements

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 the Group as at the end of the financial year and of the total return of the Group for the year then ended. 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; and
- apply the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Report of the Auditors, Deloitte & Touche, to the Members of Glasgow Income Trust plc

We have audited the financial statements on pages 16 to 26 which have been prepared under the accounting policies set out on pages 19 and 20.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including, as described on page 14, the financial statements. Our responsibilities, as independent Auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, 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 1985. We also report to you if, in our opinion, the Report of the Directors 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 and other members of the Group is not disclosed.

We review whether the statement on page 12 reflects the compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the corporate governance procedures or the Group's internal controls.

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 circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 and the Group as at 30 September 1999 and of the total return of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and Registered Auditors
39 St Vincent Place, Glasgow G1 2QQ

Deloitte & Touche

16 November 1999

Consolidated Statement of Total Return

(incorporating the Revenue Account*)

for the year ended 30 September 1999

	Notes	1999 Revenue £000	1999 Capital £000	1999 Total £000	1998 Revenue £000	1998 Capital £000	1998 Total £000
Gains on investments	11	-	3,359	3,359	-	415	415
Income	2	1,439	-	1,439	1,489	-	1,489
Investment management fee	3	72	72	144	67	67	134
Other administrative expenses	4	171	17	188	183	-	183
NET RETURN BEFORE FINANCE COSTS AND TAXATION		1,196	3,270	4,466	1,239	348	1,587
Finance costs of borrowings	6	74	74	148	157	157	314
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		1,122	3,196	4,318	1,082	191	1,273
Taxation	7	125	-	125	178	-	178
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	8	997	3,196	4,193	904	191	1,095
Dividends on equity shares	9	931	-	931	900	-	900
TRANSFER TO RESERVES	20	**66**	**3,196**	**3,262**	**4**	**191**	**195**
Return per ordinary share	10	3.21p	10.30p	13.51p	2.91p	0.62p	3.53p
Dividends per ordinary share	9	3.00p			2.90p		

* *The revenue column of this statement is the consolidated revenue account of the Group.*
The accompanying notes are an integral part of this statement.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the year.
There were no movements in shareholders' funds other than the amounts shown above as transfers to reserves.

Balance Sheets

as at 30 September 1999

	Notes	Group 1999 £000	Group 1998 £000	Company 1999 £000	Company 1998 £000
FIXED ASSETS					
Investments	11	28,891	23,690	28,891	23,690
Subsidiary undertaking	12	-	-	5	5
		28,891	23,690	28,896	23,695
CURRENT ASSETS					
Debtors	13	309	559	329	566
Cash on short-term deposit		200	200	200	200
Investments of dealing subsidiary undertaking	14	102	60	-	-
		611	819	529	766
CREDITORS					
Amounts falling due within one year	15	5,573	3,842	5,573	3,842
NET CURRENT LIABILITIES		(4,962)	(3,023)	(5,044)	(3,076)
NET ASSETS		**23,929**	**20,667**	**23,852**	**20,619**
CAPITAL AND RESERVES					
Called up share capital	16	7,761	7,761	7,761	7,761
Share premium account	17	2,061	7,061	2,061	7,061
Special reserve	18	5,000	-	5,000	-
Realised capital reserve	19	5,049	2,300	5,049	2,300
Unrealised capital reserve	19	3,240	2,793	3,240	2,793
Revenue reserve	20	818	752	741	704
EQUITY SHAREHOLDERS' FUNDS		**23,929**	**20,667**	**23,852**	**20,619**
Net asset value per ordinary share	10	77.09p	66.58p		

Approved by the Board of Directors on 16 November 1999 and signed on its behalf.

R G Hanna, Chairman

The accompanying notes are integral parts of these balance sheets.

Consolidated Cash Flow Statement

for the year ended 30 September 1999

	Notes	1999 £000	1999 £000	1998 £000	1998 £000
OPERATING ACTIVITIES					
Dividends and interest received from investments			1,034		946
Income tax recovered			-		7
Deposit interest received			9		16
Dealing subsidiary receipts			-		331
Other cash received			229		242
Administrative expenses paid			(278)		(281)
Payments to and on behalf of Directors			(35)		(32)
Dealing subsidiary payments			-		(286)
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		959		943
SERVICING OF FINANCE					
Interest paid			(146)		(309)
CAPITAL EXPENDITURE					
Purchases of investments		10,942		(9,120)	
Sales of investments		(9,396)		11,473	
			(1,546)		2,353
EQUITY DIVIDENDS PAID			(915)		(869)
			(1,648)		2,118
MANAGEMENT OF LIQUID RESOURCES					
Increase in short-term deposits			-		(200)
FINANCING					
Debt due within one year - *increase/(decrease) in short-term borrowings*			1,497		(2,593)
DECREASE IN CASH	23		(151)		(675)

The accompanying notes are integral parts of this statement.

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The financial statements of the Company and of the Group have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP) issued by the Association of Investment Trust Companies in 1995 except as disclosed in note (g) below. The principal accounting policies are as follows:

(a) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust will continue to be granted.

(b) Consolidation

The Group financial statements consolidate the results of the Company and its subsidiary undertaking under the acquisition method of accounting. The Company has availed itself of the relief from showing a revenue account for the parent company, granted under Section 230 of the Companies Act 1985.

(c) Investments

Listed investments of the Company are valued at middle market prices ruling on the balance sheet date. Unlisted investments are shown at the Directors' valuation on the basis of the latest available information.

(d) Gains and losses on investment transactions

Company

Gains and losses arising on sales of investments are taken to realised capital reserve. Unrealised appreciation or depreciation of investments held is taken to unrealised capital reserve.

Investment dealing subsidiary undertaking

Investments held are shown as current assets at the lower of cost and market value. Gains and losses arising on the sale of these investments are dealt with in the revenue account.

(e) Income and expenditure

Dividends, which include the appropriate tax credits, and foreign income dividends are credited to revenue on the date when the investment is first quoted ex-dividend. The effect of this is that reported income includes dividends accrued on purchased investments up to the point of acquisition.

Premiums on traded option contracts are recognised as income whenever the options expire or are exercised.

Interest from debt securities is included on an accruals basis. Amounts receivable at the balance sheet date are included in current assets as accrued income.

Underwriting commission is taken to revenue, unless any shares underwritten are required to be taken up, in which case the commission received is deducted from the cost of the investment.

The finance costs of borrowings and the investment management fee are charged 50% to capital and 50% to revenue, net of tax relief, being the expected long term split of returns in the form of capital gains and income from the Company's entire investment portfolio.

(f) Taxation

The charge for taxation is allocated between capital and revenue on the same basis as the particular items of income and expenditure to which it relates, using the effective rate of tax for the accounting period. It takes into account taxation deferred due to timing differences in the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation at the appropriate rate is made if there is reasonable evidence that such deferred taxation will become payable in the foreseeable future.

Notes to the Financial Statements

(Continued)

(g) SORP compliance

The SORP recommends that income from preference shares should be calculated on an effective yield basis. The Company considers that the effective yield basis is not appropriate and is therefore continuing to credit preference dividends to revenue on an ex-dividend basis.

(h) Financial assets and liabilities

The Group's financial assets include investments, cash at bank and short-term debtors. Financial liabilities consist of bank loans and overdrafts, creditors arising from traded option contracts and short-term creditors. The Group has taken advantage of the exemption available in paragraph 6 of Financial Reporting Standard 13 "Derivatives and other financial instruments: disclosures" for short-term debtors and creditors.

The book value of cash at bank and bank loans and overdrafts included in these financial statements approximate to fair value because of their short-term maturity. The fair value of open traded option contracts has been determined with reference to quoted market prices (see note 15). Further details on the management of financial assets, liabilities and other financial instruments are contained in the Investment Managers' Review under the heading "Management of Risk."

2. INCOME

	1999 £000	1998 £000
Income from investments		
Franked investment income	1,068	890
UK unfranked investment income	65	48
Foreign income dividends	52	225
Scrip dividends	7	32
	1,192	1,195
Other income		
Interest receivable	8	17
Underwriting commission	7	23
Profits less losses of dealing subsidiary undertaking	42	33
Traded option premiums	190	221
	247	294
TOTAL INCOME	1,439	1,489

	1999 £000	1998 £000
Total income comprises:		
Dividends	1,192	1,195
Interest	8	17
Other	239	277
	1,439	1,489

All dividend income was received from listed UK companies.

Notes to the Financial Statements

(Continued)

3. SECRETARIAL AND MANAGEMENT FEE

Glasgow Investment Managers Limited ('GIM') acts as investment managers and secretaries to the Company under a contract which is subject to one year's notice of termination. The fee is at an annual rate of 0.5% of the amount of shareholders' funds plus long term indebtedness calculated monthly and paid quarterly. Short-term borrowings of the lower of £6,500,000 and the actual level of borrowings are included in the amount on which the fee is calculated. The value of the Company's holdings in any company from which GIM already receives a management fee is excluded. £12,500 (plus VAT) of the annual total fee is in respect of secretarial services and is allocated to revenue. The remainder of the fee is allocated 50% to capital and 50% to revenue. The Company also pays GIM an annual fee of £5,000 (plus VAT) for services in relation to the Company's participation in The Glasgow PEP.

4. OTHER ADMINISTRATIVE EXPENSES

	1999 Revenue £000	1999 Capital £000	1999 Total £000	1998 Revenue £000	1998 Capital £000	1998 Total £000
Directors' remuneration - fees	35	-	35	32	-	32
Auditors' remuneration	11	-	11	9	-	9
Fees payable to auditors for other services	8	-	8	7	-	7
Other expenses	117	17	134	135	-	135
	171	17	188	183	-	183

5. DIRECTORS' REMUNERATION

The aggregate emoluments of Directors was £34,644 (1998 - £32,500).

The highest paid Director received a total of £11,000 (1998 - £10,000).

6. FINANCE COSTS OF BORROWINGS

	1999 Revenue £000	1999 Capital £000	1999 Total £000	1998 Revenue £000	1998 Capital £000	1998 Total £000
Bank loans and overdrafts repayable within five years	74	74	148	157	157	314

7. TAXATION

Tax on franked investment income	125	-	125	178	-	178

Tax on franked investment income comprises related tax credits on dividends receivable. The rate of this tax credit is 20% of the gross amount for dividends receivable on or before 5 April 1999 and 10% of the gross amount for dividends receivable after 5 April 1999.

8. REVENUE AFTER TAXATION FOR THE FINANCIAL YEAR

The revenue after taxation for the financial year includes £968,000 (1998 - £882,000) which has been dealt with in the Company's financial statements.

Notes to the Financial Statements

(Continued)

9. DIVIDENDS ON EQUITY SHARES

	1999 pence	1998 pence	1999 £000	1998 £000
Interims paid	1.250	1.2	388	373
Interim payable	0.625	0.6	194	186
Proposed final	1.125	1.1	349	341
	3.000	2.9	931	900

10. RETURN AND NET ASSET VALUE PER ORDINARY SHARE

The returns per ordinary share are based on the following figures:

	1999	1998
Revenue return	£997,000	£904,000
Capital return	£3.196,000	£191,000
Weighted average number of ordinary shares	31.042,192	31,042,192

Net asset value per ordinary share is based on net assets attributable to ordinary shareholders of £23,929,000 (1998 - £20,667,000) and on 31,042,192 ordinary shares in issue at 30 September 1999 and 30 September 1998.

11. FIXED ASSET INVESTMENTS

	Group and Company	
	1999 £000	1998 £000
Listed on the London Stock Exchange	28,403	23,690
Unlisted	488	-
	28,891	23,690

	Group and Company £000
Cost at 30 September 1998	20,880
Unrealised appreciation at 30 September 1998	2,810
Valuation at 30 September 1998	23,690
Purchases	10,941
Sales - proceeds	(9,110)
- net gains on sales	2,912
Increase in unrealised appreciation during the year	458
Valuation at 30 September 1999	28,891
Cost at 30 September 1999	25,623
Unrealised appreciation at 30 September 1999	3,268
Valuation at 30 September 1999	28,891

Notes to the Financial Statements

(Continued)

Gains on investments

	Group and Company	
	1999 £000	1998 £000
Net realised gains on sales of investments	2,944	3,217
Movement in unrealised appreciation of investments	489	(2,453)
Effect of call options exercised	(32)	(190)
Effect of put options assigned	(31)	(155)
Movement in unrealised depreciation of traded options	(11)	(4)
	3,359	415

The cost of exercising call options and assigning put options is the difference between the market price of the underlying shares and the strike price of the options. The premiums earned on options expired, exercised or assigned of £190,000 (1998 - £221,000) have been dealt with in the revenue account.

The movement in the provision for traded options has been calculated in accordance with the accounting policy stated in note 1(e) with reference to the market value of the options at 30 September 1999, and has been charged to the unrealised capital reserve.

12. SUBSIDIARY UNDERTAKING

	Company	
	1999 £000	1998 £000
Shares at cost	5	5

The Company owns 100% of the ordinary share capital of its sole subsidiary undertaking, G.I.T. Securities Limited, an investment dealing company registered in Scotland.

13. DEBTORS

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
Amounts falling due within one year:				
Investment sales	-	285	-	285
Taxation recoverable	11	11	11	11
Accrued income	294	262	294	261
Due from subsidiary undertaking	-	-	20	8
Other debtors	4	1	4	1
	309	559	329	566

Notes to the Financial Statements

(Continued)

14. INVESTMENTS OF DEALING SUBSIDIARY UNDERTAKING

	Group	
	1999 £000	1998 £000
At lower of cost and market value:		
Listed on the London Stock Exchange	102	60

The market value of the investments held at 30 September 1999 was £102,000 (1998 - £60,000).

15. CREDITORS

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
Amounts falling due within one year:				
Bank loans and overdrafts	4,794	3,146	4,794	3,146
Dividends payable	543	527	543	527
Traded options - deferred premiums	84	52	84	52
- provision for unexpired options	28	17	28	17
Other creditors	124	100	124	100
	5,573	3,842	5,573	3,842

Interest on short-term bank loans and overdrafts is at floating rates related to LIBOR and UK base rates respectively.

The following table shows the book values and fair values of traded options at 30 September 1999:

	Group and Company			
	1999 Book value	1999 Fair value	1998 Book value	1998 Fair value
Put options	65	54	11	5
Call options	47	12	58	43
	112	66	69	48

16. CALLED UP SHARE CAPITAL

	Ordinary Shares of 25 pence each	
	Number	£000
Authorised		
At 30 September 1998 and 30 September 1999	50,000,000	12,500
Allotted, called up and fully paid		
At 30 September 1998 and 30 September 1999	31,042,192	7,761

Notes to the Financial Statements

(Continued)

17. SHARE PREMIUM ACCOUNT

	£000
At 30 September 1998	7,061
Transfer to special reserve (see note 18)	(5,000)
At 30 September 1999	2,061

18. SPECIAL RESERVE

	£000
At 30 September 1998	-
Transfer from share premium (see note below)	5,000
At 30 September 1999	5,000

This reserve was created pursuant to a special resolution passed at the extraordinary general meeting held on 11 December 1997 to fund market purchases by the Company of its own ordinary shares.

19. OTHER CAPITAL RESERVES

	Group and Company £000
Realised capital reserve	
At 30 September 1998	2,300
Net gains on sales of fixed asset investments during the year	2,912
Finance costs of borrowings	(74)
Investment management fee	(72)
Expenses relating to share buy-backs	(17)
At 30 September 1999	5,049
Unrealised capital reserve	
At 30 September 1998	2,793
Movements during year:	
Fixed asset investments	458
Traded options	(11)
At 30 September 1999	3,240

The capital reserves are not distributable.

20. REVENUE RESERVE

	Group £000	Company £000
At 30 September 1998	752	704
Transfer from revenue account	66	37
At 30 September 1999	818	741

Notes to the Financial Statements

(Continued)

21. RECONCILIATION OF NET REVENUE BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £000	1998 £000
Net revenue before finance costs and taxation	1,196	1,239
Investment management fee charged to capital	(72)	(67)
Expenses relating to share buy-backs	(17)	-
Increase in accrued income	(32)	(61)
Increase in other debtors	(3)	(1)
Increase in creditors	54	3
(Increase)/Decrease in dealing investments	(42)	12
Tax on investment income	(125)	(178)
Net payment of income tax	-	(4)
Net cash inflow from operating activities	959	943

22. ANALYSIS OF CHANGES IN NET DEBT

	At 30 September 1998 £000	Cash Flows £000	At 30 September 1999 £000
Short-term deposits	200	-	200
Bank overdrafts	(1,639)	(151)	(1,790)
Short-term borrowings	(1,307)	(1,497)	(3,004)
	(2,946)	(1,648)	(4,594)

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT

	1999 £000	1998 £000
Increase in short-term deposits	-	200
Increase in bank overdrafts	(151)	(675)
(Increase)/Decrease in short-term borrowings	(1,497)	2,593
Change in net debt	(1,648)	2,118
Net debt at 30 September 1998	(2,946)	(5,064)
Net debt at 30 September 1999	(4,594)	(2,946)

24. COMMITMENTS AND CONTINGENCIES

At 30 September 1999 the Company and Group had no contingent liabilities in respect of uncalled capital or outstanding underwriting commitments (1998 - £nil).

Information for Shareholders

Financial Calendar

1999	16 November	Annual results announcement
	16 November	Annual Report publication
	30 November	Third interim dividend 1998/99 payable
	16 December	Annual General Meeting
2000	29 February	Final dividend 1998/99 payable
	4 May	Interim results announcement
	9 May	Interim Report publication
	31 May	First interim dividend 1999/2000 payable
	31 August	Second interim dividend 1999/2000 payable
	15 November	Annual results announcement
	15 November	Annual Report publication
	30 November	Third interim dividend 1999/2000 payable
	13 December	Annual General Meeting
2001	28 February	Final dividend 1999/2000 payable

The Glasgow TrustPlan

The Glasgow TrustPlan is an investment trust savings scheme which provides private investors with a simple and economical method of investing directly in Glasgow Income Trust plc, Shires Income plc and Shires Smaller Companies plc, the investment trusts managed by Glasgow Investment Managers Limited. Investors can make monthly payments (minimum £20) or invest occasional lump sums (minimum £200). Dividends may be reinvested. Further information may be obtained from Glasgow Investment Managers on FREEFONE 0800 435 797.

Personal Equity Plans (PEPs) and Individual Savings Accounts (ISAs)

No further subscriptions to personal equity plans may be made after 5 April 1999. The Glasgow PEP is, however, continuing for existing PEPs. Transfer to The Glasgow PEP may be made from other PEPs for investment in the Company's ordinary shares. Further information may be obtained from Glasgow Investment Managers on FREEFONE 0800 435 797.

The Company's ordinary shares are available for investment in an ISA.

Share price information

The Company's ordinary shares are listed on the London Stock Exchange. The market price of the ordinary shares is shown daily in the Financial Times, The Daily Telegraph and The Herald.

Share Register enquiries

The Company's Registrars, Lloyds TSB Registrars Scotland, maintain the share register. Queries regarding shareholdings should be addressed to the Registrars on 0870 601 5366.

Analysis of Shareholders

at 30 September 1999

	Shareholders		Shares held	
	Number	%	Number	%
Category				
Named individuals	1,143	49.0	8,832,599	28.4
Named individuals in The Glasgow TrustPlan and The Glasgow PEP	686	29.4	5,095,142	16.4
Banks and nominees	440	18.9	16,476,701	53.1
Other institutions	62	2.7	637,750	2.1
	2,331	100.0	31,042,192	100.0

Ten Year Record

Year ended 30 September	Income: Revenue return per share	Income: Ordinary dividends per share	Capital: Ordinary shareholders' funds	Capital: Net asset value per share
	p	p	£000	p
1990	3.46	3.15	10,915	37.64
1991	3.33	3.20	13,834	46.96
1992	3.38	3.20	10,619	36.05
1993	2.81	2.75	14,112	47.68
1994	2.93	2.75	14,058	45.29
1995	3.06	2.80	15,165	48.85
1996	3.41	2.80	16,396	52.82
1997	2.90	2.80	20,472	65.95
1998	2.91	2.90	20,667	66.58
1999	3.21	3.00	23,929	77.09

Notice of Meeting

NOTICE IS HEREBY GIVEN that the eleventh Annual General Meeting of the Members of Glasgow Income Trust plc will be held at Clydeport plc, 16 Robertson Street, Glasgow G2 8DS on Thursday 16 December 1999 at 12 noon to transact the following business:

Ordinary Business

Resolution 1. To receive and adopt the Directors' Report and audited financial statements for the year ended 30 September 1999.

Resolution 2. To declare a final dividend.

Resolution 3. To re-elect I. M. Boyd as a Director.

Resolution 4. To re-elect N. L. Murray as a Director.

Resolution 5. To re-appoint Deloitte & Touche as Auditors of the Company and to authorise the Directors to determine their remuneration.

Special Business

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

Resolution 6. That the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ('the Act') to allot equity securities for cash as if Subsection 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited

(i) to the allotment of equity securities in connection with a rights issue where it is, in the opinion of the Directors, necessary or expedient to deal with problems under the laws of any overseas territory or the requirements of any regulatory body or any Stock Exchange in any overseas territory or in connection with fractional entitlements to allot equity securities otherwise than in compliance with Subsection 89(1) of the Act; and

(ii) to the allotment (otherwise than pursuant to (i) above) of ordinary shares up to an aggregate nominal amount of £776,055 at a price per share not less than the fully diluted net asset value of an ordinary share in the Company calculated as at the close of business on the immediately preceding business day,

and shall expire at the conclusion of the Annual General Meeting of the Company in 2000 but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired and for this purpose words and expressions defined in or for the purpose of Part IV of the Act shall bear the same meanings in this resolution.

Resolution 7. That the Articles of Association of the Company be and are hereby amended as follows:

(i) by deleting from Article 120 the phrase "(other than shares of the Company or its holding company, if any)"; and

Notice of Meeting

(Continued)

(ii) by adding the words "Subject as hereinafter provided" at the beginning of the first sentence of Article 121 and by inserting at the end of that sentence, immediately after the words "stock issued", the following proviso: "provided that the Company may redeem or purchase its own shares, in accordance with section 160 or 162 of the Act, out of its capital profits."

Resolution 8. *That the Company be and it is hereby generally and unconditionally authorised to* make market purchases of any of its own ordinary 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 aggregate nominal value of the ordinary shares hereby authorised to be acquired shall be limited to £1,163,306, being equal to approximately 14.99 per cent of the ordinary shares in issue;

(ii) the maximum price which may be paid for any ordinary shares shall not exceed an amount equal to 105 per cent of the average of the market values of such ordinary shares, as defined in the Listing Rules of the Stock Exchange, for the five business days before the purchase is made and the minimum price shall be 25p per ordinary share (in each case exclusive of expenses); and

(iii) the authority hereby conferred shall expire (unless previously revoked or renewed) on 16 December 2000 or at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, whichever is the later, provided that the Company may before such expiry make any contract of purchase of ordinary shares 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.

By Order of the Board

Glasgow Investment Managers Limited
Secretaries

16 November 1999

Note:
A member of the Company entitled to attend and vote at the Meeting may appoint a proxy to attend and on a poll vote in place of him. A proxy need not be a member of the Company. A form of proxy is enclosed which, if required, should be completed in accordance with the instructions thereon. Completion and return of the proxy will not preclude a member from attending and voting in person.

Glasgow Investment Managers Limited

(Regulated by IMRO)

Glasgow Investment Managers, the company which manages Glasgow Income Trust plc, is a subsidiary of Shires Income plc.

Glasgow Investment Managers also manages:

- Shires Income plc
- Shires Smaller Companies plc
- Glasgow Integrated Pension Scheme Investments Exempt Fund
- GIPSI UK Equity Exempt Fund
- GIPSI Reserve Exempt Fund

and investment portfolios for a friendly society, pension funds and charities.

GLASGOW

INVESTMENT MANAGERS

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