



Group summary

Temple Bar Investment Trust PLC's ('the Group') investment objective is to provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Group's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the constituents of the FTSE 100 Index.

The Group's full objective and policy is set out on page 16.

Benchmark

Performance is measured against the FTSE All-Share Index.

Total assets less current liabilities

£603,444,000

Total equity

£540,022,000

Market capitalisation

£521,808,098

Capital structure

Ordinary shares	58,961,367 shares
5.5% Debenture Stock 2021	£38,000,000
9.875% Debenture Stock 2017	£25,000,000

Voting structure

Ordinary shares 100%.

Winding-up date

None

Manager's fee

0.35% per annum based on the value of the investments (including cash) of the Group.

References to "Manager" in this document mean Investec Asset Management Limited and references to "Portfolio Manager" mean Alastair Mundy.

ISA status

The Group's shares qualify to be held in an ISA.

Association of Investment Companies (AIC): Member

www.templebarinvestments.co.uk

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The front cover shows Temple Bar, situated in Paternoster Square, London, near St Paul's Cathedral.

Summary of results

Assets as at 31 December	2010 £000	2009 £000	% change
Consolidated net assets	540,022	489,988	10.2

Ordinary shares

Net asset value per share	915.89p	831.03p	10.2
Net asset value per share adjusted for market value of debt	901.50p	823.03p	9.5
Market price	885.00p	756.00p	17.1
Discount with debt at book value	3.4%	9.0%	
Discount with debt at market value	1.8%	8.1%	

Revenue for the year ended 31 December	£000	£000
Revenue return attributable to ordinary shareholders	18,915	20,017
Revenue return per ordinary share	32.08p	33.98p
Dividends per ordinary share – interim and proposed final	34.20p	33.50p

Capital for the year ended 31 December

Capital return attributable to ordinary shareholders	50,873	128,246
Capital return attributable per ordinary share	86.28p	217.70p

Total expense ratio*	0.44%	0.46%
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Total returns for the year to 31 December 2010	%
Return on net assets	15.2
Return on gross assets	14.0
Return on share price	22.0
FTSE All-Share Index	14.5
FTSE 350 Higher Yield Index	6.2
Change in Retail Prices Index over year	4.8

Dividend yields (net) as at 31 December 2010	%
Yield (historic) on ordinary share price (885.00p)	3.8
Yield on FTSE All-Share Index	2.9
Yield on FTSE 350 Higher Yield Index	4.3

* Management fees and all other operating expenses (including tax relief, where allowable, but excluding interest payments and commissions) expressed as a percentage of average month-end net assets over the year.

Directors

John Reeve

John Reeve, Chairman, aged 66, was appointed a director in 1992. He was formerly executive chairman of the Willis Group, group managing director of Sun Life Assurance Society and a member of the boards of the Association of British Insurers and the International Insurance Society. He is a director of a number of other companies.

Arthur Copple

Arthur Copple, aged 56, was appointed a director in February 2011. He has specialised in the investment company sector for over 30 years. He was a partner at Kitcat & Aitken, an executive director of Smith New Court PLC and a managing director of Merrill Lynch. Currently, he acts as an advisor to investment management groups and is a director of a number of other companies.

Richard Jewson*

Richard Jewson, aged 66, was appointed a director in 2001. He first worked in the timber and building material supply industry, becoming managing director of Jewson, the builders' merchants, for twelve years from 1974, and then managing director and chairman of its parent company Meyer International PLC from which he retired in 1993. He is currently chairman of Raven Russia Limited and Archant Limited, and a non-executive director of Grafton Group PLC and other private companies.

June de Moller

June de Moller, aged 63, was appointed a director in 2005. She is a non-executive director of Derwent London PLC, Archant Limited and a former managing director of Carlton Communications PLC. She was previously a non-executive director of J Sainsbury PLC, Cookson Group PLC and BT PLC.

Martin Riley

Martin Riley, aged 67, was appointed a director in 2004. He had 30 years' experience in stockbroking and fund management in the City and is a former director of Henderson Crosthwaite Ltd, Guinness Mahon & Co Ltd and Barlows PLC. He is currently chairman of SR Europe Investment Trust PLC and Howard Investment Company Ltd and a director of various private investment companies.

David Webster

David Webster, aged 66, was appointed a director in 2009. His career started in corporate finance at Samuel Montagu before becoming a founder and subsequently chairman of Safeway PLC from which he retired in 2004. He is currently chairman of InterContinental Hotels Group PLC and a non-executive director of Amadeus IT Holdings SA. He has a wide range of other business interests including membership of the Appeals Committee of the Panel on Takeovers and Mergers. He was previously a non-executive director of Reed Elsevier PLC.

All the directors are independent and members of the audit and nomination committees.

* Chairman of the audit committee and Senior Independent Director.

Below, left to right: John Reeve, Martin Riley, June de Moller.
Bottom, left to right: Richard Jewson, David Webster, Arthur Copple.



Management and administration

Investment manager

Investec Asset Management Limited
Authorised and Regulated by the Financial Services Authority
 Portfolio Manager, Alastair Mundy
 2 Gresham Street
 London EC2V 7QP
 Telephone No. 020 7597 2000
 Facsimile No. 020 7597 1803

Registered office

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 London EC2V 7QP
 Secretary:
 Investec Asset Management Limited, represented by
 M K Slade

Registered number

Registered in England No. 214601

Registrar

Equiniti Limited
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA
 Telephone No: 0871 384 2432 (shareholder helpline)
 0906 559 6025 (broker helpline)

Savings Scheme administrator

Capita IRG Trustees Limited
 The Registry
 34 Beckenham Road
 Beckenham
 Kent BR3 4TU
 Telephone No: 0871 664 0335

Registered auditor

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

Bankers and custodian

HSBC Bank plc
 Poultry
 London EC2P 2BX

Stockbrokers

JPMorgan Cazenove
 20 Moorgate
 London EC2R 6DA

Solicitors

Eversheds LLP
 1 Wood Street
 London EC2V 7WS

Right: Martin Slade (Secretary)
 Far right: Alastair Mundy (Portfolio Manager)



Chairman's statement

Performance

The total return on the net assets of Temple Bar during 2010 was 15.2%, which compares with a total return for the FTSE All-Share Index of 14.5%. The return achieved comprises a small underlying relative portfolio underperformance, more than offset by the capital gearing of the Trust. In share price terms this outcome was enhanced by the discount on Temple Bar's shares narrowing over the year. It is pleasing to report that over the past five years the Portfolio Manager continues significantly to outperform the benchmark established by the Board.

2010 was a much better year for dividends than initially had been expected, with dividend growth from many of the stocks in the portfolio. In common with most other income focused funds, overall income growth was affected by the loss of the BP dividend following the tragic accident in the Gulf of Mexico. This contributed to a post-tax earnings decline of 5.5% in 2010.

The Board is recommending a final dividend of 23.7p, to produce a total increase of 2.1% for the year. If approved, this dividend will be payable on 31 March 2011 to

shareholders on the register at 18 March 2011. This would be the 27th consecutive year in which the dividend has been increased.

In recent years the relationship between the size of the interim and final dividends has become unbalanced. Accordingly, it is the Board's intention to enhance the next interim dividend and, correspondingly, to reduce the next final dividend in order to bring payments to shareholders into better alignment.

The Temple Bar dividend was not fully covered by revenue in 2010, with £1.3 million being transferred from the revenue reserve. Compared with the previous year's surplus of £0.2 million, the shortfall arose from a combination of the loss of the BP dividend (c£1.3 million) and the elimination of the one-off benefit in 2009 of the refund of VAT payments and related interest (£1.6 million), partially offset by an increase in other dividend income of £1.4 million. The loss of the BP dividend was only temporary, with payments due to be resumed at approximately 50% of the former level during the current year. The Board considers that the use of the revenue reserve to sustain



dividends to shareholders during such an exceptional and temporary event to be justified. After this transfer and post payment of the final dividend, the revenue reserve represents about 88% of the 2010 annual dividend payment.

At the year-end, capital gearing, defined as gross assets divided by net assets, was 112%. However, cash and near cash assets together with the short-dated bond portfolio are currently offsetting virtually all of this gearing.

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Chairman's statement continued

Board of Directors

As indicated in my statement last year, Field Walton retired from the Board in March 2010 after 27 years of loyal service. I am pleased to report that we have appointed Arthur Cople as an additional director. He has a wealth of experience of the investment trust sector and I am confident that he will make a substantial contribution in the years to come. In common with all the directors on the Board, Arthur is fully independent of the management company.

Annual General Meeting

The 2011 Annual General Meeting will be held at 2 Gresham Street, London EC2V 7QP on Tuesday 29 March 2011 at 11.00am. I look forward to meeting as many of you as are able to attend. In addition to the formal business of the meeting the Portfolio Manager, Alastair Mundy,

will make a presentation reviewing the past year and commenting on the outlook. He will also be available to answer questions.

Outlook

The Portfolio Manager provides a detailed outlook in his report; his main message is that there are far fewer compelling investment opportunities than was the case a few years ago. This is nothing new; markets move in cycles and, as always, patience will be key.

The Board continues to evaluate the potential revenue generation of the portfolio by assessing a number of scenarios. As usual, the high number of variables that drive the forecasts result in a wide range of possible outcomes, but it is clear that the portfolio needs to eliminate any deficit between dividends received and dividends paid as a priority.

The Portfolio Manager, and his team, remain committed to their in-depth, stock specific contrarian approach to investing. Their excellent long-term performance is a reflection of their dedication to their roles. They will continue to adhere to their disciplined process in very variable market conditions.

John Reeve

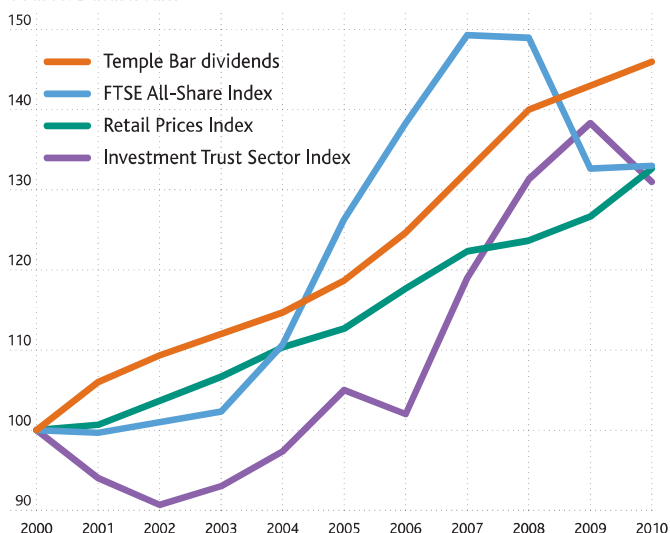
Chairman

23 February 2011

2010 was a much better year for dividends than initially had been expected, with dividend growth from many of the stocks in the portfolio.

Comparative dividend growth

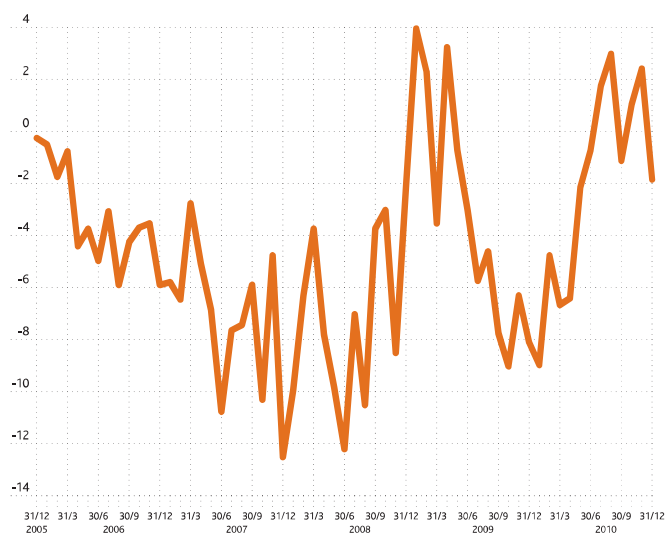
Source: Datastream



Performance summary

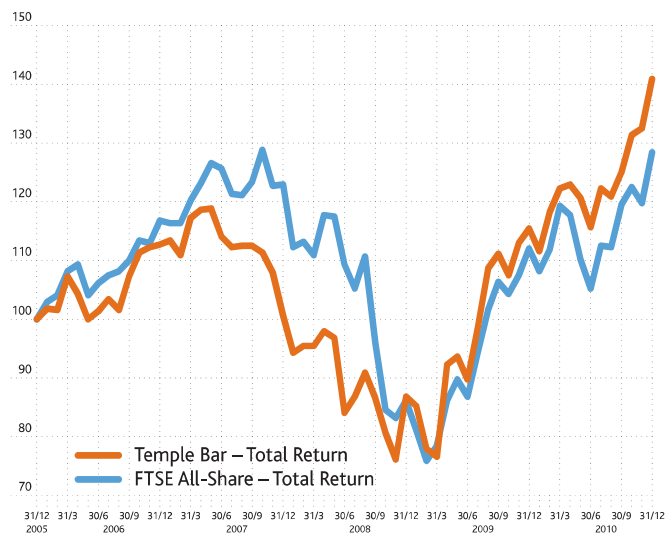
(Discount)/premium to net asset value

Source: Datastream



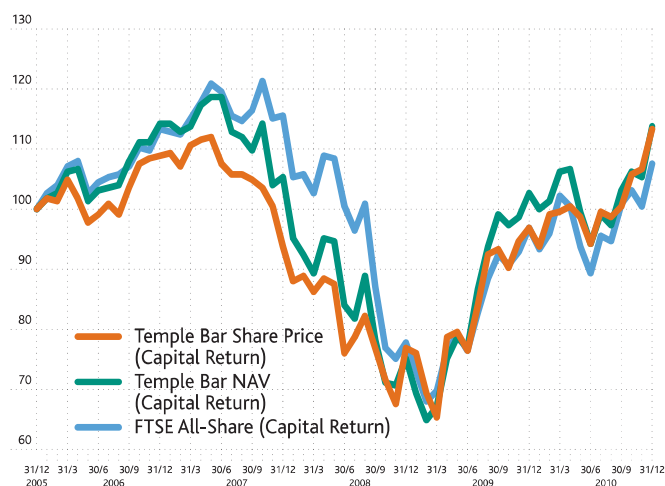
Share price total return

Source: Datastream



Net asset value capital return

Source: Datastream



Ten year record

	2001	2002	2003 ¹	2004	2005 ²	2006	2007	2008	2009	2010
Total assets less current liabilities (£000)	419,292	341,066	395,341	462,254	532,965	598,485	557,712	422,408	553,392	603,444
Group net assets (£000)	356,292	278,066	332,341	398,880	469,621	535,128	494,340	359,020	489,988	540,022
Net assets per ordinary share (pence)	615.43	480.24	573.88	688.78	804.96	917.25	847.33	612.76	831.03	915.89
Revenue return to ordinary shareholders (£000)	14,198	14,674	16,483	15,851	17,076	17,620	19,361	20,614	20,017	18,915
Revenue return per share (pence)	24.56	25.34	28.46	27.37	29.35	30.20	33.19	35.33	33.98	32.08
Net dividends per share* (pence)	24.84	25.59	26.23	27.02	27.83	29.23	30.98	32.84	33.50	34.20

Notes

¹ In 2003 there was a change of policy on the charging of finance expenses and management fees such that 60% of these (previously 50%) are now charged to capital. No prior years have been restated.

² In 2005 the Group adopted International Financial Reporting Standards. As a result the 2004 data has been restated but no prior years have been restated.

* Interim and proposed final for the year.

Manager's report



The famous stock market proverb that 'bull markets climb a wall of worry' – typically wheeled out by smug bulls eager to ignore bearish commentary – was oft-quoted in 2010. Negative issues such as the travails of various European economies, the disintegrating Irish banking industry, increasing commodity prices and the deepening malaise in US housing were shrugged off as equities moved relentlessly higher. Successive market corrections were increasingly benign as investors

concluded that virtually all economic scenarios were beneficial for equity markets. The bull market fire was stoked further when Ben Bernanke, the Chairman of the US Federal Reserve, explained in a newspaper article that one of the main objectives of the second bout of Quantitative Easing was specifically to move equity prices higher.

With investors in such gung-ho mood, there was little appetite for anything too dull or boring. Instead good corporate news was rewarded, irrespective of its source. Investors sought those companies offering evidence of recovery in western markets, those offering thematic growth prospects or with a strong emerging market presence or even those simply lucky enough to be marked out as 'quality' companies. In this environment, investors generally shied away from larger companies and this was reflected in the performance of the major indices during the year: the FTSE Small Cap Index rose 16.3%, the FTSE Mid Cap Index rose by 24.2% and the FTSE 100 Index by 9.0%.

As it became clear that short-term interest rates were likely to be lower for longer, investors in cash were

inclined to drop their defences and scout about for 'almost as good' – assets with similar or better yields and of almost equal quality. Clearly in 2009, bonds fitted the bill perfectly. Offering a high yield and relative safety, holders of cash did not need to move far from their circle of competence to boost their yield. However, as bond yields ground lower, investors were persuaded that equities were a more than acceptable replacement for cash. How, they asked, could a stock yielding 3, 4 or 5% not be attractive? (Apparently they asked this with a straight face despite the illusorily high yields of various banking shares just three years ago.)

It is interesting that the current equity market recovery from the bear market lows has been one of the strongest on record. The few bulls there were at the bottom were certainly not suggesting that by the end of 2010 equity markets would be back to levels last reached before the bankruptcy of Lehman Brothers. While a number of reasons have been proffered for this super strength, we believe that much of it is due to the huge bounce in corporate profitability. Many companies cut

The current equity market recovery from the bear market lows has been one of the strongest on record.

Manager's report continued

costs aggressively in the downswing and avoided replacing them as turnover increased, thus producing a significant boost to their bottom lines.

The result of this leap in profitability is that, relative to its historic trends, corporate profitability as a share of GDP is stretched. Of course, it could move further from its long-term average, but our expectation is that it will, at some point, mean revert. Many strategists believe current profitability points to the rude health of the body corporate, but an alternative explanation is that it illustrates the paucity of labour power or a significant lack of capital investment in recent years. Higher profits do not come from thin air; they are merely a transfer of value. When this transfer is a positive for companies, investors are prone to excitement, but with many companies operating at, or near, their peak margin we find it difficult to enthuse about their prospects.

Importantly, it is not just that earnings are cyclically high, but that investors must pay quite a lot for those earnings. This has not historically proved to be a great point from which to generate high returns. Ideally of course, one would wish to

Our investment style focuses on out of favour companies whose operational performance is some distance below their potential. Currently, there are relatively few such companies.

buy shares when low levels of profitability are available at low ratings. Usually this can only be implemented one purchase at a time although sometimes whole swathes of the market become available at these bargain prices.

Portfolio Activity

Against this backdrop of strong profitability and full valuations it will be no great surprise that our activity has been fairly low. Our investment style focuses on out of favour companies whose operational performance is some distance below their potential. Currently, there are relatively few such companies and, of those we have investigated, we often found sufficient barriers to discourage any urge to become shareholders.

In the interim report we

highlighted purchases of UK Commercial Property, British Land, SIG and Qinetiq. We added to the latter two in the second half of the year. Qinetiq had moved lower after our initial acquisition as investors feared the impact of large cuts in government defence spending and SIG continued to lag behind its closest peers in terms of both operational and share price performance. We also added to our holdings in Grafton and Kingspan, which appeared to be restrained by their Irish status; well discounted in the shares of the former and virtually irrelevant in the latter.

Three new international holdings were introduced to the portfolio during the year: Pfizer, Medtronic and Avon Products. Pharmaceutical stocks have been in the doldrums for some

Portfolio distribution %	Temple Bar portfolio %	FTSE All-Share Index %
Oil & Gas	14.39	16.86
Health Care	12.27	6.91
Industrial Goods & Services	11.97	7.06
Cash & Fixed Interest	10.10	–
Telecommunications	8.36	6.02
Retail	7.76	4.29
Banks	7.28	12.16
Food & Beverage	6.29	5.17
Personal & Household Goods	5.63	5.96
Real Estate	3.77	1.65
Technology	3.24	1.57
Utilities	3.06	3.69
Travel & Leisure	2.28	2.71
Basic Resources	1.45	13.54
Construction & Materials	1.44	0.23
Media	0.61	2.66
Chemicals	0.10	0.54
Automobiles & Parts	–	0.19
Insurance	–	3.69
Financial Services	–	5.10
	100.00	100.00

Manager's report continued

time with pressure coming from many sides: concerns over patent expiries, the introduction of competing generic drugs, worries that pricing power would continue to be eroded, tighter regulatory requirements on new drugs and the continuing lack of blockbuster drugs in development. Some of these are indisputable while others may simply be transient and requiring a change of luck. For example, it is clearly impossible to forecast the profile of the development of a successful new blockbuster drug. Pfizer shares many of the industry's woes and has a particularly unattractive patent 'cliff' as its biggest selling drug Lipitor comes off-patent this year. However, we believe that investors are generously compensated for the well-aired negatives with strong balance sheets, attractive ratings and high dividend yields. The acquisition of Pfizer also allows us to diversify our exposure in the sector away from the UK-listed stocks.

Medtronic is a manufacturer of medical products such as heart pacemakers, drug-eluting stents and defibrillators. It is the market leader in almost every area in which it operates and has generated sector leading margins for the last fifteen

years. Medtronic's products' growth rates have slowed in recent years and the company has also experienced specific problems with product recalls and regulatory investigations. However, the shares now discount a pretty dismal future and one which we think is unlikely given the company's many positive attributes.

Avon Products has been selling cosmetics door-to-door for over one hundred years and currently has 5.8 million representatives in 66 countries. Its estimated market share of the global 'direct selling' market is 29%. Competition in many of Avon's markets has impeded its progress in recent years and necessitated a large restructuring of the business. However, to date there has been little of positive note to come from the restructuring and investor patience is clearly running out. We believe that the Avon franchise remains strong and is bruised rather than bust. Perhaps a

more aggressive management of assets is required to optimise the company's profitability, but we are comfortable that the current valuation provides a good margin of safety against short-term margin erosion.

As we move into a new year, we once again find ourselves defending our large holdings in a number of the biggest stocks in the equity market. Despite offering some of the lowest valuations and highest yields, many of these stocks, such as Royal Dutch Shell and GlaxoSmithKline, continue to make little headway against the market. A number of investors seem convinced that big can never be beautiful, but we think there is a risk that current trends are simply being extrapolated. We see as many, if not more, positives to size as negatives and, therefore, do not believe there is any fundamental reason why there should not be a snapback in

As we move into a new year, we once again find ourselves defending our large holdings in a number of the biggest stocks in the equity market.

Manager's report continued

performance. There has undoubtedly been sizeable selling of these stocks by large institutions over recent years and there has not been sufficient good news to help supply replacement shareholders. However, we stand by the remarks made in last year's report and believe that when investors return to the more mundane strategy of getting rich slowly then the positive characteristics of these shares will be highlighted.

Attribution

As can be seen from the attribution analysis below the big winner on the portfolio during 2010 was Signet Jewelers. This was a double relief because not only was it one of the largest holdings, but it was also a stock about which we have written in detail over the years (the closest to a curse a fund manager can place on one of his holdings). The holding in Signet is now the third largest on the portfolio, but we are reluctant to sell the shares until they move closer to our, reasonably conservative, estimate of fair value. Other plus points were BT, which finally showed signs of improving operational performance and some of our holdings in smaller companies, Devro, Games Workshop

and Computacenter. Perhaps somewhat surprisingly in a year when equities performed so well, the Exchange Traded Fund ('ETF') we held in gold shares also performed strongly.

The analysis below takes into account the impact of stocks not held in the portfolio. It is evident from this that performance was held back by our continued reluctance to invest in (non-gold) mining stocks and our large position in 'mega cap' stocks such as GlaxoSmithKline, AstraZeneca, HSBC and Unilever.

The worst individual stock performance was H&R Block, following its strong performance after we had purchased it in 2009. Although the company's core tax return business continued to disappoint, the main reason for the shares' underperformance was due to a business the company no longer owns. Option One was a sub-prime mortgage lender which Block sold in 2007. However, Block retained a contingent liability guaranteeing the quality of the mortgages which it had sold into securitisations. As the US housing and mortgage market unwound, these contingent liabilities grew and while Block has experienced far lower claims (in percentage terms)

than all of its peers we were unable to obtain sufficient comfort to allay our concerns that a dramatic deterioration could significantly affect Block's equity value and, consequently, decided to sell the shares.

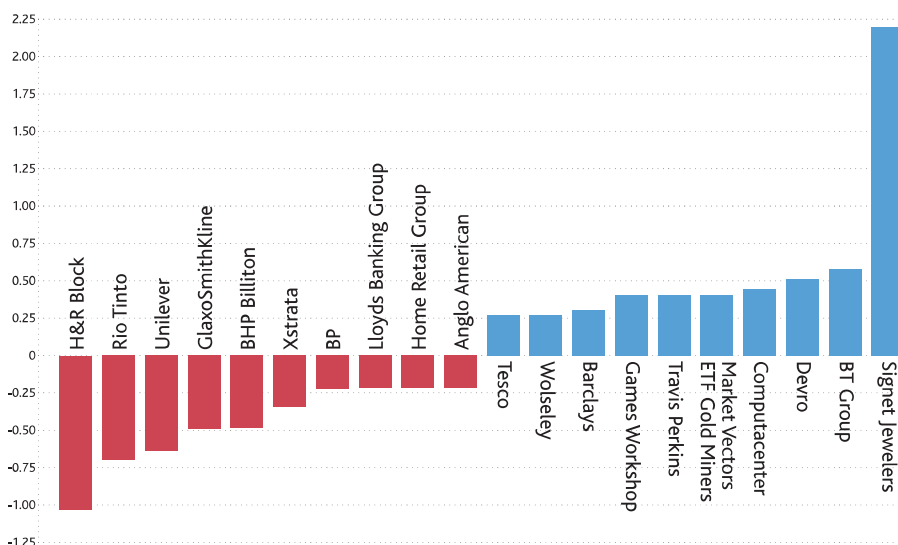
Revenue

The major variable on the revenue generated in 2010 relative to our original expectations was the significant reduction in dividends received from BP. As we highlighted in our interim report, the company suspended its dividend after the Deepwater Horizon rig disaster. However, income received on the rest of the portfolio significantly exceeded expectations, slightly more than offsetting the BP shortfall, but still left a deficit that was made good by partial use of the revenue reserve.

Our original forecast for 2011 showed another, but smaller, revenue deficit, although the recently announced reintroduction of a modest dividend by BP should eliminate most of this shortfall. As ever, the revenue account is most vulnerable to significant changes in the relationship between sterling and the US dollar and to individual dividend cuts.

Attribution analysis by stock %

Source: Datastream



Manager's report continued

We are currently in a position where we are more comfortable sticking with the stocks we own than swapping them for alternatives. However, we are confident that interesting prospects will make themselves known and we remain ready to pounce.

Gearing

As with 2009 we held a significant amount of cash, similar liquid assets and corporate bonds and ended the year with 10.1% of the portfolio in such assets. As we have stated before, we do not use gearing to fund short-term punts on market direction. We believe this is a foolhardy strategy with a decent chance of ending in disaster. Ultimately, hubris invites the investor to believe he can consistently read market runes and will encourage a badly timed and over-sized bet.

Despite its apparent drag on performance, we enjoy holding short-term liquidity. The discipline this provides, ensures that we purchase only shares in which we have high conviction. It would be relatively

straightforward to ensure a fully invested position, but we have historically found that this simply encourages the use of fillers. We believe that the patient investor is ultimately rewarded generously for his inactivity.

Outlook

The current conventional wisdom is that the world's monetary authorities could not possibly match the 'mistake' that allowed Lehman Brothers to go bankrupt and created widespread market fears. The view is that equity markets' point of maximum vulnerability has therefore passed. It is a rather endearing feature of investors that, whatever unexpected events occur, the majority still believe that the powers that be are in control of

the situation. It is, however, rather likely that the aphorism 'don't fight the Fed' does not stand up to much detailed analysis.

While we enjoy a party as much as the next person, we do however become a touch nervous when investors lose their fear of the unknown and confidently assert that the future will be bright. Most perversely, some seem to believe that, even if conditions deteriorate, this would be good news too, as it would catalyse extremely radical, and equity positive, monetary policy.

We refuse to be seduced by market 'trends' or macro-economic pronouncements. Instead, we remain focused on individual stock opportunities. We are currently in a position where we are more comfortable sticking with the stocks we own than swapping them for alternatives. However, we are confident that interesting prospects will make themselves known and we remain ready to pounce.

Alastair Mundy

For Investec Asset Management Limited
23 February 2011

Portfolio of investments

Company	Supersector	Place of listing	Valuation 2010 £000	%
<p>Royal Dutch Shell Royal Dutch Shell is a global oil and gas company. It is the largest energy company in the world measured by revenues and is one of the six oil and gas "supermajors". It is vertically-integrated and is active in every area of the oil and gas industry, including exploration and production, refining, distribution and marketing, petrochemicals, power generation and trading. Its existing businesses are concentrated in OECD countries.</p>	Oil & Gas	UK	47,255	7.88
<p>HSBC HSBC Holdings, Europe's largest banking company and the third largest in the world, is the leading international banking group in Asia (ex Japan) with a strong presence in the Middle East, North and South America and the UK. Its regional banking franchises are largely focused on retail banking and consumer finance, but the group also has strong foreign exchange and treasury capabilities based on trade finance skills. Approximately half its assets are in Europe, a quarter in the Americas and a quarter in Asia.</p>	Banks	UK	43,538	7.26
<p>Signet Jewelers Signet is the world's largest specialty retail jeweller. The group has c550 stores in the UK (c20% of sales). In the US the group operates over 1,300 stores. It owns the largest mall-based chain, a jewellery superstore chain Jared (180 stores) and a number of regional brands. In the US approximately 75% of sales are diamond jewellery; in the UK this is 35% and rising.</p>	Retail	UK/USA	39,958	6.66
<p>BP BP is a global oil and gas company. It is the third largest energy company by revenues and one of the six oil and gas "supermajors". It is vertically-integrated and is active in every area of the oil and gas industry, including exploration and production, refining, distribution and marketing, petrochemicals, power generation and trading. Although the company has operations on every continent, its existing businesses are concentrated in OECD countries.</p>	Oil & Gas	UK	39,855	6.64
<p>GlaxoSmithKline GlaxoSmithKline is a global, and increasingly diversified, health care company with leading positions in large therapeutic areas such as respiratory, anti-infectives, diabetes and central nervous system disorders. The company has a consumer health division that markets a number of over-the-counter, oral health and nutritional health care products. GlaxoSmithKline has one of the largest pipelines of new drugs and innovative vaccines in the industry. Its pipeline is now beginning to deliver a number of drugs and emphasis is increasingly placed on innovation.</p>	Health Care	UK	38,351	6.39

Portfolio of investments continued

Company	Supersector	Place of listing	Valuation 2010 £000	%
<p>Unilever Unilever is one of the world's leading companies in food manufacturing, household products and personal care. The group's activities cover a number of categories including detergents, deodorants, hair care, ice cream, frozen food, spreads and culinary. Unilever operates a range of global and regional brands including Dove, Axe, Ben & Jerry's, Cif and Domestos throughout the developed and developing world.</p>	Food & Beverage	UK	34,439	5.74
<p>Vodafone Vodafone Group is the world's leading mobile telecommunications company by revenue, with a significant presence in Europe, the Middle East, Africa, Asia Pacific and the United States (through its partnership with Verizon on Verizon Wireless) and the world's second largest measured by subscribers with around 330 million relationships with subscribers.</p>	Telecommunications	UK	28,657	4.78
<p>Travis Perkins Travis Perkins is a leading UK builders' merchant and DIY retailer with 962 merchant branches, 195 DIY stores and 92 tile stores in the UK and a merchandising market share of 16% and a DIY market share of 8%. It has a strong track record of growth, cash generation and high returns from its merchandising operations, with industry leading EBITA margins. In December 2010, the group acquired BSS Group, adding to the UK merchandising network. All of the group's sales are generated in the UK. Travis Perkins generates more than half of its sales from repair, maintenance and improvement providing some defensiveness relative to its building exposure.</p>	Industrial Goods & Services	UK	24,282	4.05
<p>AstraZeneca AstraZeneca is a pure pharmaceutical company with blockbuster drugs focused on anti-cholesterol, ulcers and schizophrenia driving historic revenue growth. Emerging market sales growth is strong and this should be a material driver of growth over the next few years. AstraZeneca needs new medicines as it faces material and sustained generic competition over the period 2011-2014 for its highly profitable blockbuster drugs. AstraZeneca has shown strong cost management in recent years.</p>	Health Care	UK	23,732	3.96
<p>BT BT is one of the largest telecommunications services companies in the world and is the UK incumbent operator for fixed line telecom services. Through its BT Global Services division it is a leading supplier of telecommunications services to corporate and government customers worldwide and its BT Retail division is a leading supplier of telephony, broadband and subscription television services in the UK, with over 18 million customers.</p>	Telecommunications	UK	20,166	3.36
Top ten investments			340,233	56.72

Portfolio of investments continued

Company	Supersector	Place of listing	Valuation 2010 £000	%
British American Tobacco	Personal & Household Goods	UK	16,444	2.74
Investec Sterling Liquidity Fund	N/A	Ireland	14,180	2.36
Charter International	Industrial Goods & Services	UK	14,097	2.35
Centrica	Utilities	UK	11,480	1.91
Invensys	Technology	UK	10,707	1.79
UK Commercial Property Trust	Real Estate	UK	10,668	1.78
Grafton Group	Industrial Goods & Services	UK/Ireland	9,487	1.58
Pfizer	Health Care	USA	9,132	1.52
Computacenter	Technology	UK	8,884	1.48
Market Vectors – ETF Gold Miners	Basic Resources	USA	8,804	1.47
Top twenty investments			454,116	75.70
Kingspan Group	Construction & Materials	UK/Ireland	8,260	1.38
Paddy Power	Travel & Leisure	UK/Ireland	8,219	1.37
Qinetiq Group	Industrial Goods & Services	UK	7,917	1.32
Drax Group	Utilities	UK	7,043	1.17
Wolseley	Industrial Goods & Services	UK	6,939	1.16
British Land REIT	Real Estate	UK	6,501	1.08
Imperial Tobacco Group	Personal & Household Goods	UK	6,047	1.01
Avon Products	Personal & Household Goods	USA	5,831	0.97
Land Securities REIT	Real Estate	UK	5,608	0.93
Compass Group	Travel & Leisure	UK	5,551	0.93
Top thirty investments			522,032	87.02
Games Workshop Group	Personal & Household Goods	UK	5,533	0.92
Nationwide 03/49 Variable Perpetual	Fixed Interest	UK	5,412	0.90
Nationwide 12/49 Variable Perpetual	Fixed Interest	UK	4,736	0.79
Home Retail Group	Retail	UK	4,654	0.78
Filtrona	Industrial Goods & Services	UK	4,240	0.71
SIG	Industrial Goods & Services	UK	3,952	0.66
Devro	Food & Beverage	UK	3,449	0.57
Future	Media	UK	3,374	0.56
Medtronic	Health Care	USA	3,054	0.51
Hammerson 6.875% 2020	Fixed Interest	UK	2,697	0.45
Top forty investments			563,133	93.87

Portfolio of investments continued

Company	Supersector	Place of listing	Valuation 2010 £000	%
Nationwide 03/49 Variable Perpetual	Fixed Interest	UK	2,486	0.41
Santander UK PLC 09/49 FLT	Fixed Interest	UK	2,383	0.40
J Sainsbury	Retail	UK	2,313	0.39
Compass 7% 2014	Fixed Interest	UK	2,273	0.38
Imperial Tobacco Finance 6.875% 2012	Fixed Interest	UK	2,129	0.36
Next 5.25% 2013	Fixed Interest	UK	2,116	0.35
Vodafone Group 4.625% 2014	Fixed Interest	UK	2,115	0.35
Daily Mail & General Trust 7.5% 2013	Fixed Interest	UK	2,109	0.35
GKN Holdings 7% 2012	Fixed Interest	UK	2,101	0.35
Marks & Spencer 5.875% 2012	Fixed Interest	UK	2,085	0.35
Top fifty investments			585,243	97.56
Ladbroke Group Finance 7.125% 2012	Fixed Interest	UK	2,080	0.35
Tomkins 8% 2011	Fixed Interest	UK	2,067	0.35
Provident Financial 8% 2019	Fixed Interest	UK	1,931	0.32
Nationwide 02/49 Variable Perpetual	Fixed Interest	UK	1,345	0.22
Cable & Wireless Worldwide	Telecommunications	UK	1,215	0.20
HSBC Capital Funding LP/JERSEY 09/49 Variable	Fixed Interest	UK	1,045	0.17
RSA Insurance 05/49 Variable Perpetual	Fixed Interest	UK	878	0.15
Aviva 11/49 FRN Perpetual	Fixed Interest	UK	747	0.12
St Ives	Industrial Goods & Services	UK	657	0.11
Scapa Group	Chemicals	UK	595	0.10
Top sixty investments			597,803	99.65
Colt Group	Telecommunications	UK	568	0.10
Lloyds Banking Group	Banks	UK	546	0.09
Johnston Press	Media	UK	341	0.06
Morgan Sindall Group	Construction & Materials	UK	325	0.05
Uniq	Food & Beverage	UK	155	0.03
Harvard International	Personal & Household Goods	UK	140	0.02
Total valuation of portfolio			599,878	100.00

Report of the directors

The directors present their report and accounts for the year ended 31 December 2010.

BUSINESS REVIEW

Introduction

This business review forms part of the Report of the Directors. Its function is to provide a balanced and comprehensive review of the Group's performance and development during the year and its position at the year-end. The review also covers the principal risks and uncertainties faced by the Group and sets out key performance indicators used to measure, monitor and manage the Group's business.

Temple Bar Investment Trust PLC was incorporated in 1926 with the registered number 214601.

Business of the Group

The Group carries on business as an investment company under Section 833 of the Companies Act 2006 and was approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 for the year ended 31 December 2009. In the opinion of the directors the Group has subsequently conducted its affairs so that it should continue to qualify.

The Group's principal business activity of investment management is sub-contracted to Investec Asset Management Limited ('IAM') under the ultimate supervision of the board of directors. The Group has one wholly owned subsidiary company, whose principal business is investment dealing.

A review of the business is given in the Chairman's Statement and the Manager's Report. The results of the Group are shown on page 28.

Going concern

The directors have reviewed the going concern basis of accounting for the Group. The Group's assets consist substantially of equity shares in listed companies and in most circumstances are realisable within a short timescale. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern.

Investment objective and policy

The Group's investment objective is to provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Group's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the constituents of the FTSE 100 Index.

The UK equity element of the portfolio will be mostly invested in the FTSE All-Share Index; however, exceptional

positions may be sanctioned by the Board and up to 10% of the portfolio may be held in listed international equities in developed economies. The Group may continue to hold securities that cease to be quoted or listed if the Manager considers this to be appropriate. There is an absolute limit of 10% on individual stocks with a maximum exposure to a specific industrial or commercial sector of 25%, in each case irrespective of their weightings in the benchmark index.

It is the Group's policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

The Group maintains a diversified portfolio of investments, typically comprising 70-80 holdings, but without restricting the Group from holding a more or less concentrated portfolio from time to time as circumstances require.

The Group's long-term investment strategy emphasises:

- Achieving a portfolio yield of between 120-140% of that of the FTSE All-Share Index.
- Stocks of companies that are out of favour and whose share prices do not match the Manager's assessment of their longer term value.

From time to time fixed interest holdings or non equity interests may be held on an opportunistic basis.

Derivative instruments are not normally used but in certain circumstances, and with the prior approval of the Board, their use may be considered either for hedging purposes or to exploit a specific investment opportunity.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Group's gearing range (total gross assets divided by total net assets) may fluctuate between 75% and 130%, based on the current balance sheet structure, with an absolute limit of 150%.

Risk is managed through diversification of holdings, investment limits set by the Board and appropriate financial and other controls relating to the administration of assets.

Investment approach

The investment approach of our Manager is premised on a contrarian view on the timing of buy and sell decisions, buying the shares of companies when sentiment towards them is thought to be near its worst and selling them as fundamental profit improvement and/or re-evaluation of their long-term prospects takes place.

The belief is that repeated investor behaviour in driving down the prices of 'out of favour' companies to below their fair value will offer investment opportunities. This will allow the Group to purchase shares at significant discounts to their fair value and to sell them as they become more fully valued, principally as a result of predictable patterns in human psychology.

The Manager's process is designed to produce 'best ideas' to drive active fund management within a rigorous

Report of the directors continued

control framework. The framework begins through narrowing down the universe of stocks by passing those companies with a market capitalisation above £100 million through a screening process which highlights the weakest performing stocks. This isolates opportunities with attractive sentiment characteristics which are then in turn scrutinised in greater detail to identify investment opportunities.

The process is very much bottom up and can result in large sector positions being taken if enough stocks of sufficient interest are found within a single sector. However, top down risk analysis is undertaken to identify potential concentration of risk and to factor this awareness into portfolio construction. The portfolio comprises stocks which have been purchased for different reasons and at different times. In general, because of the bottom up approach to stockpicking, each of these reasons is independent of the other and the portfolio, therefore, is not excessively vulnerable to longer term macro trends. Cash is a residual of the process and normally will not exceed 5% of the portfolio value.

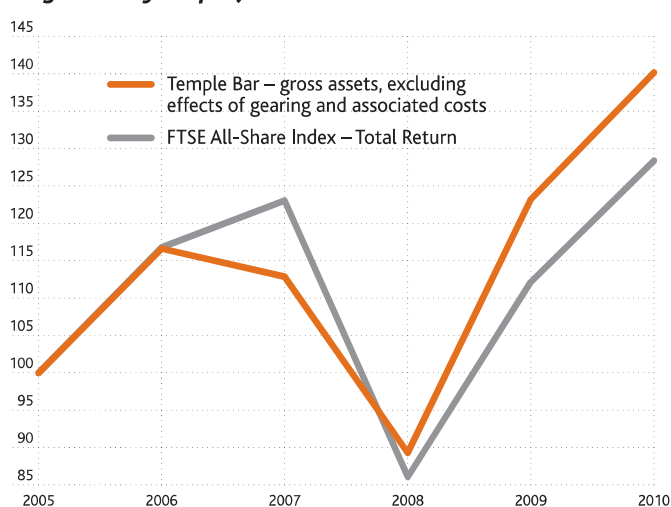
The approach to stock selection and portfolio construction is driven by four core beliefs:

1. Markets overreact to news on the upside and the downside. The Manager aims to be sceptical of the crowd and aware of investor psychology, which often causes overvaluation of those stocks that are deemed to have good prospects and an undervaluation of those which are out of favour.
2. There are few companies which sustain below normal profits over the longer term. Weaker companies tend to leave an industry, thus improving the balance of supply and demand, are bid for or management is changed. Similarly, there are few companies which can sustain supernormal profits over the longer term. Such profits tend to be competed or regulated away.
3. Fundamental valuation is the key determinant of stock prices over the long term. In other words 'cheap' stocks will outperform 'expensive' stocks.
4. Diversification is an important control. Particular companies or sectors can be out of favour for a considerable time.

Performance

In the year to 31 December 2010 the net asset value total return of the Group was 15.2% compared with a total return of the Group's benchmark index of 14.5%. In addition, the graph below shows the ungeared investment performance over a five year period compared with the FTSE All-Share Index. The Chairman's Statement on pages 4 to 5 and the Manager's Report on pages 7 to 11 include a review of developments during the year together with information on investment activity within the Group's portfolio and an assessment of future developments.

Ungeared 5 year performance



Key performance indicators

The key performance indicators ('KPIs') used to determine the progress and performance of the Group over time, and which are comparable to those reported by other investment trusts, are set out below:

- Net asset value total return relative to the FTSE All-Share Index
- Performance attribution
- Discount on net asset value
- Earnings and dividends per share
- Total expense ratio

While some elements of performance against KPIs are beyond management control they provide measures of the Group's absolute and relative performance and are, therefore, monitored by the Board on a regular basis.

Net asset value ('NAV') total return

In reviewing the performance of the assets of the Group's portfolio the Board monitors the net asset value in relation to the FTSE All-Share Index. During the year the net asset value total return of the Group was 15.2% compared with a total return of 14.5% by the FTSE All-Share Index.

Report of the directors continued

Performance attribution

The purpose of performance attribution analysis is to assess how the Group achieved its performance relative to its benchmark index. Details of the attribution analysis for the year ended 31 December 2010 are given below.

Performance attribution analysis

for the year ended 31 December 2010	%
Change in net asset value excluding retained income per ordinary share	10.21
Income distributed to shareholders*	3.83
	14.04
Expenses*	0.43
Finance costs*	0.91
Impact of gearing and valuation of debt excluding retained income on portfolio (balance)	(1.17)
Effect of including income in ungeared net asset value calculation	(0.18)
Change in total return in ungeared net asset value per ordinary share	14.03
Total return of FTSE All-Share Index	14.51

* as % of opening Total Assets

Discount on net asset value

The Board monitors the premium/discount at which the Group's shares trade in relation to the assets. During the year the shares traded at an average discount to NAV of 0.9%. This compares with an average discount of 1.6% in the previous year. Good relative performance has helped maintain the discount at a steady level. The Board and Manager closely monitor both movements in the Group's share price and significant dealings in the shares. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buy back of shares and their issuance which can assist in the management of the discount. Regular demand generated by monthly investment in the Savings Scheme and the use of marketing and promotional activity also assist in keeping the discount at an acceptable level.

Earnings and dividend per share

It remains the directors' intention to distribute over time by way of dividends substantially all of the Group's net revenue income after expenses and taxation. The Manager aims to maximise total returns from the portfolio and attaches great importance to dividends in achieving total return.

The portfolio will typically provide a yield premium to the market. The final dividend recommended for the year is 23.7p per ordinary share which brings the total for the year to 34.2p per ordinary share, an increase of 2.1%. This will be the 27th consecutive year in which the Group has increased the overall level of its dividend payment.

Total expense ratio ('TER')

The TER is an expression of the Group's management fees and all other operating expenses (including tax relief where allowable but excluding interest payments) as a percentage of average month-end net assets over the year. The TER for the year ended 31 December 2010 was 0.44% (2009: 0.46%). The Board reviews each year a comparison of the Group's TER with those of its peers. At the present time the Group has one of the lowest TERs in the growth and income sector of investment trust companies.

Principal risks and uncertainties

The principal risks facing the Group fall under the general categories of strategy, operational and management risks. With the assistance of the Manager the Board has drawn up a risk matrix which identifies the key risks to the Group under these broad headings. The Board reviews and agrees policies, which have remained unchanged since the beginning of the accounting period, for managing these risks, as summarised below.

Investment strategy

An inappropriate investment strategy on matters such as asset allocation or the level of gearing may lead to underperformance against the Group's benchmark index or peer companies, resulting in the Group's shares trading on a wider discount. The Board manages such risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Manager. The Manager provides the directors with regular and accurate management information including absolute and relative performance data, attribution analysis, revenue estimates, liquidity reports, risk profile and shareholder analysis. The Board monitors the implementation and results of the investment process with the Portfolio Manager, who attends Board meetings. Periodically the Board holds a separate meeting devoted to strategy, the most recent one being in September 2010.

Income risk – dividends

Generating the necessary level of income from portfolio investments to meet the Group's expenses and to provide adequate reserves from which to base a sustainable programme of increasing dividend payments to shareholders is subject to the risk that income generation from investments fails to meet the level required. The Board monitors this risk through the receipt of detailed income reports and forecasts which are considered at each meeting. As at 31 December 2010 the Group had distributable revenue reserves of £29.943 million before declaration of the final dividend for 2010 of £13.974 million.

Report of the directors continued

Share price risk

The Group's share price and discount to NAV are monitored by the Manager and considered by the Board at each meeting. Some short-term influences over the discount may be exercised by the use of share repurchases at acceptable prices; however, market sentiment is beyond the absolute control of the Manager and Board.

Accounting, legal & regulatory

In order to qualify as an investment trust the Group must comply with Section 1158 of the Corporation Tax Act 2010. Were the Group to breach Section 1158 it might lose investment trust status and, as a consequence, gains within the Group's portfolio would be subject to capital gains tax. The Section 1158 qualification criteria are, therefore, monitored by the Board at each meeting.

The Group must also comply with the provisions of the Companies Acts and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Acts could result in the Group being fined or subject to criminal proceedings. Breach of the UKLA Listing Rules could result in the Group's shares being suspended from Listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, Investec Asset Management Limited, and its professional advisers to ensure compliance with the Companies Acts and the UKLA Listing Rules.

Corporate governance and shareholder relations

Details of the Group's compliance with corporate governance best practice including information on relations with shareholders, are set out in the corporate governance report on pages 23 to 25 which forms part of this directors' report.

Control systems risk

Disruption to, or failure of, IAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Group's financial position. Details of how the Board monitors the services provided by IAM and its associates and the key elements designed to provide effective internal control are included within the internal control section of the corporate governance report on pages 23 to 25.

Other risks

Other risks to which the Group is exposed and which form part of the market risks referred to above are included in note 25 to the financial statements together with summaries of the policies for managing these risks. These comprise; market price risk, interest rate risk, liquidity risk, credit risk and currency risk.

The Board confirms that there is an ongoing process for identifying, evaluating and managing strategic and operational risks. This process is regularly reviewed by the Board in accordance with the Turnbull guidance on internal controls.

ORDINARY DIVIDENDS

An interim dividend of 10.50p per ordinary share was paid on 30 September 2010 (2009: 10.50p) and the directors are recommending a final dividend of 23.7p per ordinary share (2009: 23.0p), a total for the year of 34.2p (2009: 33.5p). Subject to shareholders' approval, the final dividend will be paid on 31 March 2011 to shareholders on the register on 18 March 2011.

ISAs

The Group has conducted its investment policy so as to remain a qualifying investment trust under the ISA regulations. It is the intention of the Board to continue to satisfy these regulations.

Section 992 of the Companies Act 2006

The following information is disclosed in accordance with Section 992 of the Companies Act 2006.

SHARE CAPITAL

Capital Structure

The Group's capital structure is summarised on page 44.

Voting Rights in the Group's Shares

The voting rights at 31 December 2010 were:

Share class	Number of shares issued	Voting rights per share	Total voting rights
Ordinary shares of 25p each	58,961,367	1	58,961,367

As at 23 February 2011, the share capital of the Group and total voting rights was 58,961,367.

DIRECTORS

The directors of the Group during the year were as stated below and their interests in the ordinary share capital of the Group are as follows. Each of the directors held office throughout the year except Mr Walton who retired on 29 March 2010.

	31 December 2010	1 January 2010
J F de Moller	5,136	4,198
R W Jewson	7,065	6,473
J Reeve	43,362	40,198
M R Riley	15,000	15,000
F L J Walton	—	6,724
D G C Webster	3,451	3,310

All the above interests are beneficial. None of the directors had at any date any interest in either of the Group's debenture stocks.

Report of the directors continued

On 12 January 2011 Mr Reeve acquired a further 108 ordinary shares in the Group through his regular monthly saving in an ISA and on 10 February 2011 he acquired a further 110 ordinary shares. On 24 January 2011 Mr Jewson and Mrs de Moller acquired a further 28 and 56 ordinary shares respectively in the Group through their regular monthly savings in the Temple Bar Investment Trust Savings Scheme. No other changes in the interests shown above occurred between 31 December 2010 and 23 February 2011.

No other person was a director during any part of the year. Mr Arthur Copple was appointed as an additional director on 3 February 2011.

The directors retiring by rotation and/or in compliance with the provisions of the AIC Code are Mr Reeve, Mr Jewson and Mr Riley. Mr Copple will also offer himself for re-election, being the first Annual General Meeting since his appointment. Each of these directors being eligible, the Board recommends their re-election. In making these recommendations the Board has carefully reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. The Board does not believe that length of service per se detracts from the independence of a director, particularly in relation to an investment trust, and on that basis considers that the directors standing for re-election are independent. It is confirmed that, following formal evaluation, the performance of each director continues to be effective and each continues to demonstrate commitment to the role.

There were no contracts subsisting during or at the end of the year in which a director of the Group is or was interested and which are or were significant in relation to the Group's business. No director has a service contract with the Group.

PAYMENT OF SUPPLIERS

The Group's policy is to obtain the best possible terms of payment from suppliers for all forms of business. All terms agreed with suppliers have been complied with during the year. There were no trade creditors at the year-end.

SUBSTANTIAL SHAREHOLDERS

As at 23 February 2011 the following had indicated an interest in 3% or more of the issued ordinary shares of the Group.

	%
Brewin Dolphin Limited	5.01
Legal & General Group plc	3.98
AXA SA	3.12

MANAGEMENT CONTRACT

The Group has a management agreement with IAM for the provision of investment management, secretarial, accounting and administrative services. The agreement is subject to one year's notice of termination by either party.

IAM receives an investment management fee of 0.35% per annum, payable quarterly, based on the value of the investments (including cash) of the Group. Investments in funds managed by the Investec Group are wholly excluded from this charge. 60% (2009: 60%) of the investment management fee payable to IAM is charged by the Group to capital and the remaining 40% (2009: 40%) to the revenue account on the basis of the expected long-term division of returns.

The investment management fee charged for the year ended 31 December 2010 amounted to £1,938,000 (2009: £1,650,000).

IAM's performance under the contract and the contract terms are reviewed at least annually. This covers, inter alia, the performance of the Manager, their management processes, investment style, resources and risk controls. The Board endorses the investment approach adopted by the Manager, recognising that while the contrarian style can sometimes lead to short-term periods of underperformance it usually delivers good investment returns over a longer term. The Group's performance over three and five year periods relative to both its benchmark and its peer group has been excellent. In addition, the portfolio has produced high and growing dividend income to shareholders. In the opinion of the directors the continued appointment of the Manager on the terms set out above is, therefore, in the best interests of shareholders.

DONATIONS

No political or charitable donations were made during the year (2009: Nil).

DISCLOSURE OF INFORMATION TO AUDITORS

The directors are not aware of any relevant information of which the auditors are unaware and have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors to the Group will be proposed at the Annual General Meeting ('AGM') on 29 March 2011.

Report of the directors continued

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting of the Company to be held on 29 March 2011 is on pages 48 to 51. In addition to the ordinary business three resolutions are proposed as special business.

Authority to allot shares and disapplication of pre-emption rights

It is proposed that the directors be authorised to allot up to £1,474,034 of relevant securities in the Group (equivalent to 5,896,136 ordinary shares of 25p each, representing 10.0% of its ordinary shares in issue as at 23 February 2011).

When shares are to be allotted for cash, the Companies Act 2006 requires such new shares to be offered first to existing shareholders in proportion to their existing holdings of ordinary shares. However, in certain circumstances, it is beneficial to allot shares for cash otherwise than pro rata to existing shareholders and the ordinary shareholders can by special resolution waive their pre-emption rights. Therefore, a special resolution will be proposed at the AGM which, if passed, will give the directors the power to allot for cash equity securities up to an aggregate nominal amount of £1,474,034 (equivalent to 5,896,136 ordinary shares of 25p each or 10.0% of the Group's existing issued ordinary share capital).

The directors intend to use this authority to issue new shares to participants in the Temple Bar Investment Trust Savings Scheme or to other prospective purchasers whenever they believe it may be advantageous to shareholders to do so. Any such issues would only be made at prices greater than net asset value, as adjusted for the market value of the Group's debt and, therefore, would increase the assets underlying each share. The issue proceeds would be available for investment in line with the Group's investment policy.

No issues of shares will be made which would alter the control of the Group without the prior approval of shareholders in general meeting.

The appropriate resolutions are set out in the Notice of Meeting on page 48.

Directors' authority to purchase the Group's own shares

The directors consider it desirable to give the Group the opportunity to buy back shares in circumstances where the shares may be bought for a price which is below the net asset value per share of the Group. The purchase of ordinary shares is intended to reduce the discount at which ordinary shares trade in the market through the Group becoming a new source of demand for ordinary shares. The rules of the UK Listing Authority provide that the maximum price which can be paid by the Group is 5% above the average of the market value of the ordinary shares for the five business days before the purchase is made.

It is expected that any shares bought back pursuant to this authority will be cancelled rather than being held in Treasury. The appropriate resolution is set out in the Notice of Meeting on page 48.

Recommendation

The Board considers the resolutions to be proposed at the AGM to be in the best interests of the Group and its members as a whole. Accordingly, the directors unanimously recommend that shareholders should vote in favour of the resolutions to be proposed at the AGM, as they intend to do so in respect of their own beneficial holdings, amounting to 74,316 ordinary shares.

By order of the Board of Directors

M K Slade

For Investec Asset Management Limited

Secretary

23 February 2011

Report on directors' remuneration

This report has been prepared in accordance with Section 421 of the Companies Act 2006 in respect of the year ended 31 December 2010. An ordinary resolution will be proposed at the AGM to approve this report, but the directors' remuneration is not conditional upon the resolution being passed. The law requires the Group's auditors to audit certain parts of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 27.

The Group does not have any executive directors and, as permitted under the Listing Rules, has not, therefore, established a remuneration committee. Remuneration of non-executive directors is viewed as a decision of the Board, subject to any shareholder approvals which may be necessary. In effect, therefore, the Board as a whole fulfils the function of a remuneration committee. The Group's Articles of Association currently state that the Board shall determine the rate at which directors shall be paid, provided that the aggregate of all such fees shall not exceed £250,000 p.a. This does not include any sums paid to directors that are not classed as remuneration, e.g. expense reimbursements. The limit on the aggregate amount of directors' fees paid is subject to the approval of shareholders by an ordinary resolution.

POLICY ON DIRECTORS' REMUNERATION

The level of directors' fees is determined with reference to a review of the remuneration paid to the directors of a range of other investment trusts, comparable in terms of both size and investment characteristics. The Manager of the Group compiles such analysis as part of the management and secretarial services provided to the Group. No other external advice is taken in considering such fees. It is expected that the level of directors' fees will continue to be assessed on this basis in forthcoming years.

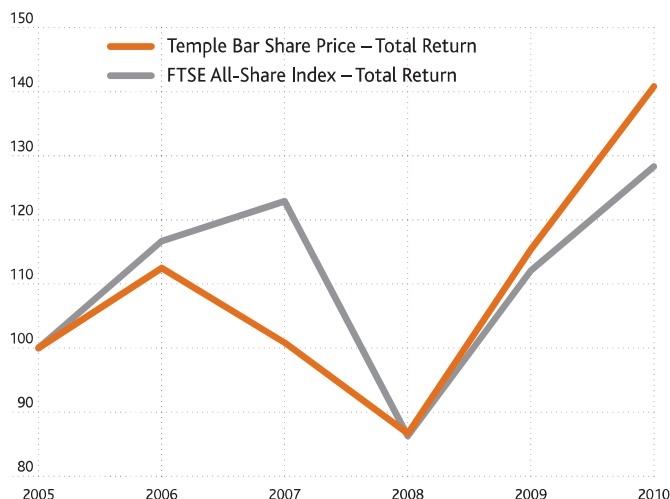
Following the most recent review the Board concluded that the remuneration be increased by 3.5% to £29,500 p.a. for the Chairman and by 3.4% to £20,000 p.a. for the other directors with effect from 1 January 2011. In addition, the Chairman of the Audit Committee, currently Mr Jewson, will receive an annual remuneration of £22,500, an increase of 3.9%.

PERFORMANCE GRAPH

The directors consider that the most appropriate measure of the Group's performance is its share price total return compared with the total return on the FTSE All-Share Index. A graph illustrating this relative performance over a five year period is shown below.

Share price total return

Source: Datastream



DIRECTORS' EMOLUMENTS

The fee level for directors is shown below. There is no performance related fee. There is a formal letter of appointment for each director.

Directors are initially appointed until the following AGM when, under the Group's Articles of Association, it is required that they are offered for re-election by shareholders. Thereafter, a director's continuing appointment is subject to re-election by shareholders on retirement by rotation or in accordance with the AIC Code.

Director	2010	Audited 2009
	£	£
John Reeve	28,500	28,000
June de Moller	19,350	19,000
Richard Jewson	21,650	21,250
Martin Riley	19,350	19,000
Field Walton	4,750	19,000
David Webster	19,350	19,000
	112,950	125,250

The fees disclosed above exclude employers' national insurance contributions and VAT where applicable.

No director received any pension contributions (2009: Nil).

By order of the Board of Directors

M K Slade

For Investec Asset Management Limited

Secretary

23 February 2011

Corporate governance

APPLICATION OF AIC CODE PRINCIPLES

The Board attaches great importance to ensuring that the Group operates to high ethical and compliance standards. In addition, the Board seeks to observe the principles set out in the AIC Code of Corporate Governance, established specifically for investment trust companies and endorsed by the Financial Reporting Council. By following the Code, the Group continues to meet its obligations in relation to the FRC's Combined Code on Corporate Governance.

The Code provides a guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest that alternative approaches to those set out in the Combined Code may be preferable.

COMPLIANCE WITH THE PRINCIPLES OF THE AIC CODE OF CORPORATE GOVERNANCE

Operation of the Board

Each of the directors is independent of any association with the management company which might interfere with the exercise of independent judgement. There is a formal schedule of matters to be specifically approved by the Board and individual directors may seek independent advice at the expense of the Group within certain limits. The Board has delegated the investment management, within clearly defined parameters and dealing limits, and the administration of the business to Investec Asset Management Limited ('IAM'). The Board makes all strategic decisions, reviews the performance of the Group at Board meetings and sets the objectives for the Manager. The directors have a range of business and financial skills or experience relevant to the direction of the Group. Mr R W Jewson is the Senior Independent Director.

The Company Secretary is responsible to the Board, inter alia, for ensuring that Board procedures are followed and for compliance with applicable rules and regulations including the AIC Code. Appointment or removal of the nominated representative of the Corporate Company Secretary ('the Company Secretary') is a matter for the Board as a whole.

The content and presentation of Board papers circulated before each meeting contain sufficient information on the financial condition of the Group. Key representatives of IAM attend each Board meeting enabling directors to probe on matters of concern or seek clarification on certain issues.

There were seven Board meetings and two audit committee meetings held during the year and the attendance by the directors was as follows:

	Number of meetings attended	
	Board	Audit Committee
John Reeve	7	2
June de Moller	7	2
Richard Jewson	7	2
Martin Riley	6	1
Field Walton	3	1
David Webster	7	2

Independence of the directors

Each of the directors is independent of any association with the management company and has no other relationships or circumstances which might be perceived to interfere with the exercise of independent judgement. Two of the six directors (Mr Reeve and Mr Jewson) have served on the Board for more than nine years from the date of their first election, but given the nature of the Group as an investment trust and the strongly independent mindset of the individuals involved, the Board is firmly of the view that all of the directors can be considered to be independent. In arriving at this conclusion the Board makes a clear distinction between the activities of an investment trust and a conventional trading company. An investment trust has no employees or executive directors, the only significant relationship being with the management company. In overseeing this relationship it is the view of the Board that long service aids the understanding, judgement, objectivity and independence of the directors and in no way detracts from any of these qualities.

Re-election of directors

Directors are subject to re-election by shareholders at the first AGM following their appointment and, thereafter, are subject to retirement by rotation at intervals of no more than three years. In addition, the appointment of each director is reviewed by other members of the Board every year. Directors are not, therefore, subject to automatic re-appointment. Non-executive directors are not appointed for specified terms. Because of the nature of an investment trust the Board believes that the contribution and independence of a director is not diminished by long service and, conversely, that a more detailed knowledge of the Group and its business has a beneficial impact.

The directors due to stand for re-election at the forthcoming AGM are Mr Jewson, Mr Reeve, Mr Riley and Mr Copple. The Board has carefully considered the position of each of these directors and believes it would be appropriate for them to be proposed for re-election. Each of the directors continues to be effective and to display an undiminished enthusiasm and commitment to the role.

Corporate governance continued

Audit committee

The audit committee is a formally constituted committee of the Board with defined terms of reference which are available for inspection at the AGM and can be inspected at the registered office of the Group. It normally meets twice yearly and among its specific responsibilities are a review of the audit plan for the year, the review of the Group's annual and half yearly results, together with associated documentation, and the review of the internal and financial controls applicable to the management company. The Committee also reviews the cost effectiveness, independence and objectivity of the auditors with particular regard to non-audit fees, of which there were none in either the current or prior financial years. All of the directors are members of the audit committee and the Chairman is Mr Jewson. The Board is satisfied that members of the audit committee have relevant and recent financial experience to fulfil their role effectively. The auditors, who the Board has identified as being independent, are invited to attend the audit committee meeting at which the annual accounts are considered and any other meetings that the committee deem necessary.

Nomination committee

A nomination committee has been established to oversee a formal review procedure governing the appointment of new directors and to evaluate the overall composition of the Board from time to time, taking into account the existing balance of skills and knowledge.

The committee is also responsible for assessing the individual performance of directors and for making recommendations as to whether they should remain in office. This committee is chaired by Mr Reeve.

Management engagement committee

As all the directors are fully independent of the management company, the Board as a whole fulfils the function of a management engagement committee.

Board/audit committee/nomination committee/director ongoing evaluation

On an annual basis the Board formally reviews its performance, together with that of the audit and nomination committees and the effectiveness and contribution of the individual directors, including the Chairman, within the context of service on those bodies. The review encompasses an assessment of how cohesively these bodies work as a whole as well as the performance of the individuals within them. On the basis of these reviews the Board has concluded that it has a proper balance of skills and is operating effectively.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Manager. The principal medium by which the Group communicates with shareholders is through the half yearly reports, annual reports and interim management statements. The information contained therein is supplemented by regular NAV announcements and by a monthly fact sheet available on the Group's website.

The Board largely delegates responsibility for communication with shareholders to the management company and, through feedback, expects to be able to develop an understanding of their views. Members of the Board are willing to meet with shareholders for the purpose of discussing matters in relation to the operation and prospects of the Group.

The Board welcomes investors to attend the AGM and encourages questions and discussion on issues of concern or areas of uncertainty. In addition, special arrangements have been established to allow Temple Bar Savings Scheme investors to participate fully at AGMs. A separate resolution will be proposed at the AGM in respect of each substantially separate issue. Following the formal AGM proceedings the Manager makes a presentation to the meeting outlining the key investment issues that face the Group.

Accountability, internal controls and audit

The Board pays careful attention to ensuring that all documents released by the Group, including the Annual Report, present a fair and accurate assessment of the Group's position and prospects.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, including recourse to a £25 million overdraft facility with HSBC Bank. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

The directors are responsible for the Group's system of internal control and for reviewing its effectiveness. In order to facilitate the control process the Board has requested the Manager to confirm annually that they have conducted the Group's affairs in compliance with the legal and regulatory obligations which apply to the Group and to report on the systems and procedures within Investec which are applicable to the management of Temple Bar's affairs. The Board meets on seven scheduled occasions in each year and at each meeting receives sufficient financial and statistical information to enable it to monitor adequately the investment performance and status of the business.

Corporate governance continued

The Board has also established a series of investment parameters, which are reviewed annually, designed to limit the risk inherent in managing a portfolio of investments. The safeguarding of assets is entrusted to an independent reputable custodian with whom the holdings are regularly reconciled.

The effectiveness of the overall system of internal control is reviewed on an annual basis by the Board. Such a system can provide only reasonable and not absolute assurance against material misstatement or loss. The Board believes that there is a robust framework of internal controls in place to meet the requirements of the AIC Code.

The Board receives reports from its advisers on internal control matters and does not believe that there is scope or necessity for an internal audit function in addition to that employed by the Manager. Based on the foregoing the Group has a continuing process for identifying, evaluating and managing the risks it faces. This process has been in place for the reporting period and to the date of this report and is regularly reviewed by the Board in accordance with the requirements of the 'Internal Control Guidance for Directors on the Combined Code' (the 'Turnbull Guidance') and the Combined Code.

Socially responsible investment

The Board believes that its primary duty is to act in the best financial interests of the Group and its shareholders. While the Board takes account of the ethical stance of investee companies on matters such as the environment or society as a whole, the ultimate objective is to deliver superior investment returns for shareholders.

Stewardship/engagement

The Manager recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, it supports the introduction of the FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:

- publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;
- disclose their policy on managing conflicts of interest;
- monitor their investee companies;
- establish clear guidelines on how they escalate engagement;
- be willing to act collectively with other investors where appropriate;
- have a clear policy on proxy voting and disclose their voting record; and
- report to clients.

The Manager endorses the Stewardship Code for its UK investments and supports the principles as best practice elsewhere. The Manager believes that regular contact with the companies in which it invests is central to its investment process and it also recognises the importance of being an 'active' owner on behalf of its clients.

The Manager's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from its website.

Statement of directors' responsibilities

in respect of the financial statements

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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.

The directors are responsible for ensuring that the Manager's Report includes a fair review of the development and performance of the business and the position of the Group and its undertakings, together with a description of the principal risks and uncertainties that they face.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

On behalf of the Board

John Reeve

Chairman

23 February 2011

Independent auditors' report

to the members of Temple Bar Investment Trust PLC

We have audited the financial statements of Temple Bar Investment Trust PLC for the year ended 31 December 2010 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ('APB') Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2010 and of the Group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Report on Directors' Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Report on Directors' Remuneration to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 16, in relation to going concern;
- the part of the Corporate Governance Statement on pages 23 to 25 relating to the Group's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Julian Young (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London
23 February 2011

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	Notes	2010			2009		
		Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Investment income	6	22,030	–	22,030	20,988	–	20,988
Other operating income	6	26	–	26	1,081	–	1,081
		22,056	–	22,056	22,069	–	22,069
Gains on investments							
Gains on investments held at fair value through profit and loss	14(b)	–	55,254	55,254	–	131,412	131,412
Total income		22,056	55,254	77,310	22,069	131,412	153,481
Expenses							
Management fees	8	(776)	(1,162)	(1,938)	(660)	(990)	(1,650)
Other expenses	9	(534)	(473)	(1,007)	(537)	(310)	(847)
VAT refund	8	–	–	–	976	880	1,856
Profit before finance costs and tax		20,746	53,619	74,365	21,848	130,992	152,840
Finance costs	10	(1,831)	(2,746)	(4,577)	(1,831)	(2,746)	(4,577)
Profit before tax		18,915	50,873	69,788	20,017	128,246	148,263
Tax	11	–	–	–	–	–	–
Profit for the year		18,915	50,873	69,788	20,017	128,246	148,263
Earnings per share (basic and diluted)	13	32.08p	86.28p	118.36p	33.98p	217.70p	251.68p

The total column of this statement represents the Consolidated Statement of Comprehensive Income prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

There are no minority interests.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Notes	Ordinary share capital £000	Share premium account £000	Capital reserve realised £000	Capital reserve unrealised £000	Retained earnings £000	Total equity £000
Balance at 1 January 2009		14,647	6,533	372,648	(64,935)	30,127	359,020
Changes in equity for 2009							
Profit for the year		–	–	(18,555)	146,801	20,017	148,263
		14,647	6,533	354,093	81,866	50,144	507,283
Dividends paid to equity shareholders	12	–	–	–	–	(19,362)	(19,362)
Issue of share capital		93	1,974	–	–	–	2,067
Balance at 31 December 2009		14,740	8,507	354,093	81,866	30,782	489,988
Changes in equity for 2010							
Profit for the year		–	–	310	50,563	18,915	69,788
		14,740	8,507	354,403	132,429	49,697	559,776
Dividends paid to equity shareholders	12	–	–	–	–	(19,754)	(19,754)
Balance at 31 December 2010		14,740	8,507	354,403	132,429	29,943	540,022

Company Statement of Changes in Equity

for the year ended 31 December 2010

	Notes	Ordinary share capital £000	Share premium account £000	Capital reserve realised £000	Capital reserve unrealised £000	Retained earnings £000	Total equity £000
Balance at 1 January 2009		14,647	6,533	372,648	(64,935)	29,248	358,141
Changes in equity for 2009							
Profit for the year		–	–	(18,555)	146,801	20,017	148,263
		14,647	6,533	354,093	81,866	49,265	506,404
Dividends paid to equity shareholders	12	–	–	–	–	(19,362)	(19,362)
Issue of share capital		93	1,974	–	–	–	2,067
Balance at 31 December 2009		14,740	8,507	354,093	81,866	29,903	489,109
Changes in equity for 2010							
Profit for the year		–	–	310	50,563	18,915	69,788
		14,740	8,507	354,403	132,429	48,818	558,897
Dividends paid to equity shareholders	12	–	–	–	–	(19,754)	(19,754)
Balance at 31 December 2010		14,740	8,507	354,403	132,429	29,064	539,143

Consolidated Statement of Financial Position

as at 31 December 2010

	Notes	31 December 2010		31 December 2009	
		£000	£000	£000	£000
Non-current assets					
Investments held at fair value through profit or loss	14(a)		599,878		541,611
Investment in subsidiary company	15		–		–
			599,878		541,611
Current assets					
Cash and cash equivalents		1,974		8,899	
Other receivables	16	3,202		3,462	
			5,176		12,361
Total assets			605,054		553,972
Current liabilities					
Other payables	17		(1,610)		(580)
Total assets less current liabilities			603,444		553,392
Non-current liabilities					
Interest bearing borrowings	18		(63,422)		(63,404)
Net assets			540,022		489,988
Equity attributable to equity holders					
Ordinary share capital	19	14,740		14,740	
Share premium	20	8,507		8,507	
Capital reserve – realised	21	354,403		354,095	
Capital reserve – unrealised	21	132,429		81,864	
Retained earnings	21	29,943		30,782	
			540,022		489,988
Total equity			540,022		489,988
Net asset value per share	23		915.89p		831.03p

The financial statements on pages 28 to 47 were approved by the board of directors and authorised for issue on 23 February 2011. They were signed on its behalf by:

J Reeve
Chairman

Company Statement of Financial Position

as at 31 December 2010

	Notes	31 December 2010		31 December 2009	
		£000	£000	£000	£000
Non-current assets					
Investments held at fair value through profit or loss	14(a)		599,878		541,611
Investment in subsidiary company	15		50		50
			599,928		541,661
Current assets					
Cash and cash equivalents		1,974		8,899	
Other receivables	16	3,208		3,468	
			5,182		12,367
Total assets			605,110		554,028
Current liabilities					
Other payables	17		(2,545)		(1,515)
Total assets less current liabilities			602,565		552,513
Non-current liabilities					
Interest bearing borrowings	18		(63,422)		(63,404)
Net assets			539,143		489,109
Equity attributable to equity holders					
Ordinary share capital	19	14,740		14,740	
Share premium	20	8,507		8,507	
Capital reserve – realised	21	354,403		354,095	
Capital reserve – unrealised	21	132,429		81,864	
Retained earnings	21	29,064		29,903	
			539,143		489,109
Total equity			539,143		489,109

The financial statements on pages 28 to 47 were approved by the board of directors and authorised for issue on 23 February 2011. They were signed on its behalf by:

J Reeve
Chairman

Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	Notes	2010		2009	
		£000	£000	£000	£000
Cash flows from operating activities					
Profit before tax			69,788		148,263
Adjustments for:					
Purchases of investments ¹		(97,611)		(193,313)	
Sales of investments ¹		95,608		187,581	
Gains on investments			(2,003)		(5,732)
Financing costs	10		(55,254)		(131,412)
			4,577		4,577
Operating cash flows before movements in working capital			17,108		15,696
Decrease/(increase) in accrued income and prepayments			257		(389)
Decrease in receivables			3		984
Increase in payables			20		114
Net cash flows from operating activities before and after income tax			17,388		16,405
Cash flows from financing activities					
Proceeds from issue of new shares			–		2,067
Unclaimed distributions			–		2
Interest paid on borrowings			(4,559)		(4,558)
Bank interest paid	10		–		(2)
Equity dividends paid	12		(19,754)		(19,362)
Net cash used in financing activities			(24,313)		(21,853)
Net decrease in cash and cash equivalents			(6,925)		(5,448)
Cash and cash equivalents at the start of the year			8,899		14,347
Cash and cash equivalents at the end of the year			1,974		8,899

¹ Purchases and sales of investments are considered to be operating activities of the Group, given its purpose, rather than investing activities.

Notes to the Consolidated Financial Statements

1 PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect, and to the extent that they have been adopted by the European Union.

The principal accounting policies adopted by the Group are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trusts issued by the Association of Investment Companies ('AIC') in January 2009 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

All values are rounded to the nearest thousand pounds unless otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to 31 December each year. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Presentation of Consolidated Statement of Comprehensive Income

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income. In accordance with the Group's status as a UK investment company under Section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

Income

Dividend income from investments is recognised when the Group's right to receive payment has been established, normally the ex-dividend date.

Where the Group has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the Consolidated Statement of Comprehensive Income.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Functional and Presentational Currency

The financial statements are prepared in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

Transactions involving foreign currencies are converted at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Pounds Sterling at the exchange rate ruling on the year-end date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

Expenses

All expenses are accounted for on the accruals basis. In respect of the analysis between revenue and capital items presented within the Consolidated Statement of Comprehensive Income, all expenses have been presented as revenue items except as follows:

- Transaction costs which are incurred on the purchases or sales of investments designated as fair value through profit or loss are expensed to capital in the Consolidated Statement of Comprehensive Income.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and, accordingly, the investment management fee and finance costs have been allocated 40% to revenue and 60% to capital, in order to reflect the directors' long-term view of the nature of the expected investment returns of the Group.

Notes to the Consolidated Financial Statements continued

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Management charge

In accordance with the expected long-term division of returns, 40% of the investment management fee for the year is charged to revenue and the other 60% is charged to capital, net of incremental corporation tax relief and inclusive of any related irrecoverable value added tax. Investments in funds managed by the Investec Group are wholly excluded from this charge.

Taxation

The tax expenses represent the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. The taxable profit differs from profit before tax as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been or are substantively enacted by the year-end date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Statement of Comprehensive Income is the 'marginal basis'. Under this basis, if taxable income is capable of being entirely offset by expenses in the revenue column of the income statement, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the revenue return column of the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the

instrument. The Group shall offset financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Group settles its obligations relating to the instrument.

Other receivables

Other receivables do not carry any interest, are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments

Investments held at fair value through profit or loss are initially recognised at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment.

After initial recognition, investments, which are designated as at fair value through profit or loss, are measured at fair value. Gains or losses on investments designated as at fair value through profit or loss are included in net profit or loss as a capital item and transaction costs on acquisition or disposal of investments are expensed. For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date.

All purchases and sales of investments are recognised on the trade date i.e. the date that the Group commits to purchase or sell an asset.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Interest bearing borrowings

Interest bearing borrowings, being the debenture stocks issued by the Group, are initially recognised at cost, being the proceeds received net of issue cost associated with the borrowings. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Other payables

Other payables are non interest bearing and are stated at their nominal value.

Notes to the Consolidated Financial Statements continued

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Equity dividends payable

Equity dividends payable are recognised when the shareholders' right to receive payment is established.

Finance costs

Interest payable on debentures in issue is accrued at the effective interest rate. In accordance with the expected long-term division of returns, 40% of the interest for the year is charged to revenue, and the other 60% is charged to capital, net of any incremental corporation tax relief.

Investment in subsidiaries

Investments in subsidiaries are recorded at cost.

Cash and cash equivalents

Cash and cash equivalents (which are presented as a single class of asset on the Statement of Financial Position) comprise cash at bank and in hand and deposits with an original maturity of three months or less.

The carrying value of these assets approximates their fair value.

2 COMPANY STATEMENT OF COMPREHENSIVE INCOME

The Company has taken advantage of the exemption from presenting its own Statement of Comprehensive Income provided by Section 408 of the Companies Act 2006.

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES Improvements to IFRS

In May 2008 and April 2009, the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

Issued in April 2009

IFRS 8 Operating Segments:

This clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The adoption of the amendment had no impact on the Group's segment disclosure since the Group is organised into only one operating segment.

Other amendments resulting from Improvements to IFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

Issued in May 2008

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations issued in April 2009
- IFRS 2 Share-based Payment
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 34 Interim Financial Reporting
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation

Notes to the Consolidated Financial Statements continued

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, the directors have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Group's directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Functional currency

The primary objective of the Group is to generate returns in Pounds Sterling, its capital-raising currency. The liquidity of the Group is managed on a day-to-day basis in Sterling as the Group's performance is evaluated in that currency. Therefore, the management considers Pounds Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible but, where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the instruments are disclosed in the fair value hierarchy. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Notes to the Consolidated Financial Statements continued

5 STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective at the date of issuance of the Group's financial statements are listed below.

IAS 24 Related Party Disclosures (Amendment):

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation & Classification of Rights Issues:

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amends the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

IFRS 9 Financial Instruments: Classification and Measurement:

IFRS 9 applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of IFRS 9 is not expected to have a material effect on the classification and measurement of the Group's financial assets.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment):

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011, with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued in May 2010):

The IASB issued Improvements to IFRS, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011.

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Group expects no impact from the adoption of the amendments on its financial position or performance. The adoption of the amendment to IFRS 7 is expected to have a limited impact on the disclosure of credit risk.

Notes to the Consolidated Financial Statements continued

6 INCOME

	2010 £000	2009 £000
Income from investments		
UK dividends	16,756	16,483
Overseas dividends	786	586
Scrip dividend	–	22
Interest from fixed interest securities	4,488	3,897
	22,030	20,988
Other income		
Deposit interest	26	158
Underwriting commission	–	295
Interest on VAT refund	–	628
	26	1,081
Total income	22,056	22,069
Investment income comprises:		
Listed investments	22,030	20,988
Unlisted investments	–	–
	22,030	20,988

7 SEGMENTAL REPORTING

The directors are of the opinion that the Group is engaged in a single business, being investing in equity and debt securities issued by companies operating and generating revenue in the United Kingdom and, therefore, no segmental reporting is provided.

8 INVESTMENT MANAGEMENT FEE

	2010			2009		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Investment management fee	776	1,162	1,938	660	990	1,650
VAT refund	–	–	–	(976)	(880)	(1,856)
	776	1,162	1,938	(316)	110	(206)

As at 31 December 2010 an amount of £525,000 (2009: £481,000) was payable to the Manager in relation to the management fees for the quarter ended 31 December 2010.

Details of the terms of the investment management agreement are provided on page 20.

Notes to the Consolidated Financial Statements continued

9 OTHER EXPENSES

	2010			2009		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Transaction costs on fair value through profit or loss assets ¹	–	473	473	–	310	310
Directors' fees (see Report on Directors' Remuneration on page 22)	125	–	125	138	–	138
Registrars' fees	123	–	123	74	–	74
AIC membership costs	36	–	36	38	–	38
Advertising & marketing costs	87	–	87	112	–	112
Printing & postage	41	–	41	40	–	40
Directors' liability insurance	21	–	21	21	–	21
Auditor's remuneration – annual audit	24	–	24	23	–	23
Stock exchange fees	7	–	7	12	–	12
Safe custody fees	13	–	13	11	–	11
Other expenses	57	–	57	68	–	68
	534	473	1,007	537	310	847

All expenses are inclusive of VAT where applicable.

¹ Transaction costs on fair value through profit or loss assets represent such costs incurred on both the purchase and sale of those assets.

10 FINANCE COSTS

	2010			2009		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Interest on borrowings						
9.875% debenture stock 2017	988	1,481	2,469	988	1,481	2,469
5.5% debenture stock 2021	843	1,265	2,108	842	1,264	2,106
	1,831	2,746	4,577	1,830	2,745	4,575
Bank interest						
Bank overdraft	–	–	–	1	1	2
Total finance costs	1,831	2,746	4,577	1,831	2,746	4,577

The amortisation of the debenture issue costs is calculated using the effective interest method.

Notes to the Consolidated Financial Statements continued

11 TAXATION

(a) There is no corporation tax payable (2009: nil).

(b) The charge for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2010			2009		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Profit before taxation	18,915	50,873	69,788	20,017	128,246	148,263
Tax at UK corporation tax rate of 28% (2009: 28%)	5,296	14,244	19,540	5,604	35,908	41,512
Tax effects of:						
Non-taxable gains on investments	–	(15,339)	(15,339)	–	(36,954)	(36,954)
Income not chargeable to tax:						
UK dividends ¹	(4,671)	–	(4,671)	(4,868)	–	(4,868)
Movement in excess management expenses ²	(625)	1,095	470	(736)	1,046	310
Tax expense for the year	–	–	–	–	–	–

¹ Investment trusts are not subject to corporation tax on these items.

² The Group has not recognised a deferred tax asset of £13,418,000 (2009: £15,170,000) arising as a result of having unutilised management expenses since, under current tax legislation, it is unlikely that the Group will obtain any benefit for the asset.

Notes to the Consolidated Financial Statements continued

12 DIVIDENDS

	2010 £000	2009 £000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 December 2009 of 23.00p (2008: 22.34p) per share	13,563	13,089
Interim dividend for the year ended 31 December 2010 of 10.50p (2009: 10.50p) per share	6,191	6,190
	19,754	19,279
Proposed final dividend for the year ended 31 December 2010 of 23.70p (2009: 23.00p) per share	13,974	13,560

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Also set out below is the total dividend payable in respect of these financial years, which is the basis on which the requirements of Section 842 Income and Corporation Taxes Act 1988 are considered.

	2010 £000	2009 £000
Interim dividend for the year ended 31 December 2010 of 10.50p (2009: 10.50p) per share	6,190	6,190
Proposed final dividend for the year ended 31 December 2010 of 23.70p (2009: 23.00p) per share	13,974	13,560
	20,164	19,750

13 EARNINGS PER SHARE

	2010			2009		
	Revenue return Pence	Capital return Pence	Total Pence	Revenue return Pence	Capital return Pence	Total Pence
Earnings per ordinary share	32.08	86.28	118.36	33.98	217.70	251.68

The calculation of the above is based on revenue returns of £18,915,000 (2009: £20,017,000), and capital gains of £50,873,000 (2009: £128,246,000), and a weighted average number of ordinary shares of 58,961,367 (2009: 58,909,355).

Notes to the Consolidated Financial Statements continued

14 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS – Group and Company

	2010 £000	2009 £000
(a) Movements in the year		
Opening cost at 1 January	459,747	469,402
Gains at 1 January	81,864	(64,935)
Opening fair value	541,611	404,467
Purchases at cost	98,621	193,313
Sales – proceeds	(95,608)	(187,581)
– realised gain/(loss) on sales	4,692	(15,389)
Increase in unrealised gains	50,562	146,801
Closing fair value at 31 December	599,878	541,611
Closing cost at 31 December	467,450	459,747
Gains at 31 December	132,428	81,864
	599,878	541,611
(b) Gains on investments		
Gains/(losses) on sales of investments	4,692	(15,389)
Increase in unrealised gains	50,562	146,801
	55,254	131,412

All investments held by the Company are listed.

(c) Fair value of financial instruments

The following table shows financial assets recognised at fair value, analysed between those whose fair value is based on:

- Level 1 – quoted prices in active markets for identical investments.
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment, credit risk, etc).
- Level 3 – significant unobservable inputs (including the Group's own assumptions in determining the fair value of investments). There are no level 3 investments.

The following is a summary of the classifications used as at 31 December 2010 in valuing the Group's financial instruments:

	2010			2009		
	Level 1 £000	Level 2 £000	Total £000	Level 1 £000	Level 2 £000	Total £000
Financial assets						
Other financial assets held for trading:						
Quoted equities	542,965	–	542,965	466,458	–	466,458
Debt securities	42,733	–	42,733	47,675	–	47,675
Collective investment schemes	–	14,180	14,180	–	27,478	27,478
	585,698	14,180	599,878	514,133	27,478	541,611

Notes to the Consolidated Financial Statements continued

15 SUBSIDIARY COMPANY

The cost of shares in the subsidiary company is £50,000 (2009: £50,100).

The subsidiary company, which is dormant and is wholly owned, incorporated and operating in Great Britain and registered in England and Wales is:

	Holding	Cost £
Temple Bar Securities Limited	50,000 ordinary shares of £1 each	50,000

16 OTHER RECEIVABLES

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Due from subsidiary company	–	–	6	6
Accrued income	3,161	3,418	3,161	3,418
Other receivables	41	44	41	44
	3,202	3,462	3,208	3,468

Other receivables do not carry any interest and are short-term in nature. The directors consider that the carrying values of other receivables approximates their fair value.

17 OTHER PAYABLES

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Purchases for future settlement	1,010	–	1,010	–
Accruals and deferred income	600	580	600	580
Amounts payable to subsidiary companies	–	–	935	935
	1,610	580	2,545	1,515

Other payables do not carry any interest and are short-term in nature. The directors consider that the carrying values of other payables approximates their fair value.

18 NON-CURRENT LIABILITIES

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Interest bearing borrowings				
Amounts payable in more than five years:				
9.875% Debenture stock 2017	25,000	25,000	25,000	25,000
5.5% Debenture stock 2021	38,422	38,404	38,422	38,404
	63,422	63,404	63,422	63,404

The 9.875% Debenture stock 2017 is secured by a floating charge over the assets of the Group. The stock is repayable at par on 31 December 2017. No issue costs were capitalised on the issue of this debenture.

The 5.5% Debenture stock 2021 is secured by a floating charge over the assets of the Group. The stock is repayable at par on 8 March 2021.

Notes to the Consolidated Financial Statements continued

19 ORDINARY SHARE CAPITAL

	2010 Number	Shares 2009 Number	2010 £	2009 £
Issued, allotted and fully paid				
Ordinary shares of 25p each	58,961,367	58,961,367	14,740,342	14,740,342

No shares were issued during the year (2009: 370,625 shares were issued at a premium to the prevailing net asset value due to investor demand).

20 SHARE PREMIUM

	2010 £000	Group 2009 £000	2010 £000	Company 2009 £000
Group and Company				
Balance at 1 January 2010	8,507	6,533	8,507	6,533
Premium arising on issue of new shares	–	1,974	–	1,974
Balance at 31 December 2010	8,507	8,507	8,507	8,507

21 RETAINED EARNINGS AND CAPITAL RESERVE

	Retained earnings		Capital reserve	
	Group £000	Company £000	Group £000	Company £000
Balance at 1 January 2010	30,782	29,903	435,959	435,959
Dividends paid	(19,754)	(19,754)	–	–
Net profit for the year	69,788	69,788	–	–
	80,816	79,937	435,959	435,959
Transfer from retained earnings to capital reserve	(50,873)	(50,873)	50,873	50,873
Balance at 31 December 2010	29,943	29,064	486,832	486,832

The capital reserve shown above comprises both realised and unrealised amounts. A summary of the split is shown below:

	Group £000	Company £000
Capital reserves realised	354,403	354,403
Capital reserves unrealised	132,429	132,429
	486,832	486,832

22 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments for the Company and the Group (2009: Nil).

Notes to the Consolidated Financial Statements continued

23 NET ASSET VALUES

	Net asset value per ordinary share Pence	Net assets attributable £000
Ordinary shares of 25p each	915.89	540,022

The net asset value per ordinary share is based on net assets at the year-end of £540,022,000 (2009: £489,988,000) and on 58,961,367 (2009: 58,961,367) ordinary shares in issue at the year-end.

24 RELATED PARTY TRANSACTIONS

IAS 24 'Related party disclosures' requires the disclosure of the details of material transactions between the Group and any related parties. Accordingly, the disclosures required are set out below:

Directors – The remuneration of the directors is set out in the Report on Directors' Remuneration on page 22. There were no contracts subsisting during or at the end of the year in which a director of the Group is or was interested and which are or were significant in relation to the Group's business. There were no other material transactions during the year with the directors of the Group.

Details of the management fees paid and payable to the Manager are set out in note 8. At the year-end the Group had an investment of £14.2 million (2009: £27.5 million) in the Investec Sterling Liquidity Fund. No management fee is paid on this holding.

25 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's investing activities undertaken in pursuit of its investment objective, as set out on page 16, involve certain inherent risks. The main risk arising from the Group's financial instruments are market price risk, interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks as summarised below. These policies have remained substantially unchanged during the current and preceding periods.

Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Group's business. It represents the potential loss the Group might suffer through holding market positions in the face of price movements. The Board meets on seven scheduled occasions in each year and at each meeting it receives sufficient financial and statistical information to enable it to monitor adequately the investment performance and status of the business. In addition, financial information is circulated to the directors on a monthly basis. The Board has also established a series of investment parameters, which are reviewed annually, designed to limit the risk inherent in managing a portfolio of investments. The Group's borrowings have the effect of increasing the risk faced by shareholders. This gearing effect is such that, for example, for a 10% movement in the valuation of the Group's investments, the net assets attributable to shareholders would move by approximately 11.1%.

Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments that arise as a result of fluctuations in interest rates. The Group finances its operations through retained profits including realised and unrealised capital profits, and additional financing is obtained through the two debenture stocks in issue, on which interest is paid at a fixed rate.

Liquidity risk

The Group's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of cash balances and short-term bank deposits.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This is mitigated by the Manager reviewing the credit ratings of broker counterparties. The risk attached to dividend flows is mitigated by the Manager's research of potential investee companies. The Group's custodian bank is responsible for the collection of income on behalf of the Group. Cash is held either with reputable banks with high quality external credit enhancements or in liquidity/cash funds providing a spread of exposures to various underlying banks in order to diversify risk.

Notes to the Consolidated Financial Statements continued

25 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Currency risk

The income and capital value of the Group's investments and liabilities can be affected by exchange rate movements as some of the Group's assets and income are denominated in currencies other than Pounds Sterling which is the Group's reporting currency. The key areas where foreign currency risk could have an impact on the Group are:

- movements in rates affect the value of investments and liabilities;
- movements in rates affect the income received; and
- movements in rates affect short-term timing differences.

The Group had the following currency exposures as at 31 December 2010, all of which are included in the Consolidated Statement of Financial Position at fair value based on the exchange rates ruling at the year-end.

	Investments £000	Cash £000	Debtors £000	Creditors £000	Non-current liabilities £000	Total £000
Euro	26,327	1	–	–	–	26,328
US Dollar	66,779	–	–	–	–	66,779
Pounds Sterling	506,772	1,973	3,202	(1,610)	(63,422)	446,915
	599,878	1,974	3,202	(1,610)	(63,422)	540,022

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after tax for the year and the net assets for the year in regard to the Group's monetary financial assets and financial liabilities for Pounds Sterling/US Dollar movements. The Group hedges its risk against the Euro and therefore mitigates this risk.

It is assumed that the Pounds Sterling/US Dollar exchange rate may move +/-2% (2009: there was no material exposure). The estimated change is based on an analysis of the foreign exchange movement over the year ended 31 December 2010.

	£000	£000
Projected movement	+2%	-2%
Effect on net assets for the year	1,336	(1,309)
Effect on capital return	616	(604)

Financial assets – Interest rate risk

The majority of the Group's financial assets are equity shares and other investments which neither pay interest nor have a maturity date with the exception of the Group's fixed interest holdings which have a market value of £42,733,000, representing 7.91% of net assets of £540,022,000 (2009: £47,676,000; 9.73%). The weighted average running yield as at 31 December 2010 was 6.80% (2009: 7.21%) and the weighted average remaining life was 4.4 years (2009: 4.9 years). The Group's cash balance of £1,974,000 (2009: £8,899,000) earns interest, calculated on a tiered basis, depending on the balance held, by reference to the base rate.

If the bank base rate had increased by 0.5%, the impact on the profit or loss would have been a positive £9,870 (2009: £44,495). If the bank base rate had decreased by 0.5%, the impact on the profit or loss would have been a negative £9,870 (2009: negative £44,495). The calculations are based on the cash balances at the respective balance sheet dates and are not representative of the year as a whole.

Financial liabilities – Interest rate risk

All of the Group's financial liabilities of £65,032,000 (2009: £63,984,000) are denominated in Sterling. All current liabilities have no interest rate and are repayable within one year. The 9.875% debenture stock and the 5.5% debenture stock, which are repayable in 2017 and 2021 respectively, pay interest at fixed rates. The weighted average period until maturity of the debenture stocks is 9 years (2009: 10 years) and the weighted average interest rate payable is 7.2% (2009: 7.2%) p.a. The Group also has recourse to a £25 million overdraft facility with HSBC Bank.

Notes to the Consolidated Financial Statements continued

25 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED**Other price risk exposure**

If the investment valuation fell by 10% at 31 December 2010, the impact on the profit or loss would have been negative £55.7 million (2009: negative £49.4 million). If the investment portfolio valuation rose by 10% at 31 December 2010, the impact on the profit or loss would have been positive £55.7 million (2009: positive £49.4 million). The calculations are based on the portfolio valuations as at the respective year-end dates and are not representative of the year as a whole.

The Group held the following categories of financial instruments, all of which are included in the Statement of Financial Position at fair value, with the exception of interest bearing borrowings which are shown at book value at 31 December 2010.

	2010		2009	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Assets at fair value through profit or loss	599,878	599,878	541,611	541,611
Cash	1,974	1,974	8,899	8,899
Loans and receivables				
Investment income receivable	3,161	3,161	3,418	3,418
Other debtors	41	41	44	44
Other creditors	(1,610)	(1,610)	(580)	(580)
Interest bearing borrowings				
9.875% Debenture Stock ¹	(25,000)	(32,432)	(25,000)	(32,000)
5.5% Debenture Stock ²	(38,422)	(39,053)	(38,404)	(35,720)
	540,022	531,959	489,988	485,672

¹ Effective rate is 9.875%

² Effective rate is 5.583%

Liquidity risk exposure

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

Contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, are as follows:

	2010				2009			
	Three months or less £000	Not more than one year £000	More than one year £000	Total £000	Three months or less £000	Not more than one year £000	More than one year £000	Total £000
Creditors: amounts falling due after more than one year								
Debenture stocks	1,045	3,514	97,667	102,226	1,045	3,514	102,226	106,785
Creditors: amounts falling due within one year								
Purchases for future settlement	1,010	–	–	1,010	–	–	–	–
Accruals and deferred income	–	600	–	600	–	580	–	580
	2,055	4,114	97,667	103,836	1,045	4,094	102,226	107,365

Notice of meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares in Temple Bar Investment Trust PLC, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the eighty-fifth Annual General Meeting of Temple Bar Investment Trust PLC will be held at 11.00am on Tuesday 29 March 2011 at 2 Gresham Street, London EC2V 7QP for the following purposes:

ORDINARY BUSINESS:

1. To approve the Group accounts for the year ended 31 December 2010 together with the reports of the directors and auditors thereon.
2. To approve the report on directors' remuneration for the year ended 31 December 2010.
3. To declare a final dividend of 23.7p per ordinary share.
4. To re-elect Mr R W Jewson as a director.
5. To re-elect Mr J Reeve as a director.
6. To re-elect Mr M R Riley as a director.
7. To re-elect Mr A T Copple as a director.
8. To re-appoint the auditors and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTION:

9. That the directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to allot shares or grant rights to subscribe for or to convert any security into shares ('Rights') up to an aggregate maximum nominal amount of £1,474,034, being approximately 10% of the issued share capital of the Group as at 23 February 2011, provided that:
 - (i) the authority granted shall expire at the conclusion of the Annual General Meeting of the Group in 2012 but may be revoked or varied by the Group in general meeting and may be renewed by the Group in general meeting; and
 - (ii) the said authority shall allow and enable the directors to make an offer or agreement before the expiry of that authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares and grant Rights in pursuance of any such offer or agreement as if that authority had not expired.

SPECIAL RESOLUTIONS:

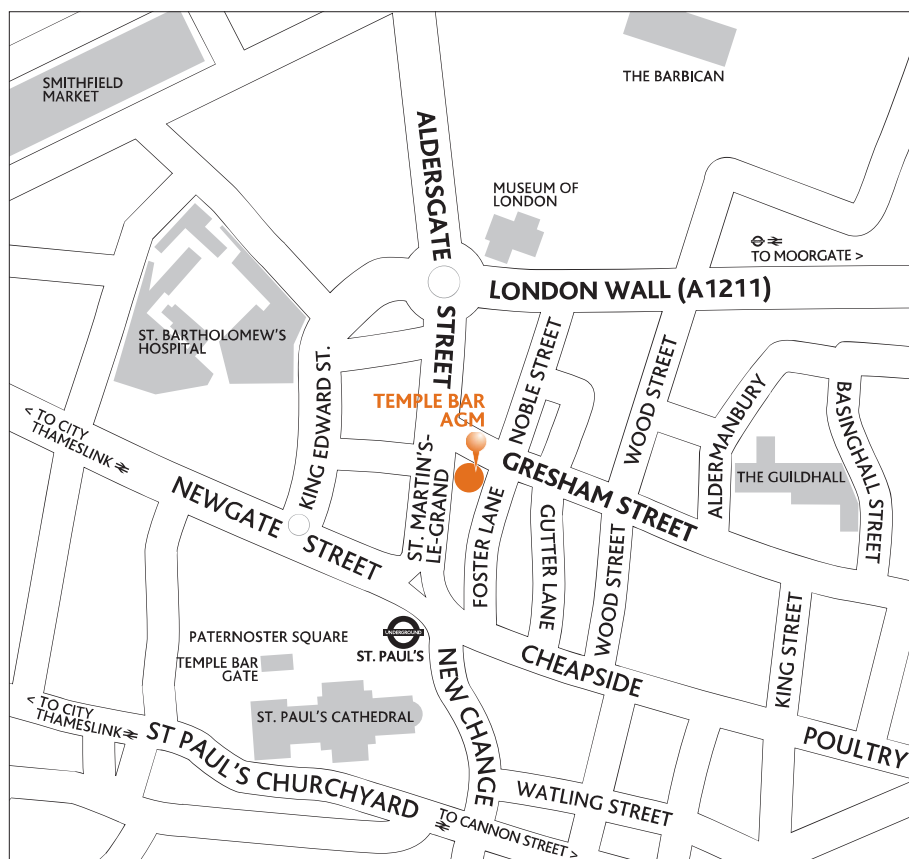
10. That, subject to the passing of resolution 9 set out above, the directors be and they are hereby empowered pursuant to Section 570-573 of the Companies Act 2006 to allot equity securities (as defined in Section 570-573 of that Act) for cash, in accordance with the authority conferred on them by this meeting to allot shares, as if Section 561(i) of that Act did not apply to the allotment, provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate to the respective numbers of ordinary shares held by them on the record date of such allotment (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal problems under the law of or the requirements of any recognised regulatory body or any stock exchange in any territory); and
 - (ii) the allotment (otherwise than pursuant to sub paragraph (i) above) of equity securities up to an aggregate nominal value not exceeding £1,474,034; andshall expire at the conclusion of the Annual General Meeting of the Group in 2012 save that the Group may make an offer or agreement before this power has expired, which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Notice of meeting continued

11. That the Group generally be and is hereby authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of the Act) of ordinary shares of 25p each in the capital of the Group ('ordinary shares') provided that:
- (i) the maximum number of ordinary shares hereby authorised to be purchased is 14.99% of the issued share capital of the Group as at the date of the passing of this resolution;
 - (ii) the minimum price which may be paid for such shares is 25p per share;
 - (iii) the maximum price (exclusive of expenses payable by the Group) which may be paid for such shares shall be 5% above the average of the market value of the share quotations taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
 - (iv) the authority hereby conferred shall (unless previously renewed or revoked) expire at the end of the Annual General Meeting of the Group in 2012, or, if earlier, the date falling fifteen months from the date of this resolution;
 - (v) the Group may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

By order of the Board of Directors
M K Slade
 For Investec Asset Management Limited
 Secretary
 23 February 2011

2 Gresham Street
 London EC2V 7QP



Shown is a plan of the location of Investec Asset Management Limited, 2 Gresham Street, London EC2V 7QP where the Annual General Meeting will be held on Tuesday 29 March 2011 at 11.00am.

Notice of meeting continued

NOTES

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend the meeting to speak and vote on a show of hands and, on a poll, to vote instead of him. A proxy need not be a member of the Group. A member wishing to appoint more than one proxy must appoint each proxy in respect of a specified number of shares within his holding. For this purpose, a member may photocopy the enclosed Form of Proxy before completion and must indicate the number of shares in respect of which each proxy is appointed.
2. Instruments of proxy should be sent to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6LT so as to arrive no later than 11.00am on 25 March 2011. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting in person should they wish to do so.
3. Members who hold ordinary shares in the Group in uncertificated form must have been entered on the Group's register of members by 6.00pm on 25 March 2011 in order to be able to attend and vote at the meeting, or if the meeting is adjourned, two business days before the time fixed for the adjourned meeting. Such members may only vote at the meeting in respect of ordinary shares held at the time.
4. In accordance with Section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Act. Persons nominated to receive information rights under Section 146 of the Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149 (2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
 In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The CREST message must be transmitted so as to be received by the issuer's agent (ID RA19) by not later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST message by the CREST Applications Host) from which the issuer's agent is able to retrieve the CREST message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
 CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member(s) is/are a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
 The Group may treat as invalid a CREST Proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Notice of meeting continued

NOTES CONTINUED

6. Shareholders should note that, under Section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Group to publish on a website a statement setting out any matter relating to:
 - (i) the audit of the Group's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting for the financial year beginning 1 January 2010; or
 - (ii) any circumstance connected with an auditor of the Group appointed for the financial year 1 January 2010 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Group may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Group is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Group's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Group has been required under Section 527 of the Companies Act 2006 to publish on a website.
7. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
8. You may not use any electronic address provided in this notice of meeting to communicate with the Company for any purposes other than those expressly stated.
9. Any member attending the meeting has the right to ask questions. The Group must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Group or the good order of the meeting that the question be answered.
10. None of the directors has a service contract with the Group.
11. As at 23 February 2011, the latest practicable date prior to publication of this document, the Group had 58,961,367 ordinary shares in issue with a total of 58,961,367 voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Group after the date of this notice will be available on the Group's website: www.templebarinvestments.co.uk.

Useful information for shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 2 Gresham Street, London EC2V 7QP (see map on page 49), on 29 March 2011 at 11.00am.

FINANCIAL CALENDAR

The financial calendar for 2011 is set out below:

Ordinary shares

Final dividend, 2010 – payable	31 March 2011
– ex-dividend	16 March 2011
– record date	18 March 2011
Interim dividend, 2011	30 September 2011
Final dividend, 2011	End of March 2012

9.875% Debenture Stock 2017

Interest payments 30 June and 31 December

5.5% Debenture Stock 2021

Interest payments 8 March and 8 September

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first-named shareholder on the Register at his or her registered address together with a tax voucher. At shareholders' request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System ('BACS'). This may be arranged by contacting the Group's Registrar on 0871 384 2432 (calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary).

PRICE AND PERFORMANCE INFORMATION

The Group's ordinary shares and debenture stocks are traded on the London Stock Exchange. The market price of the ordinary shares is shown daily in the Financial Times, other leading newspapers and on the Group's website.

SHARE REGISTER ENQUIRIES

The Group's Registrar, Equiniti, maintains the share register. In the event of queries regarding your holding, please contact the Registrar on 0871 384 2432 (overseas +44 (0)121 415 7047). Lines are open from 8.30am to 5.30pm Monday to Friday. Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary. Changes of name or address must be notified in writing to the Registrar.

SEDOL CODES FOR ORDINARY SHARES AND DEBENTURE STOCKS

Ordinary shares – 0882532

9.875% Debenture Stock 2017 – 0882640

5.5% Debenture Stock 2021 – 0530529

TEMPLE BAR INVESTMENT TRUST SAVINGS SCHEME

Details of the Temple Bar Savings Scheme are set out on the inside back cover of this report. This enables individuals to buy shares in the Group in a straightforward and accessible way.

ASSOCIATION OF INVESTMENT COMPANIES

The Group is a member of the Association of Investment Companies, which produces monthly publications of detailed information on the majority of investment trusts. The Association of Investment Companies can be contacted by telephone on 020 7282 5555.

TEMPLE BAR WEBSITE

The Group's own website can be found at www.templebarinvestments.co.uk and includes useful background information on the Group together with helpful downloads of published documentation such as previous Annual Reports and Savings Scheme application forms.

Temple Bar Investment Trust Savings Scheme

Temple Bar offers an inexpensive way of investing in your Company.

The Temple Bar Investment Trust Savings Scheme offers:

- monthly savings from as little as £50 a month
- a daily dealing facility for lump sum investments or sales
- income reinvestment

If you would like to receive information about the Savings Scheme, call the Investor Services Department on 020 7597 1800 or visit our website www.templebarinvestments.co.uk. Alternatively please write to:

Investor Services Department
Investec Asset Management Limited
2 Gresham Street
London EC2V 7QP

Past performance will not necessarily be repeated. You are not certain to make a profit; you may lose money and any income is not fixed – it can go up or down. Tax benefits detailed are those currently applicable and will vary from one investor to another and may change in the future. The government's 0.5% stamp duty is payable on all share purchases. Shares will be purchased at Temple Bar's buying price and will be sold at Temple Bar's selling price. Phone calls may be recorded to confirm your instructions.

The above information has been issued by Investec Asset Management Limited, authorised and regulated by the Financial Services Authority, the investment manager of Temple Bar Investment Trust PLC.

The logo for the Association of Investment Companies (aic) consists of the lowercase letters 'aic' in a bold, sans-serif font.

A member of the Association of Investment Companies

The Association of
Investment Companies

Temple Bar Investment Trust PLC

Registered Office

2 Gresham Street
London EC2V 7QP

www.templebarinvestments.co.uk

Investment Manager

Investec Asset Management Limited
2 Gresham Street
London EC2V 7QP
Telephone No. 020 7597 2000