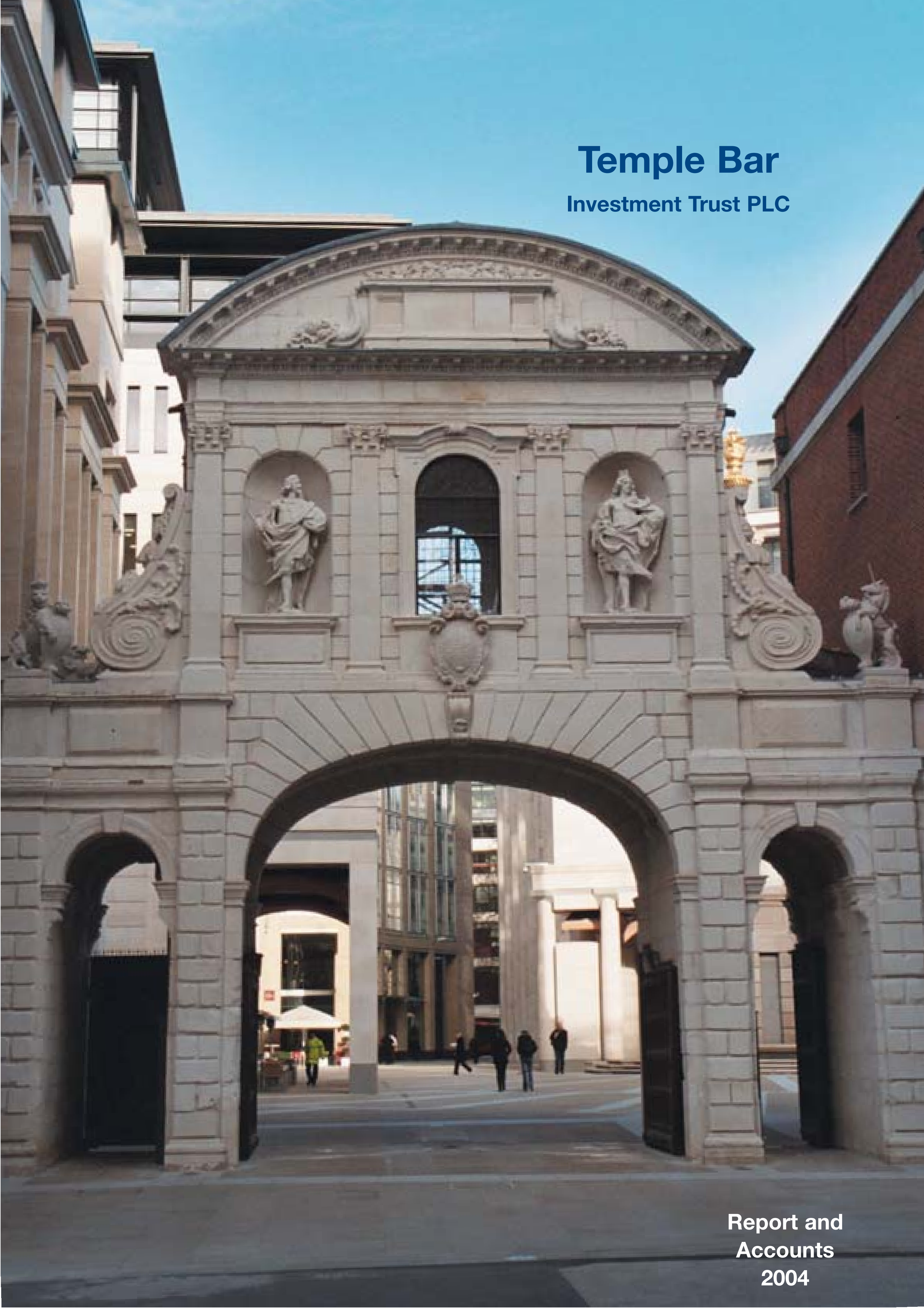


Temple Bar

Investment Trust PLC

Report and Accounts 2004

Contents

The front cover shows Temple Bar, as relocated to Paternoster Square in London, near St Paul's Cathedral, in November 2004

Company summary

INVESTMENT OBJECTIVE

To provide growing income combined with growth in capital, principally through investment in a portfolio of UK equities.

INVESTMENT POLICY

The Company invests with an emphasis on companies that offer fundamental value in terms of good asset backing and above average yields.

The Company aims to maintain a balance between larger and smaller/medium sized companies, with typically 70% of the portfolio invested in large blue chip companies.

BENCHMARK

Performance is measured against the FTSE All-Share Index.

TOTAL ASSETS

£464,060,000

SHAREHOLDERS' FUNDS

£389,198,000

MARKET CAPITALISATION

£386,848,000

CAPITAL STRUCTURE

Ordinary Shares	57,911,367 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.

MANAGERS' FEES

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

PEP/ISA STATUS

The Company's shares are capable of being held in an ISA and are a qualifying investment under the Personal Equity Plan regulations.

AITC

Member.

WEBSITE

www.itstemplebar.com

Summary of results

ASSETS as at 31 December	2004 £'000	2003 £'000	Percentage change
Consolidated net assets	**389,198**	332,341	17.11%
Ordinary shares			
Net asset value per share	**672.06p**	573.88p	17.11%
Net asset value per share adjusted for market value of debt	**658.66p**	565.24p	16.53%
Market price	**668.00p**	556.00p	20.14%
Discount	**0.6%**	3.1%	

REVENUE for the year ended 31 December	2004 £'000	2003 £'000	
Revenue return attributable to ordinary shareholders	**15,851**	16,483	(3.83)%
Earnings per ordinary share	**27.37p**	28.46p	(3.83)%
Dividends per ordinary share	**27.02p**	26.23p	3.01%

CAPITAL for the year ended 31 December	2004 £'000	2003 £'000
Capital return attributable to ordinary shareholders	**56,654**	52,933
Capital return attributable per ordinary share	**97.83p**	91.41p

	2004	2003
TOTAL EXPENSE RATIO*	**0.47%**	0.48%

TOTAL RETURNS (capital plus revenue) for the year to 31 December 2004	%
Return on net assets	**21.82**
Return on share price	**24.90**
FTSE All-Share Index	**12.84**
FTSE 350 Higher Yield Index	**16.61**
Change in Retail Prices Index over year	**3.49**

DIVIDEND YIELDS (NET) – 31 December 2004	%
Yield on ordinary share price (668p)	**3.96**
Yield on FTSE All-Share Index	**3.05**
Yield on FTSE 350 Higher Yield Index	**3.86**

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

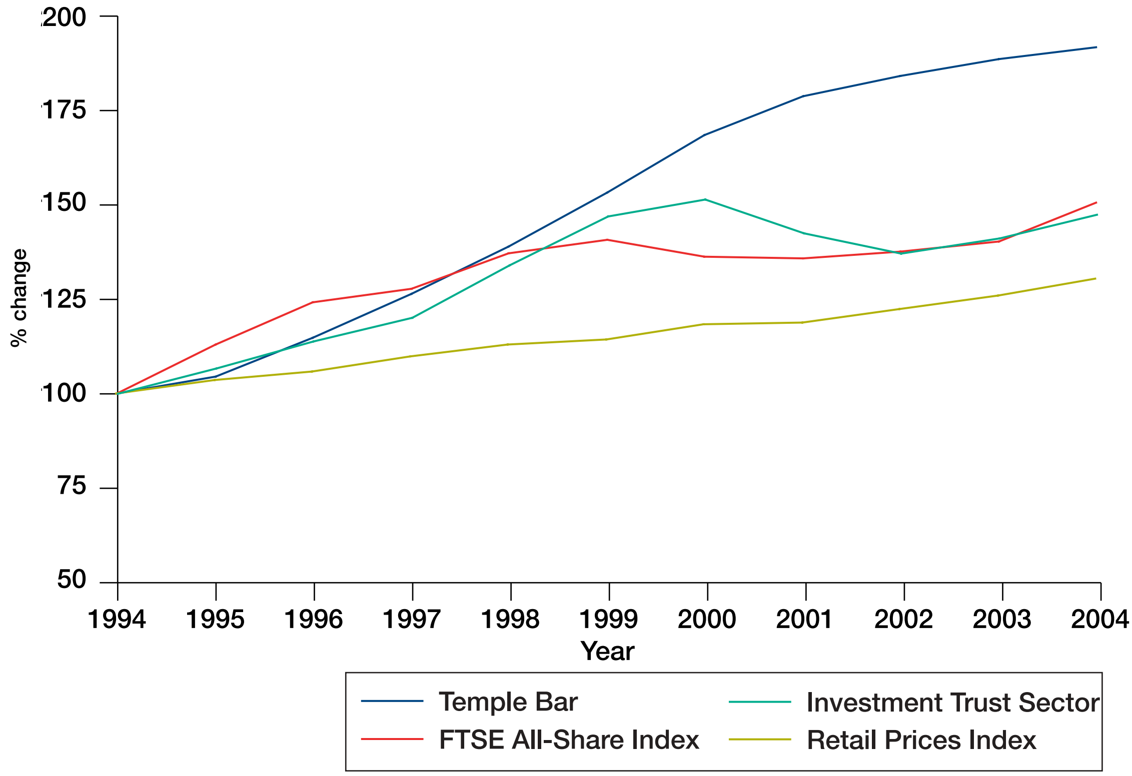
Ten year record

Year ended	Group total assets £'000	Group net assets £'000	Net assets per ordinary share p	Revenue return to ordinary shareholders £'000	Earnings per share p	Dividends per share (net) p
1995	260,235	228,092	395.42	10,252	17.86	14.55
1996	281,064	248,417	430.55	10,084	17.55	16.00
1997	341,446	308,290	533.82	11,339	19.70	17.60
1998	370,578	335,064	579.56	11,089	19.24	19.36
1999	442,136	369,391	639.16	12,102	20.96	21.30
2000	462,624	388,917	672.95	13,428	23.24	23.43
2001	430,262	356,292	615.43	14,198	24.56	24.84
2002	352,769	278,066	480.24	14,674	25.34	25.59
2003	407,047	332,341	573.88	16,483	28.46	26.23
2004	**464,060**	**389,198**	**672.06**	**15,851**	**27.37**	**27.02**

NOTE

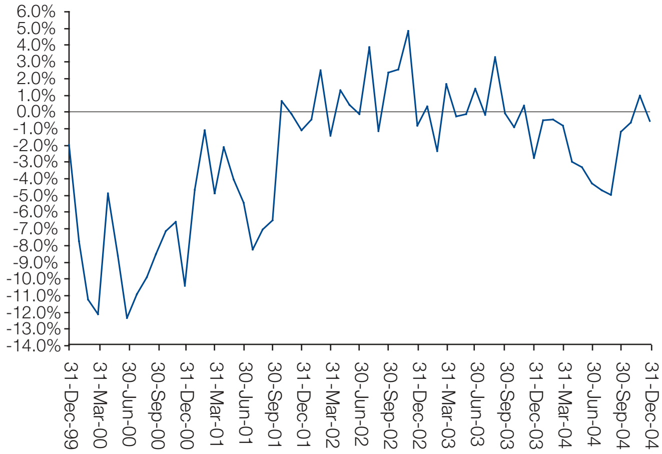
In 2003 there was a change of policy on the charging of finance expenses and management fees such that 60% of these (previously 50%) are now charged to capital. No prior years have been restated.

Comparative Dividend Growth



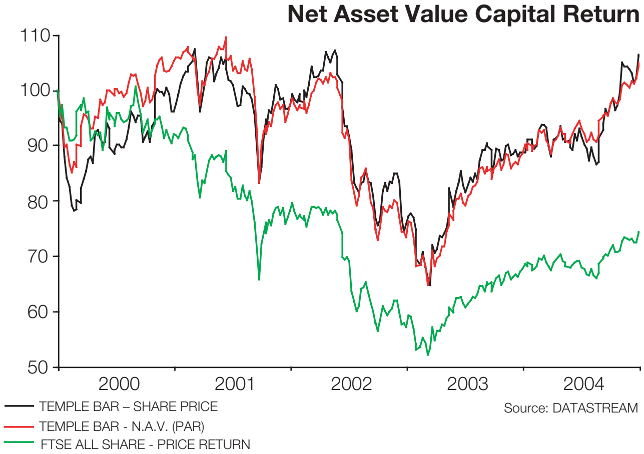
Five year summary

(Discount)/Premium to Net Asset Value



Share Price Total Return

Net Asset Value Capital Return



Directors

back row from left to right, John Hudson, Richard Jewson, Field Walton
front row from left to right, Martin Riley, John Reeve, Gary Allen

JOHN REEVE*, Chairman, aged 60, 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 currently Chairman of Alea Group Holdings (Bermuda) Limited and a director of a number of other companies.

GARY J ALLEN*†, aged 60, was appointed a director in 2001. He has over 35 years' experience in engineering and is former chairman of IMI plc. His other directorships include The London Stock Exchange, N V Bekaert SA and The National Exhibition Centre.

JOHN L HUDSON*, aged 59, was appointed a director in 1992. He is a former chief executive of Wagon plc and is currently chairman of Birmingham International Airport Limited, Whittan Group Limited and Metal Castings Limited and is chairman and chief executive of Calder Industrial Materials Limited.

RICHARD W JEWSON*, aged 60, 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 Octagon Healthcare Limited and Archant Limited, deputy chairman of Anglian Water Services Limited and a non-executive director of Grafton Group plc.

MARTIN R RILEY*, aged 61, was appointed a director in 2004. He has 35 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 CAEC Howard (Holdings) Ltd and a director of Bonfield Asset Management Ltd and various private investment companies.

FIELD L J WALTON*, aged 64, was appointed a director in 1983. He started his career in engineering management and moved to the City as an analyst with Cazenove in 1971. Subsequently he held a number of positions in fund management. He is currently a director of MacArthur & Co. Limited, chairman of Biofuels Corporation PLC and a non-executive director of a number of engineering and trust companies.

*Independent non-executive director and member of the audit committee and nomination committee.
†Chairman of the audit committee and Senior Independent Director.

Management and administration

from left to right, Alastair Mundy, David Lynch, Peter Lowery, Martin Slade

INVESTMENT MANAGER

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

REGISTERED OFFICE

2 Gresham Street, London EC2V 7QP

Secretary: Investec Investment Management
Limited, represented by M K Slade FCIS

REGISTERED NUMBER

Registered in England No. 214601

REGISTRAR

Lloyds TSB Registrars,
PO Box 28448, Finance House,
Orchard Brae, Edinburgh EH4 1WQ
Telephone No: 0870 6015366 (shareholder helpline)
0891 105366 (broker helpline)

REGISTERED AUDITOR

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

BANKERS AND CUSTODIAN

HSBC Bank plc, Poultry,
London EC2P 2BX

STOCKBROKERS

UBS AG, 1 Finsbury Avenue, London EC2M 2PA

SOLICITORS

Eversheds, Senator House,
85 Queen Victoria Street, London EC4V 4JL

After a quiet first half of 2004, UK equities moved higher in the second half to produce another year of good returns.

The total return on net assets of Temple Bar during 2004 was 21.8%, which compares with a total return of 12.8% for the FTSE All-Share Index. The underlying outperformance of the portfolio was amplified by the Trust's capital gearing, which is maintained at a conservative level. A detailed analysis of performance is provided in the Manager's report.

The Board is recommending an increase in the final dividend of 3.3% to produce a total increase for the year of 3.0%, reflecting the positive dividend announcements made in 2004 by many of the companies in the portfolio. This dividend will be payable on 31 March 2005 to those shareholders on the register as at 18 March 2005.

Gross revenue was lower compared with 2003, due mainly to the absence of a large special dividend received in the prior year. As a result post-tax earnings were reduced by 3.8% but still cover the increased dividend.

The Board closely monitors the relationship between the price of Temple Bar's shares and their underlying net asset value and is pleased to note that the shares have traded close to asset value for much of 2004; at the year end the shares were trading at a small discount of 0.6%. The operation of a low cost Savings Scheme together with general marketing and shareholder support activities facilitate the maintenance of the discount at an acceptable level. The Board recognizes that the market ultimately determines the value of the Trust's shares and aims to maintain a good dialogue with both current and potential shareholders and to provide a presentation on the portfolio at the AGM, with a view to ensuring that the Trust's investment strategies and potential are widely understood.

Board

One of the Trust's directors, John Hudson, will be retiring from the Board at this year's AGM. John has served on the Board for over a decade during which time we have benefited greatly from his wise counsel and thoughtful views. We wish him well in his other pursuits. In September 2004 we were delighted to confirm the appointment to the Board of Martin Riley. He has a wealth of investment trust knowledge which will be available to the Board in the coming years. We expect to make a further appointment to the Board over the course of this year.

Debt

As stated above, the Trust's capital gearing enhanced shareholder returns for the year. The Board remains comfortable that the £63m of debenture debt is appropriate in current circumstances.

International Financial Reporting Standards (IFRS)

This will be the last occasion that our financial statements are prepared on the basis of UK Generally Accepted Accounting Principles (GAAP). For the 2005 financial year our accounts will be prepared under the requirements of IFRS in accordance with the Listing Rules. The 2005 interim accounts will be prepared under the IFRS measurement and recognition principles that will apply at the year end. The principal differences resulting from this change, based on current guidance, will be the need to adopt bid price valuations for the portfolio, which is currently valued on the basis of mid price valuations, and the requirement not to accrue for any dividends that have not been approved by shareholders at the balance sheet date. There will also be some presentational changes to the primary financial statements. None of these changes is expected to have a material impact on Temple Bar. If the accounts for the year ended 31 December 2004 had been prepared under IFRS the NAV per ordinary share would have been approximately 688.8p rather than 672.06p as stated.

Outlook

The last few years have proved to be an excellent environment for investing in high yielding equities. The collapse of the technology bubble left many stocks significantly undervalued and those investors willing to stand apart from the crowd have had ample opportunity to produce attractive returns. However, valuation anomalies do not persist indefinitely. The importance of dividends as a part of overall returns is now firmly re-established in investors' minds. In fact, as the Manager states in his report, dividend yield seemed to be of pre-eminent importance in 2004.

Correspondingly, investing in those companies with superior long-term growth prospects has become relatively unfashionable and, consequently, the ratings of these companies have converged with those of higher yielding stocks.

Thus, while your Board and the Manager remain strong believers in the long term value of investing in high yielding out of favour companies, current market conditions suggest that we are entering a period in which we should be slightly more cautious in the application of our standard approach. Accordingly, we expect to supplement our typical holdings with investments in those companies with under-appreciated recovery prospects, undervalued growth opportunities or with assets which are likely to attract interest from competitor companies. In addition, we will be prepared to hold a higher than normal level of cash pending the identification of sufficiently attractive investments. We are confident that this approach will generate a number of interesting investment opportunities in the year ahead.

15 February 2005
John Reeve

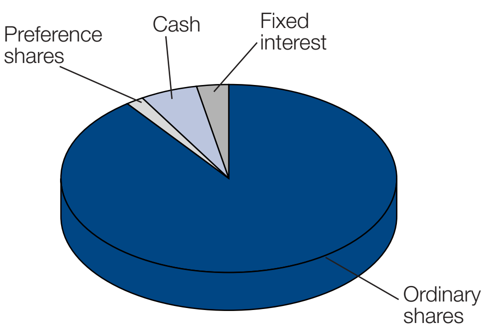
Twenty largest investments
as at 31 December 2004

Company	Valuation 31 December 2003 £'000	Net Purchases/ (Sales) £'000	Appreciation/ (Depreciation) £'000	**Valuation 31 December 2004 £'000**	**Total Assets %**
GlaxoSmithKline	20,250	9,456	(489)	**29,217**	**6.30**
Shell	17,717	1,496	1,466	**20,679**	**4.46**
BP	19,611	(1,942)	2,242	**19,911**	**4.29**
British American Tobacco	14,718	–	2,427	**17,145**	**3.69**
Vodafone	–	12,374	2,431	**14,805**	**3.19**
HSBC	23,236	(8,337)	(443)	**14,456**	**3.11**
BT	12,266	–	998	**13,264**	**2.86**
Royal Bank of Scotland	8,248	4,107	781	**13,136**	**2.83**
Severn Trent	9,824	–	2,871	**12,695**	**2.74**
Prudential	10,363	1,128	141	**11,632**	**2.51**
Investec UK Smaller Companies Fund	9,230	(545)	1,461	**10,146**	**2.19**
Legal & General	–	8,795	1,083	**9,878**	**2.13**
Rentokil Initial	–	9,806	(669)	**9,137**	**1.97**
Unilever	9,095	–	(157)	**8,938**	**1.93**
Diageo	8,670	–	101	**8,771**	**1.89**
Mitchells & Butlers	5,731	–	2,916	**8,647**	**1.86**
Lloyds TSB	12,497	(4,335)	317	**8,479**	**1.83**
HBOS	3,983	1,997	1,938	**7,918**	**1.71**
Barclays	15,627	(8,735)	947	**7,839**	**1.69**
United Utilities	3,962	1,444	1,725	**7,131**	**1.54**
	205,028	**26,709**	**22,087**	**253,824**	**54.72**

Convertibles and all classes of equity in any one company are treated as one investment.

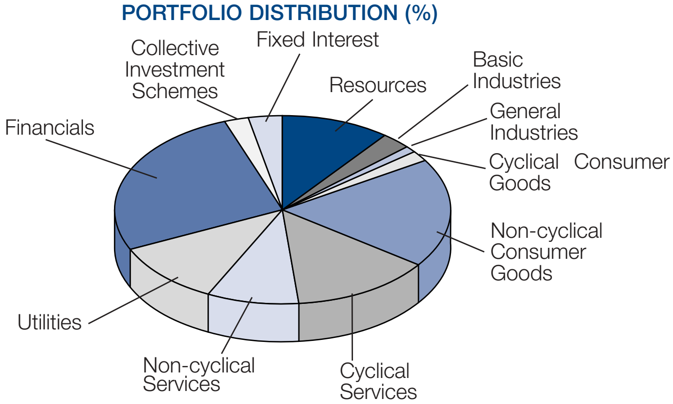
Asset allocation as at 31 December 2004

BY CLASS (%)



	%
Ordinary shares	89.66
Fixed interest	3.09
Preference shares	1.72
Cash	5.53
	100.00

PORTFOLIO DISTRIBUTION (%)



	%
Resources	10.46
Basic Industries	2.86
General Industries	1.09
Cyclical Consumer Goods	1.80
Non-cyclical Consumer Goods	18.72
Cyclical Services	13.50
Non-cyclical Services	8.86
Utilities	10.79
Financials	26.32
Collective Investment Schemes	2.33
Fixed Interest	3.27
	100.00

Manager's report

The importance of the US economy to most financial markets worldwide has ensured that investors remain alert to its major macro economic trends. Although many of the negatives voiced during the bear market, such as the high levels of consumer debt and weak employment growth in the US, remained unresolved, investors' appetite for risk across asset classes appeared to grow during 2004. Possibly investors became immune to the known negatives and were encouraged by the absence of any new issues about which to fret. However, an alternative view is that investors were so eager to buy high yielding asset classes that the accompanying risk was of secondary importance. Whatever the reason, risky assets performed well with the strength of high yield bonds and emerging market debt and equity surprising many commentators. The trend was similar in other equity markets, with the shares of the largest companies underperforming those of smaller companies.

After a very quiet first half of the year, UK equities performed strongly in the second part of 2004. Even with the luxury of hindsight it is not easy to rationalise the timing of this movement. Equity valuations were quite low, profit announcements were generally positive, dividend payments were in many cases better than expected and there was a reasonable amount of merger and acquisition activity. However, all these positive factors had been present in the first half of the year too. This illustrates how hard it is to time market movements and explains our preference for finding stocks which we believe are cheap and allowing the market to determine if and when to realize this undervaluation.

A number of themes were prevalent in investors' minds during the year: the high oil price, the strength of the Chinese economy and its seemingly insatiable demand for commodities, the weakness of the US dollar (inextricably linked to the large trade deficit) and increasing prices for many raw materials. However, the effect these themes had on share prices was not always as expected. For example, despite the oil price increasing significantly, the prices of the major UK oil companies, BP and Shell, were up by only about 10% during the year. Similarly, although commodities such as copper, iron ore and nickel all rose during the year, the performances of the largest mining shares such as Rio Tinto, Anglo American, BHP Billiton and Lonmin were generally disappointing. In stockmarkets, travelling is often better than arriving and the best performance in these sectors is often achieved when the commodities concerned are most out of favour.

In last year's manager's report we characterized the Temple Bar portfolio as one which had been constructed fairly defensively. We were happy holding a combination of utility shares trading at discounts to their asset values, multinational companies selling strongly marketed branded goods and those companies likely to benefit from self-help and thus less reliant on economic strength for their success. Overall, two of these three positions served us well. Water stocks, in particular, performed well throughout the year as investors were attracted to high dividend yields and the hope of a positive regulatory outcome (which duly occurred in December).

In general, self-help was a positive theme for the portfolio. For example, in recent years, the building materials company RMC had worked hard to improve the quality of its operations and reduce indebtedness. As a result, the company was a far more attractive business by 2004 and received a very generous bid from Cemex, a Mexican cement company. Similarly, Tate & Lyle has evolved from a position of generating its earnings from commodity businesses to one where it adds a great deal of value in the production process. The major success in 2004 for the company was the development of sucralose as a low-calorie sweetener with a far better aftertaste than the competitor products. The explosion in sales of sucralose together with the hope that Tate & Lyle would develop more new products over the next few years helped drive its share price to an all-time high in 2004.

While our positions in multinational branded goods companies were not a large drag on performance, the returns of this group were disappointing in 2004. Competition continues to intensify in this area, which has necessitated increased advertising expenditure and further brand innovation. In addition, the power and quality of retailers' own brands is growing and the brand owners are finding it harder to justify the premiums at which their products sell.

As always, we continue to keep a watchful eye on the level of turnover on the portfolio as we are very aware that this generates a cost which we wish to keep as low as practically possible. When we purchase shares, we do so at a time when they are out of favour. Provided nothing happens to make us change our original analysis, we are content to hold the shares until they return to favour. Historically, we have found that our average holding period is two years although this average covers a wide range of outcomes. We think it is important, however, not to target a defined level of portfolio turnover, as that might restrict us from making some justified investment decisions. The advent of hedge funds has clearly increased turnover levels in equity markets. We believe much of this turnover is driven by noise and babble and, while the swiftest of investors are able to benefit from this activity, we do not think that there is anything, on the whole, to be gained in the long run by focusing on short-term holding periods. Our strategy remains one dedicated to searching for value over the medium term and this will sometimes unavoidably result in periods of short-term underperformance.

As we move into 2005, great attention is focused on the weakness of the US dollar. The large US trade deficit continues to widen and a weaker currency is seen as the most benign way of reversing it. However, the trading partner with whom the US has the widest deficit is China and the Chinese renminbi is currently pegged to the US dollar. If this peg holds, the dollar weakness may have to be focused on other currencies, and in particular the euro, which while possibly curing some of America's ills may simply create new ones for Europe.

The current consensual outcome is for an orderly decline in the US dollar. This would help to alleviate many imbalances such as the US trade deficit and the global economy's over-reliance on the US consumer and European and Asian exporters and thus form a more solid base for future economic growth. However, we think this should not be assigned too high a probability. Perhaps the dollar will overshoot to lower levels than expected. Perhaps it may catch investors out and actually rise. As with all major currency movements, there is always the possibility that it will encourage increased trade barriers and protectionism and, therefore, restrain growth.

With markets offering insufficient compensation, in terms of high yields or low ratings, to encourage braver action, the Temple Bar portfolio remains fairly defensively positioned. Many of the areas which we highlighted last year are therefore still relevant. We continue to hold significant positions in the water and electricity sectors, believing the companies will be able to grow their dividends more quickly than the rest of the market. We also remain overweight in tobacco companies, which we think will continue to benefit from price increases in cigarettes to generate strong cashflow and good dividend increases.

Amongst our candidates for self-help this year are Rentokil and ITV. Rentokil was formerly viewed as a glamour stock, despite its mundane business profile of office cleaning, pest control, parcel delivery and tropical plant maintenance. In recent years, the company's earnings have come under great pressure as internal operational issues have come to light and general competitive conditions have increased. However, its Chairman is very keen to bring stability back to the company. This could result in disposals, cost-cutting and also some strategic acquisitions. Ultimately, we believe Rentokil will become a more focused, better managed company capable of producing respectable earnings growth. However, its current rating suggests the market believes this is unlikely. Although ITV remains a highly watched television channel, the proliferation of channels in recent years has led to audience fragmentation and a loss of market share. While the increased competition has undoubtedly been responsible for much of the market share loss, it is possible that the programming schedule has also been a contributory factor. We have, therefore, bought the shares in the expectation that the decline in market share can be halted through improved programming and the continued development of the new ITV stations. In addition, internally generated cost cuts should be supplemented by a significant fall in regulatory payments.

As we have commented in previous years, there are many styles of investment management and none of them guarantee success over either the short or long term. However, we believe the contrarian principles to which we adhere will continue to provide a flow of interesting investment opportunities.

Alastair Mundy
Investec Investment Management Limited
15 February 2005

Portfolio of investments

	Valuation of holding as at 31 December 2004 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2004 %
RESOURCES			
Mining		1.13	4.10
Rio Tinto	4,898		
Oil & Gas		9.33	12.24
BP	19,911		
Shell	20,679		
		10.46	16.34
BASIC INDUSTRIES			
Chemicals		0.11	0.85
Scapa	471		
Construction & Building Materials		2.75	2.60
Hanson	2,680		
Heywood Williams	3,021		
RMC	6,246		
Forestry & Paper		–	0.04
Steel & Other Metals		–	0.16
		2.86	3.65
GENERAL INDUSTRIES			
Aerospace & Defence		0.30	1.39
BAE Systems†	1,318		
Electronic & Electrical Equipment		0.32	0.26
Invensys	1,393		
Engineering & Machinery		0.47	0.80
Fenner	232		
Senior	1,816		
		1.09	2.45
CYCLICAL CONSUMER GOODS			
Automobiles & Parts		1.80	0.30
GKN	4,218		
Vardy	3,608		
Household Goods & Textiles		–	0.09
		1.80	0.39
NON-CYCLICAL CONSUMER GOODS			
Beverages		3.25	2.90
Allied Domecq	2,422		
C & C	2,926		
Diageo	8,771		
Food Producers & Processors		3.61	2.41
Cadbury Schweppes	2,204		
Tate & Lyle	4,568		
Unilever	8,938		
Health		–	0.47
Personal Care & Household Products		–	0.87
Pharmaceuticals & Biotechnology		6.72	7.93
GlaxoSmithKline	29,217		
Tobacco		5.14	2.14
British American Tobacco	17,145		
Gallaher	5,219		
		18.72	16.72

	Valuation of holding as at 31 December 2004 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2004 %
CYCLICAL SERVICES			
General Retailers		3.93	3.50
Dixons	6,424		
Marks & Spencer	4,042		
Mothercare	1,481		
Smith WH	3,115		
Woolworths	2,024		
Leisure & Hotels		3.90	2.51
Millennium & Copthorne	3,358		
Mitchells & Butlers	8,647		
Parkdean	4,949		
Media & Entertainment		2.52	4.11
EMI	5,511		
Trinity Mirror	5,472		
Support Services		2.10	2.72
Rentokil Initial	9,137		
Transport		1.05	1.86
Avis Europe	2,081		
TDG	2,484		
		13.50	14.70
NON-CYCLICAL SERVICES			
Food & Drug Retailers		0.21	2.52
Morrison (W)	930		
Telecommunication Services		8.65	8.95
BT	13,264		
Cable & Wireless	5,355		
ITV	4,205		
Vodafone	14,805		
		8.86	11.47
UTILITIES			
Electricity		2.24	1.29
Scottish & Southern Engineering	5,670		
Scottish Power	4,070		
Utilities – Other		8.55	2.75
AWG	2,711		
Kelda	4,168		
National Grid Transco	5,002		
Pennon	5,473		
Severn Trent	12,695		
United Utilities	7,131		
		10.79	4.04

Portfolio of investments continued

	Valuation of holding as at 31 December 2004 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2004 %
FINANCIALS			
Banks		13.52	19.34
Barclays	7,839		
Bradford & Bingley	7,059		
HBOS	7,918		
HSBC	14,456		
Lloyds TSB	8,479		
Royal Bank of Scotland	13,136		
Insurance		1.17	0.55
Highway Insurance	432		
Royal & Sun Alliance	4,657		
Life Assurance		6.90	2.97
Aviva	3,039		
Britannic	2,048		
Friends Provident	3,438		
Legal & General	9,878		
Prudential	11,632		
Investment Companies		0.96	2.55
Framlington Innovations	1,089		
Medical Properties Investment Fund	3,103		
Real Estate		1.31	2.08
Land Securities	3,101		
Slough Estates†	2,594		
Speciality & Other Finance		2.46	1.68
ICAP	5,440		
Schroders	5,273		
		26.32	29.17
INFORMATION TECHNOLOGY			
Information Technology Hardware		–	0.32
Software & Computer Services		–	0.75
		–	1.07
COLLECTIVE INVESTMENT SCHEMES			
Investec UK Smaller Companies Fund*	10,146	2.33	–
TOTAL EQUITIES	420,862	96.73	100.00
FIXED INTEREST			
BAA 11.75% 2016	1,551		
Halifax 9.375% 2021	1,441		
Lloyds TSB 8.5% 2006	4,001		
MEPC 12% 2006	1,779		
Royal Bank of Scotland 9.25% Perpetual	2,206		
RWE Finance 4.625% 2010	3,250		
TOTAL FIXED INTEREST	14,228	3.27	–
TOTAL VALUATION OF PORTFOLIO	435,090	100.00	100.00

†Convertible preference shares
*Representing 27.5% of the total net assets of the Fund

The directors present their report and accounts for the year ended 31 December 2004.

GROUP ACTIVITIES

The principal activity of the Company, which remained unchanged throughout the year, is that of an investment trust. The Inland Revenue has approved the Company as an investment trust for the purposes of section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 December 2003 and its affairs are directed so as to enable it to continue to attain such approval. This approval is subject to there being no subsequent enquiry under Corporation Tax Self Assessment. The Company intends to conduct its business so as to continue as an approved investment trust following the objective set out on page 1 of this report.

The Company has one active wholly owned subsidiary company, whose principal activity is investment dealing, and one dormant subsidiary.

The "close company" provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

A review of the business is given in the Chairman's statement and the Manager's report.

ORDINARY DIVIDENDS

The results of the Group are shown on page 23. An interim dividend of 8.64p per ordinary share was paid on 30 September 2004 (2003: 8.43p) and the directors are recommending a final dividend of 18.38p per ordinary share (2003: 17.80p), a total for the year of 27.02p (2003: 26.23p). Subject to shareholders' approval, the final dividend will be paid on 31 March 2005 to shareholders on the register on 18 March 2005. After deducting the ordinary dividend there is a revenue surplus of £203,000 to be transferred to consolidated revenue reserves.

PERSONAL EQUITY PLANS/ISAs

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

DIRECTORS

The directors of the Company during the year were as stated below and their interests in the ordinary share capital of the Company are as follows. Each of the directors held office throughout the year except for Mr M R Riley who was appointed on 20 September 2004.

	31 December 2004	1 January 2004 (or date of appointment)
G J Allen	1,290	1,239
J L Hudson	20,645	20,042
R W Jewson	2,147	1,562
J Reeve	25,882	22,950
M R Riley	–	–
F L J Walton	6,724	6,724

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

On 14 January 2005 Mr J Reeve acquired a further 134 ordinary shares in the Company through his regular monthly saving in the Temple Bar Investment Trust ISA. On 21 January 2005 Mr R W Jewson acquired a further 37 ordinary shares in the Company through his regular monthly saving in the Temple Bar Investment Trust Savings Scheme. No other changes in the interests shown above occurred between 31 December 2004 and 15 February 2005.

No other person was a director during any part of the year.

The directors retiring by rotation and/or in compliance with the provisions of the Combined Code are Mr J Reeve, Mr G J Allen, Mr R W Jewson and Mr F L J Walton. Mr M R Riley was appointed a director during the year and in accordance with the Articles of Association will stand for re-election at the annual general meeting. 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 does not consider that any of the directors standing for re-election are not 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. Mr Hudson is retiring from the Board with effect from the conclusion of the annual general meeting and accordingly will not be standing for re-election.

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

PAYMENT OF SUPPLIERS

The Company'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 15 February 2005 the following company had indicated an interest in 3% or more of the issued ordinary shares of the Company.

	%
Legal & General Group plc	3.10

MANAGEMENT CONTRACT

The Company has a management agreement with Investec Investment Management Limited ("IIM") for the provision of investment management, secretarial, accounting and administrative services to the Company and its subsidiaries. The agreement is subject to one year's notice of termination by either party.

IIM receives an investment management fee of 0.35% per annum, payable quarterly, based on the value of the investments (including cash) of the Company. Investments in funds managed by the Investec Group are wholly excluded from this charge. 60% (2003: 60%) of the investment management fee payable to IIM is charged by the Company to capital reserves and the remaining 40% (2003: 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 2004 amounted to £1,455,064 (2003: £1,242,110) net of value added tax.

IIM's performance under the contract and the contract terms are reviewed at least annually.

In the opinion of the directors the continued appointment of the investment manager on the terms set out above is in the best interests of shareholders. A comprehensive assessment of the performance and objectives of the investment manager was carried out in 2003 in conjunction with an independent consultant. This covered, inter alia, the performance of the manager, their management processes, investment style, resources and risk controls. As noted in the Chairman's Statement, the recent performance of the Company has been good, having outperformed its benchmark index over 5 and 10 year periods.

DONATIONS

No political or charitable donations were made during the year (2003: Nil).

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors to the Company will be proposed at the annual general meeting on 29 March 2005.

DIRECTORS' AUTHORITY TO PURCHASE THE COMPANY'S OWN SHARES

The directors consider it desirable to give the Company 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 Company. The purchase of ordinary shares is intended to reduce the discount at which ordinary shares trade in the market through the Company 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 Company is 5% above the average of the market value of the ordinary shares for the five business days before the purchase is made.

The Company is not intending to make such purchases at present and will only exercise the power after careful consideration and in circumstances where, in the light of prevailing market conditions, it is satisfied that it is in the interests of the Company to do so. The appropriate resolution is set out in the notice of meeting on page 38.

By order of the Board of Directors
M K Slade
For Investec Investment Management Limited
Secretary
15 February 2005

Report on directors' remuneration

This report is submitted in accordance with the Directors' Remuneration Report Regulations 2002 in respect of the year ended 31 December 2004. An ordinary resolution will be proposed at the annual general meeting to approve this report, but the directors' remuneration is not conditional upon the resolution being passed.

The Company 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 Company's Articles of Association 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 £150,000 per annum. 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.

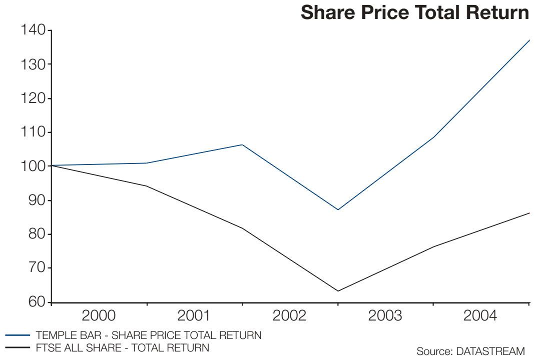
POLICY ON DIRECTORS' REMUNERATION

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 Company provides such analysis to the Board as part of the management and secretarial services provided to the Company. 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.

In light of the increasing demands and accountability of the corporate governance environment the Board has recognised the additional workload that each director has experienced. The Board, therefore, concluded that the remuneration be increased to £21,000 for the Chairman and £14,000 for the other directors with effect from 1 January 2005 to reflect the level of work and responsibility involved.

PERFORMANCE GRAPH

The directors consider that the most appropriate measure of the Company'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.



DIRECTORS' EMOLUMENTS (AUDITED)

The fee level for directors is shown below. There is no performance related fee. None of the directors has a service contract with the Company.

Directors are initially appointed until the following annual general meeting when, under the Company'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 Combined Code.

Director	2004 £	2003 £
John Reeve	18,750	16,838
Gary J Allen	13,150	12,750
John L Hudson	13,150	12,750
Richard W Jewson	13,150	12,750
Martin R Riley	3,684	–
Field L J Walton	13,150	12,750

Mr Walton's remuneration is paid to Field Corporate Services.

The fees disclosed above include national insurance contributions and VAT where applicable.

No director received any pension contributions (2003: Nil).

By order of the Board of Directors
M K Slade
For Investec Investment Management Limited
Secretary
15 February 2005

APPLICATION OF COMBINED CODE PRINCIPLES

The Board attaches great importance to ensuring that the Company operates to high ethical and compliance standards. In addition, the Board seeks to observe the principles set out in the UK Listing Authority's Combined Code on Corporate Governance insofar as these are consistent with the Company's status and objectives as an investment trust.

The Board also complies with the Code of Corporate Governance published by the Association of Investment Trust Companies as far as practical. 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 DETAILED PROVISIONS OF THE COMBINED CODE

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 Company 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 Investment Management Limited ('IIM'). The Board makes all strategic decisions, reviews the performance of the Company at Board meetings and sets the objectives for the Managers. Mr G J Allen 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 Combined 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 Company. Key representatives of IIM attend each Board meeting enabling directors to probe on matters of concern or seek clarification on certain issues.

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

Number of meetings attended

	Board	Audit Committee	Nomination Committee
John Reeve	7	2	3
Gary Allen	4	2	3
John Hudson	7	2	1
Richard Jewson	7	2	3
Martin Riley*	2	–	–
Field Walton	7	2	3

*appointed a director on 20 September 2004

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. Three of the five directors (Mr Reeve, Mr Hudson and Mr Walton) have served on the Board for more than nine years from the date of their first election, but given the nature of the Company 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. All of the non-executive directors are, therefore, considered to be independent.

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 reappointment. 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 Company and its business has a beneficial impact.

The directors due to stand for annual re-election at the forthcoming AGM as per the requirements of the Combined Code are Mr Reeve and Mr Walton, both having served on the Board for more than nine years. Mr Allen and Mr Jewson are due to retire by rotation in accordance with the Company's Articles of Association. Mr Riley is due to stand for re-election at the AGM, being the first since his appointment as a director in September 2004. 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. In arriving at this recommendation the Board is mindful of the fact that three of the directors currently on the Board have served for less than four years. The Board was, therefore, altered relatively recently. Furthermore, as stated above, it is the view of the Board that long service in no way reduces the independence and objectivity of the directors. Each of the directors continues to be effective and to display an undiminished enthusiasm and commitment to the role.

Chairman

The Chairman is also non-executive chairman of one other quoted company and a director of a number of other companies. He does not have a full time executive role in any organisation and the Board is satisfied that he has sufficient time available to discharge fully his responsibility as Chairman of the Company.

Audit Committee

The audit committee is a formally constituted committee of the Board with defined terms of reference. It meets twice yearly and among its specific responsibilities are the review of the Company's annual and half yearly results together with associated documentation and the review of the internal and financial controls applicable to the management company. Each of the non-executive directors is a member of the audit committee and the Chairman is Mr Allen. The auditors 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. During the year it was decided to appoint a new director to the Board. A search consultant was used to identify suitable candidates for review by the Board.

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.

Upon appointment to the Board each director receives relevant background information on the Company together with a summary of the duties and responsibilities of directors. When a director is appointed an induction meeting is arranged by the manager covering details about the Company, its manager, legal responsibilities, investment processes and investment trust industry matters. Directors have also taken part in various training specific to non-executive directors, including courses and conferences run by the AITC.

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 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.

Relations with Shareholders

Shareholder relations are given high priority by both the Board and the manager. The principal medium by which the Company communicates with shareholders is through the interim and annual reports. The information contained therein is supplemented by regular NAV announcements and by a monthly factsheet available on the Company'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. The current shareholding constituency of the Company is such that there is only one major shareholder. All members of the Board are willing to meet with shareholders at any time for the purpose of discussing matters in relation to the operation and prospects of the Company.

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 annual general meetings. 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 Company.

Accountability, Internal Controls and Audit

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

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, including recourse to a £7.5 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 Company's system of internal control and for reviewing its effectiveness. In order to facilitate the control process the Board has requested the Managers to confirm annually that they have conducted the Company's affairs in compliance with the legal and regulatory obligations which apply to the Company 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.

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 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. This matter is subject to periodic review. Based on the foregoing the Company 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 Company 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. Accordingly, while the Board seeks to favour companies which pursue best practice in these areas this must not be to the detriment of the return on the investment portfolio.

Exercise of Voting Rights

The Managers have been instructed to vote on behalf of the Company in accordance with recommendations put forward by the National Association of Pension Funds (NAPF). Should the Managers wish to vote in a different way to the recommendation of the NAPF this requires the specific approval of the Board.

We have audited the Group's financial statements for the year ended 31 December 2004 which comprise the consolidated statement of total return, the consolidated and company balance sheets, the consolidated cashflow statement, and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of the revenue of the Group for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London
15 February 2005

Statement of directors' responsibilities in respect of the accounts

The directors are required by UK Company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the total return of the Group for that year.

The directors are responsible for ensuring that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2004. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on a going concern basis.

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

The financial statements are published on the www.itstemplebar.com website, which is a website maintained by the Company's Investment Manager, Investec Investment Management Limited (Investec). The maintenance and integrity of the website maintained by Investec or any of its subsidiaries is, so far as it relates to the Company, the responsibility of Investec. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Consolidated statement of total return

(incorporating the revenue account) of the group for the year ended 31 December 2004

	Notes	2004 Revenue £'000	2004 Capital £'000	2004 Total £'000	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000
Gains on investments	10 b)	–	60,416	60,416	–	56,544	56,544
Income	2	18,760	–	18,760	19,301	–	19,301
Investment management fee	3	(684)	(1,026)	(1,710)	(584)	(875)	(1,459)
Other expenses	4	(402)	–	(402)	(411)	–	(411)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		17,674	59,390	77,064	18,306	55,669	73,975
Interest payable	5	(1,823)	(2,736)	(4,559)	(1,823)	(2,736)	(4,559)
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		15,851	56,654	72,505	16,483	52,933	69,416
Taxation	6	–	–	–	–	–	–
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		15,851	56,654	72,505	16,483	52,933	69,416
Ordinary dividends	8	(15,648)	–	(15,648)	(15,190)	–	(15,190)
TRANSFER TO RESERVES		203	56,654	56,857	1,293	52,933	54,226
RETURN PER ORDINARY SHARE	9	27.37p	97.83p	125.20p	28.46p	91.41p	119.87p
DIVIDENDS PER ORDINARY SHARE	8	27.02p			26.23p		

The revenue column of this statement is the profit and loss account of the Group.

All principal activities of the Group are continuing operations as defined by Financial Reporting Standard 3. No operations were acquired or discontinued in the year.

Consolidated balance sheet

	Notes	31 December 2004 £'000	31 December 2004 £'000	31 December 2003 £'000	31 December 2003 £'000
FIXED ASSETS					
Investments	10		435,090		402,895
CURRENT ASSETS					
Debtors	11	3,489		2,874	
Cash at bank	19	25,481		1,278	
		28,970		4,152	
Creditors : amounts falling due within one year	12	11,862		11,706	
NET CURRENT ASSETS/(LIABILITIES)			17,108		(7,554)
TOTAL ASSETS LESS CURRENT LIABILITIES			452,198		395,341
Creditors : amounts falling due after more than one year	13		63,000		63,000
NET ASSETS			389,198		332,341
CAPITAL AND RESERVES					
Called up share capital	15		14,478		14,478
Share premium account	16		2,193		2,193
Other reserves					
Capital reserve – realised	16		284,976		266,019
Capital reserve – unrealised	16		74,608		36,911
Revenue reserves	16		12,943		12,740
TOTAL SHAREHOLDERS' FUNDS	17		389,198		332,341

The accounts on pages 23 to 36 were approved by the directors on 15 February 2005 and were signed on their behalf by J Reeve.

Company balance sheet

	Notes	31 December 2004 £'000	31 December 2004 £'000	31 December 2003 £'000	31 December 2003 £'000
FIXED ASSETS					
Investments	10	435,090		402,895	
Subsidiary companies	10 c)	50		50	
			435,140		402,945
CURRENT ASSETS					
Debtors	11	3,495		2,880	
Cash at bank	19	25,481		1,278	
		28,976		4,158	
Creditors : amounts falling due within one year	12	11,862		11,706	
NET CURRENT ASSETS/(LIABILITIES)			17,114		(7,548)
TOTAL ASSETS LESS CURRENT LIABILITIES			452,254		395,397
Creditors : amounts falling due after more than one year	13		63,935		63,935
NET ASSETS			388,319		331,462
CAPITAL AND RESERVES					
Called up share capital	15		14,478		14,478
Share premium account	16		2,193		2,193
Other reserves					
Capital reserve – realised	16		284,976		266,019
Capital reserve – unrealised	16		74,608		36,911
Revenue reserves	16		12,064		11,861
TOTAL SHAREHOLDERS' FUNDS	17		388,319		331,462

The accounts on pages 23 to 36 were approved by the directors on 15 February 2005 and were signed on their behalf by J Reeve.

Consolidated cash flow statement

	Notes	2004 £'000	2004 £'000	2003 £'000	2003 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		**16,523**		17,643
RETURN ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		**(4,559)**		(4,559)	
Net cash outflow from return on investments and servicing of finance			**(4,559)**		(4,559)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchases of investments		**(125,049)**		(163,564)	
Sales of investments		**152,779**		151,726	
Net cash inflow/(outflow) from capital expenditure and financial investment			**27,730**		(11,838)
EQUITY DIVIDENDS PAID			**(15,312)**		(14,940)
CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			**24,382**		(13,694)
MANAGEMENT OF LIQUID RESOURCES					
Short term money market deposits (placed)/withdrawn	19		**(20,993)**		11,850
			3,389		(1,844)
FINANCING					
Gross proceeds from issue of shares			**–**		49
INCREASE/(DECREASE) IN CASH	19		**3,389**		(1,795)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
Increase/(decrease) in cash		**3,389**		(1,795)	
Short term money market deposits placed/(withdrawn)		**20,993**		(11,850)	
Exchange movements		**(179)**		–	
Change in net debt			**24,203**		(13,645)
Net debt at 1 January	19		**(61,722)**		(48,077)
Net debt at 31 December	19		**(37,519)**		(61,722)

Statement of accounting policies

GENERAL

The accounts are prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" (SORP). The accounts have been prepared on the historical cost basis of accounting modified to include the revaluation of fixed asset investments.

CONSOLIDATION

Both subsidiary companies make up accounts to 31 December and their results for the year ended on that date are included in the Group results in full.

INVESTMENTS

Listed investments are stated at market value which is based upon middle market prices at the balance sheet date. Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to capital reserve-realised and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve-unrealised. Suspended securities are included at directors' valuation.

SUBSIDIARY COMPANIES

Investments in subsidiary companies are valued at the lower of cost or net asset value, as in the opinion of the directors this most fairly reflects the value of the investment.

INCOME AND EXPENSES

All income and expenses are treated on the accruals basis and dividend income is included in revenue when an investment is quoted ex-dividend. UK dividends are stated net of related tax credits.

Dividends received as scrip dividends are taken to the revenue account. The accounting treatment of special dividends is considered on a case by case basis.

The fixed returns on debt securities are recognised on a time apportionment basis so as to reflect their effective yield.

MANAGEMENT CHARGE

In accordance with the expected long term division of returns, 40% of the investment management fee for the year is charged to the revenue account and the other 60% is charged to capital reserves, 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.

DEFERRED TAXATION

Provision is made for taxation at current rates on the excess of taxable income over expenses. Where applicable, a provision is made on all timing differences between the recognition of income in the financial statements and its recognition in the Company's annual tax returns.

DEBENTURE INTEREST

Interest payable is treated on an accruals basis. In accordance with the expected long term division of returns, 40% of the interest for the year is charged to the revenue account and the other 60% is charged to capital reserves, net of incremental corporation tax relief.

Notes to the accounts

1 COMPANY REVENUE ACCOUNT

The Company has taken advantage of the exemption from presenting its own revenue account provided by section 230 of the Companies Act 1985.

2 INCOME

	2004 £'000	2003 £'000
Income from investments		
UK dividends	17,118	17,148
Other dividends	53	–
Income from fixed interest securities	929	1,362
Scrip dividends	194	235
	18,294	18,745
Other income		
Bank interest	460	465
Underwriting commission	6	2
Dealing profit in subsidiary company	–	89
	466	556
Total income	18,760	19,301
Income from investments:		
Listed UK	18,116	18,628
Unlisted UK	178	117
	18,294	18,745

3 INVESTMENT MANAGEMENT FEE

	2004 Revenue £'000	2004 Capital £'000	2004 Total £'000	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000
Investment management fee	582	873	1,455	497	745	1,242
Irrecoverable VAT thereon	102	153	255	87	130	217
	684	1,026	1,710	584	875	1,459

Details of the management contract are given in the "Report of the directors" on page 16.

4 OTHER EXPENSES

	2004 £'000	2003 £'000
Directors' fees (see Report on directors' remuneration on page 17)	82	80
Registrar fees	75	70
AITC membership costs	49	46
Advertising and marketing costs	34	42
Printing and postage	43	42
Directors' liability insurance	30	29
Consultancy	–	21
Debenture issue costs amortised	18	18
Auditors' remuneration – audit	18	18
Stock exchange fees	7	11
Safe custody fees	6	9
Other expenses	40	25
	402	411

Auditors' remuneration excluding VAT in relation to the audit of the parent company totalled £15,000 (2003: £15,000). The expenses disclosed above include VAT where applicable. There were no payments to the auditors in respect of non-audit services (2003: Nil).

5 INTEREST PAYABLE

	2004 Revenue £'000	2004 Capital £'000	2004 Total £'000	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000
On 9⅞% debenture stock 2017	987	1,482	2,469	987	1,482	2,469
On 5.5% debenture stock 2021	836	1,254	2,090	836	1,254	2,090
	1,823	2,736	4,559	1,823	2,736	4,559

6 TAXATION

There is no corporation tax payable (2003: Nil).

Factors affecting the tax charge for the year

	2004 Revenue £'000	2004 Capital £'000	2004 Total £'000	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000
Return on ordinary activities before taxation	15,851	56,654	72,505	16,483	52,933	69,416
Tax charge at the standard rate of corporation tax (30%)	4,755	16,996	21,751	4,945	15,880	20,825
The tax assessed for the period is lower than the standard rate of corporation tax for a company (30%) (2003: 30%)						
The differences are explained below						
Effects of:						
Non taxable gains on investments[1]	–	(18,125)	(18,125)	–	(16,963)	(16,963)
Income not chargeable to tax:						
UK dividends[1]	(5,135)	–	(5,135)	(5,145)	–	(5,145)
Scrip dividends[1]	(57)	–	(57)	(71)	–	(71)
Movement in excess management expenses[2]	437	1,129	1,566	271	1,083	1,354
Current tax charge for the year	–	–	–	–	–	–

[1] Investment Trusts are not subject to corporation tax on these items.

[2] The Company has not recognised a deferred tax asset of £7,577,000 (2003: £6,011,000) arising as a result of having unutilised management expenses since, under current tax legislation, it is unlikely that the Company will obtain any benefit for the asset.

7 REVENUE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The revenue attributable to ordinary shareholders includes £15,851,000 (2003: £16,394,000) which has been dealt with in the accounts of the Company.

8 DIVIDENDS ON ORDINARY SHARES

	2004 £'000	2003 £'000
Interim 8.64p per share paid 30 September 2004 (2003: 8.43p)	5,004	4,882
Proposed final of 18.38p per share to be paid 31 March 2005 (2003: 17.80p)	10,644	10,308
	15,648	15,190

9 GROUP RETURN PER ORDINARY SHARE

	2004			2003		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	27.37p	**97.83p**	**125.20p**	28.46p	91.41p	119.87p

Revenue return per ordinary share is based on the revenue return on ordinary activities after taxation of £15,851,000 (2003: £16,483,000) and on a weighted average number of ordinary shares in issue during the year of 57,911,367 (2003: 57,907,566).

Capital return per ordinary share is based on the capital gain on ordinary activities after taxation of £56,654,000 (2003: £52,933,000) and on 57,911,367 (2003: 57,907,566) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

10 INVESTMENTS

	2004 £'000	2003 £'000
Investments listed on a recognised UK investment exchange	**424,944**	393,665
Open Ended Investment Companies	**10,146**	9,230
	435,090	402,895

a) Movements in the year

	2004 £'000	2003 £'000
Opening valuation	**402,895**	334,811
Purchases at cost	**124,973**	163,466
Sales – proceeds	**(153,198)**	(151,637)
– realised gains on sales	**22,723**	422
Increase in unrealised appreciation	**37,697**	55,833
Closing valuation	**435,090**	402,895
Closing book cost	**360,482**	365,984
Closing unrealised appreciation	**74,608**	36,911
	435,090	402,895

b) Gains on investments

	2004 £'000	2003 £'000
Gains realised on investments sold in the year	**22,723**	422
Increase in unrealised appreciation	**37,697**	55,833
Effective yield adjustment	**175**	289
Exchange movements	**(179)**	–
Gains on investments	**60,416**	56,544

c) Subsidiary companies

The cost of shares in subsidiary companies is £50,100 (2003: £50,100).

The subsidiary companies, which are wholly owned, incorporated and operating in Great Britain and registered in England and Wales are:

	Holding	Cost £
Temple Bar Properties Limited[1]	100 ordinary shares of £1 each	100
Temple Bar Securities Limited[2]	50,000 ordinary shares of £1 each	50,000
		50,100

[1] dormant company
[2] investment trading company

11 DEBTORS

	Group		Company	
	2004	2003	**2004**	2003
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Sales for future settlement	**689**	270	**689**	270
Due from subsidiary companies	**–**	–	**6**	6
Other debtors	**320**	349	**320**	349
Accrued income	**2,480**	2,255	**2,480**	2,255
	3,489	2,874	**3,495**	2,880

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	**2004**	2003
	£'000	£'000	**£'000**	£'000
Purchases for future settlement	**–**	270	**–**	270
Accruals and deferred income	**556**	466	**556**	466
Interest accrued on debenture stock	**662**	662	**662**	662
Proposed final dividend	**10,644**	10,308	**10,644**	10,308
	11,862	11,706	**11,862**	11,706

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2004	2003	**2004**	2003
	£'000	£'000	**£'000**	£'000
Amount owed to subsidiary companies	**–**	–	**935**	935
9⅞% debenture stock 2017	**25,000**	25,000	**25,000**	25,000
5.5% debenture stock 2021	**38,000**	38,000	**38,000**	38,000
	63,000	63,000	**63,935**	63,935

a) 9⅞% debenture stock 2017

The stock is secured by a floating charge over the assets of the Company. The stock is repayable at par on 31 December 2017.

b) 5.5% debenture stock 2021

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

14 CONTINGENT LIABILITIES

As at 31 December 2004 there were no contingent liabilities for the Company and the Group (2003: Nil).

15 SHARE CAPITAL

	Number of shares 2004	Number of shares 2003	£ 2004	£ 2003
Authorised				
Ordinary shares of 25p each	**84,195,184**	84,195,184	**21,048,796**	21,048,796
Issued, allotted and fully paid				
Ordinary shares of 25p each	**57,911,367**	57,911,367	**14,477,842**	14,477,842

During the year no further shares were issued (2003: 9,768 shares for consideration of £49,000).

16 RESERVES

	Share premium account £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000
Company				
Balance at 1 January 2004	2,193	266,019	36,911	11,861
Net loss on realisation of investments	–	(5,937)	–	–
Realisation of unrealised appreciation brought forward	–	28,660	(28,660)	–
Increase in unrealised appreciation for the year	–	–	66,357	–
Finance costs allocated to capital	–	(2,736)	–	–
Management charge allocated to capital	–	(1,026)	–	–
Effective yield adjustment	–	175	–	–
Exchange movements	–	(179)	–	–
Retained net surplus for the year	–	–	–	203
Balance at 31 December 2004	2,193	284,976	74,608	12,064
Group				
Balance at 1 January 2004	2,193	266,019	36,911	12,740
Net loss on realisation of investments	–	(5,937)	–	–
Realisation of unrealised appreciation brought forward	–	28,660	(28,660)	–
Increase in unrealised appreciation for the year	–	–	66,357	–
Finance costs allocated to capital	–	(2,736)	–	–
Management charge allocated to capital	–	(1,026)	–	–
Effective yield adjustment	–	175	–	–
Exchange movements	–	(179)	–	–
Retained net surplus for the year	–	–	–	203
Balance at 31 December 2004	2,193	284,976	74,608	12,943

17 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share and the net asset values attributable to ordinary shareholders at the year end were as follows:

	Net asset value per ordinary share attributable	Net asset values attributable £'000
Ordinary shares of 25p each	672.06p	389,198

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

	£'000
Net assets at 1 January 2004	332,341
Total recognised gains for the year	72,505
Dividends appropriated in the year	(15,648)
Net assets at 31 December 2004	389,198

Net asset value per ordinary share of 672.06p (2003: 573.88p) is based on net assets of £389,198,000 and on 57,911,367 (2003: 57,911,367) ordinary shares, being the number of ordinary shares in issue at the year end.

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Opening shareholders' funds	**332,341**	278,066
Issue of new shares	**–**	49
Retained net revenue for the year	**203**	1,293
Total recognised capital gains for the year	**56,654**	52,933
Closing shareholders' funds	**389,198**	332,341

19 CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of operating revenue to net cash inflow from operating activities

	2004 £'000	2003 £'000
Return on ordinary activities before finance costs and taxation	**17,674**	18,306
Scrip dividends	**(194)**	(235)
Decrease in accrued income	**(225)**	97
Decrease/(increase) in debtors	**29**	(25)
Increase in creditors	**90**	86
Management fees charged to capital	**(1,026)**	(875)
Effective yield adjustment	**175**	289
Net cash inflow from operating activities	**16,523**	17,643

b) Analysis of net debt

	Balance 1 January 2004 £'000	Cash flow £'000	Exchange movement £'000	Balance 31 December 2004 £'000
Cash at bank	128	3,389	(179)	3,338
Liquid resources	1,150	20,993	–	22,143
	1,278	24,382	(179)	25,481
9⅞% debenture stock 2017	(25,000)	–	–	(25,000)
5.5% debenture stock 2021	(38,000)	–	–	(38,000)
	(61,722)	24,382	(179)	(37,519)

20 RELATED PARTY TRANSACTIONS

FRS 8 "Related party disclosures" requires the disclosure of the details of material transactions between the Company 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. There were no contracts subsisting during or at the end of the year in which a director of the Company is or was interested and which are or were significant in relation to the Company's business. There were no other material transactions during the year with the directors of the Company.

21 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's investing activities undertaken in pursuit of its investment objective as set out on page 1 involve certain inherent risks. The main risk arising from the Company's financial instruments is market price risk which includes interest rate 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.

21 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company 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 Company does not hedge risk. The Company'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 Company's investments, the net assets attributable to shareholders would move by approximately 12%.

Interest rate risk

The Company 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 Company'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.

Financial assets

The majority of the Company's financial assets are equity shares and other investments which neither pay interest nor have a maturity date with the exception of the Company's fixed interest holdings in corporate and treasury bonds totalling £14,228,000 representing 3.7% of net assets of £389,198,000 (2003: £16,550,000; 5.0%). Of these, the weighted average running yield as at 31 December 2004 was 6.4% (2003: 6.1%) and the weighted average remaining life was 5 years (2003: 6 years). The Company's cash balances of £25,481,000 (2003: £1,278,000) earn interest calculated by reference to LIBOR. All of the Company's assets are denominated in Sterling.

Financial liabilities

All of the Company's financial liabilities of £74,862,000 (2003: £74,706,000) are denominated in Sterling. All current liabilities have no interest rate, and are repayable within one year. The 9⅞% 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 15 years (2003: 16 years) and the weighted average interest rate payable is 7.2% (2003: 7.2%) per annum. The Company also has recourse to a £7.5m overdraft facility with HSBC Bank with interest charged by reference to LIBOR.

Fair values of financial assets and financial liabilities

All of the financial assets and liabilities of the Company are held at fair value except for the debenture stocks whose fair values based on the market prices of the respective stocks on 31 December 2004 were as follows:

	Book value £'000	Fair market value 31 December 2004 £'000	Difference 31 December 2004 £'000	Fair market value 31 December 2003 £'000	Difference 31 December 2003 £'000
9⅞% debenture stock	25,000	33,951	8,951	33,078	8,078
5.5% debenture stock	38,000	36,809	(1,191)	34,296	(3,074)
	63,000	70,760	7,760	68,004	5,004

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 39), on 29 March 2005 at 11.00 a.m.

FINANCIAL CALENDAR

The financial calendar for 2005 is set out below:

Ordinary shares

Final dividend, 2004 – payable	31 March 2005
– ex-dividend	16 March 2005
– record date	18 March 2005
Interim dividend, 2005	End of September 2005
Final dividend, 2005	End of March 2006

9⅞% 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 Company's Registrar on 0870 601 5366.

PRICE AND PERFORMANCE INFORMATION

The Company's ordinary shares and debenture stocks are listed 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 Company's website.

SHARE REGISTER ENQUIRIES

The Company's Registrar, Lloyds TSB Registrars, maintains the share register. In the event of queries regarding your holding, please contact the Registrar on 0870 601 5366. Changes of name or address must be notified in writing to the Registrar.

SEDOL CODES FOR ORDINARY SHARES AND DEBENTURE STOCKS

Ordinary shares – 0882532
9⅞% Debenture Stock 2017 – 0882640
5.5% Debenture Stock 2021 – 0530529

TEMPLE BAR INVESTMENT TRUST SAVINGS SCHEME AND ISA

Details of the Temple Bar Savings Scheme and the Individual Savings Account (ISA), are set out on page 40 of this report. Each of these enables individuals to buy shares in the Company in a straightforward and accessible way.

ASSOCIATION OF INVESTMENT TRUST COMPANIES

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

Notice of meeting

NOTICE IS HEREBY GIVEN that the seventy-ninth Annual General Meeting of Temple Bar Investment Trust PLC will be held at 11.00 a.m. on Tuesday 29 March 2005 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 2004 together with the reports of the directors and auditors thereon,
2. to approve the report on directors' remuneration for the year ended 31 December 2004,
3. to declare a final dividend of 18.38p per ordinary share,
4. to re-elect Mr M R Riley as a director,
5. to re-elect Mr G J Allen as a director,
6. to re-elect Mr R W Jewson as a director,
7. to re-elect Mr J Reeve as a director,
8. to re-elect Mr F L J Walton as a director,
9. to re-appoint the auditors and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS:

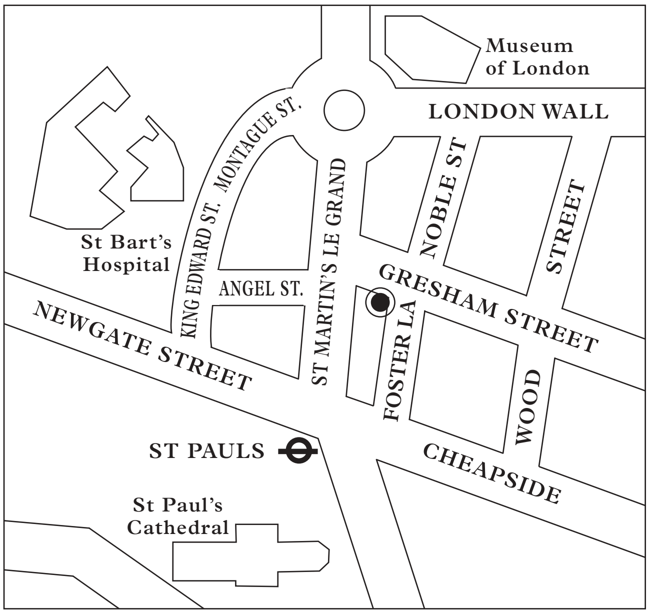
To consider and, if thought fit, pass the following special resolution:

10. That the Company generally be and is hereby authorised for the purpose of section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 of the Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that:
    - (i) the maximum number of ordinary shares hereby authorised to be purchased is 8,680,913 being 14.99 per cent of the issued share capital of the Company 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 Company) 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 Company in 2006, or, if earlier, the date falling fifteen months from the date of this resolution;
    - (v) the Company 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.

Dated this 15th day of February, 2005

By order of the Board of Directors
M K Slade
For Investec Investment
Management Limited
Secretary

2 Gresham Street
London EC2V 7QP



Shown is a plan of the location of Investec Investment Management Limited, 2 Gresham Street, London EC2V 7QP where the Annual General Meeting will be held on Tuesday 29 March 2005 at 11.00 a.m.

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend the meeting and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed.
2. Instruments of proxy should be sent to Lloyds TSB Registrars, The Causeway, Worthing BN99 6ZR so as to arrive no later than 48 hours before the time appointed for the meeting.
   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 Company in uncertificated form must have been entered on the Company's register of members by 11.00 a.m. on 27 March 2005 in order to be able to attend and vote at the meeting. Such members may only vote at the meeting in respect of ordinary shares held at the time.
4. The Register of Directors' Interests kept by the Company in accordance with section 325 of the Companies Act 1985 will be open for inspection at the meeting.
5. None of the directors has a service contract with the Company.
6. Only holders of ordinary shares or their proxies are entitled to attend and vote at the meeting.

Temple Bar Investment Trust Savings Scheme and Individual Savings Account (ISA)

Temple Bar offers two simple and inexpensive ways 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

The Temple Bar Investment Trust ISA offers:

- the ability to invest up to £7,000 tax free in the current tax year
- low costs – no initial charge and an annual management fee of 0.50% per annum (subject to a minimum of £25)

If you would like to receive information about either of these schemes, call the Investor Services Department on 020 7597 1800 or visit our website **www.itstemplebar.com**. Alternatively please write to:

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

Personal Equity Plans are no longer available for new subscribers. The current Temple Bar Investment Trust PEP continues for existing investors and will only be available for PEP transfers.

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, and the investment adviser to Investec Investment Management Limited, investment managers of Temple Bar Investment Trust PLC.

A member of the Association of Investment Trust Companies

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