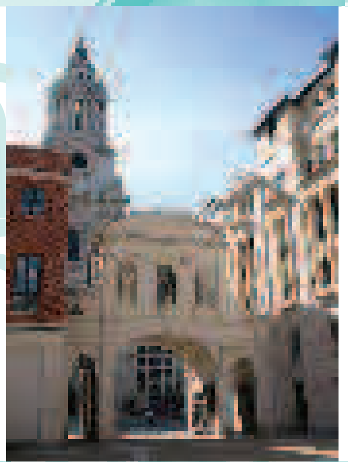
Temple Bar Investment Trust PLC

Report and Accounts 2006



temple bar

active investment working for you

Contents

Group summary

Investment Objective	The Company'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 in UK securities. The Company'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.	
Benchmark	Performance is measured against the FTSE All-Share Index.	
Total Assets Less Current Liabilities	£598,485,000	
Total Equity	£535,128,000	
Market Capitalisation	£494,729,000	
Capital Structure	Ordinary shares	58,340,742 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.	
AIC	Member.	
Website	www.templebarinvestments.com	

Summary of results

	2006	2005	Percentage change
ASSETS as at 31 December	£'000	£'000	
Consolidated net assets	535,128	469,621	13.95%
Ordinary shares			
Net asset value per share	917.25p	804.96p	13.95%
Net asset value per share adjusted for market value of debt	901.35p	781.47p	15.34%
Market price	848.00p	779.50p	8.79%
Discount	7.5%	3.2%	

	2006	2005	
REVENUE for the year ended 31 December	£'000	£'000	
Revenue return attributable to ordinary shareholders	17,620	17,076	
Revenue return per ordinary share	30.20p	29.35p	
Dividends per ordinary share-interim and proposed final	29.23p	27.83p	5.03%

	2006	2005
CAPITAL for the year ended 31 December	£'000	£'000
Capital return attributable to ordinary shareholders	64,386	66,502
Capital return attributable per ordinary share	110.36p	114.32p

	2006	2005
TOTAL EXPENSE RATIO*	0.47%	0.46%

TOTAL RETURNS for the year to 31 December 2006	%
Return on net assets	17.72
Return on gross assets	16.54
Return on share price	12.42
FTSE All-Share Index	16.75
FTSE 350 Higher Yield Index	14.92
Change in Retail Prices Index over year	4.43

DIVIDEND YIELDS (NET) as at 31 December 2006	%
Yield on ordinary share price (848.00p)	3.33
Yield on FTSE All-Share Index	2.86
Yield on FTSE 350 Higher Yield Index	3.79

*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.

Ten year record

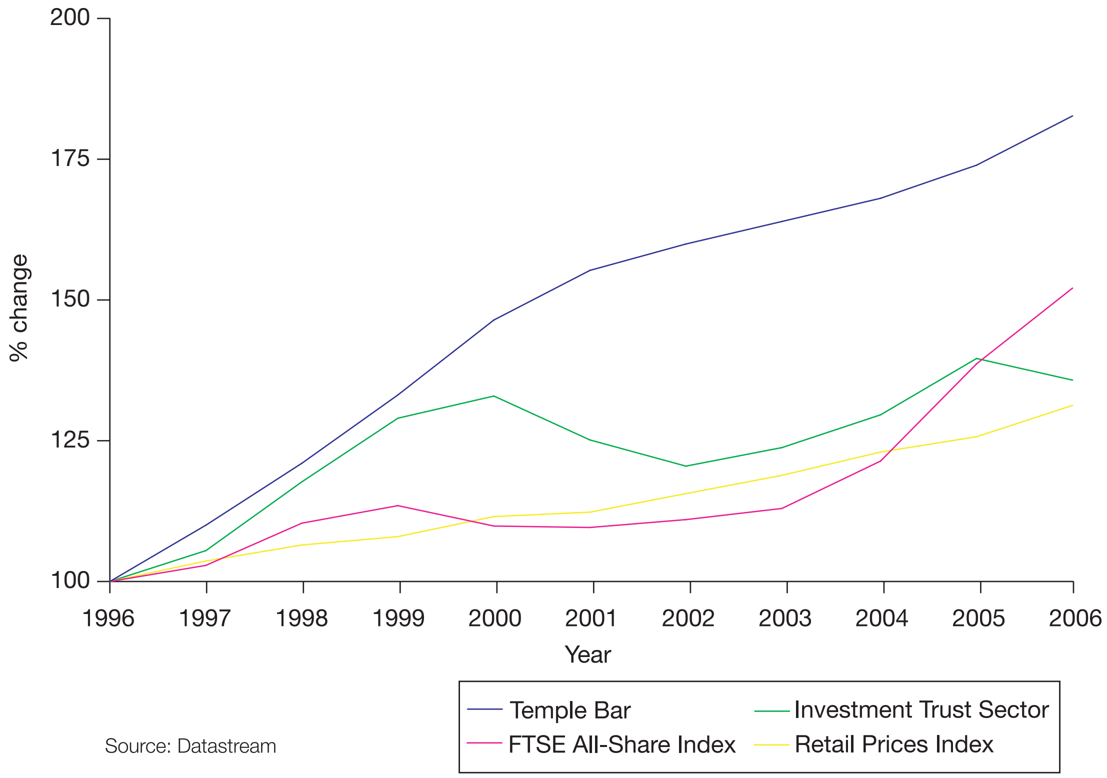
Year ended	Total assets less current liabilities £'000	Group net assets £'000	Net assets per ordinary share p	Revenue return to ordinary shareholders £'000	Revenue return per share p	Dividends per share* (net) p
1997	333,986	308,290	533.82	11,339	19.70	17.60
1998	360,520	335,064	579.56	11,089	19.24	19.36
1999	432,391	369,391	639.16	12,102	20.96	21.30
2000	451,917	388,917	672.95	13,428	23.24	23.43
2001	419,292	356,292	615.43	14,198	24.56	24.84
2002	341,066	278,066	480.24	14,674	25.34	25.59
2003[1]	395,341	332,341	573.88	16,483	28.46	26.23
2004	462,254	398,880	688.78	15,851	27.37	27.02
2005[2]	532,965	469,621	804.96	17,076	29.35	27.83
2006	598,485	535,128	917.25	17,620	30.20	29.23

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

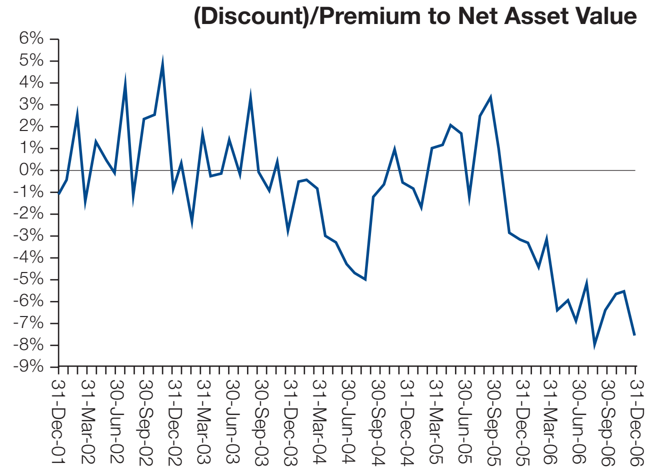
*Interim and proposed final for the year.

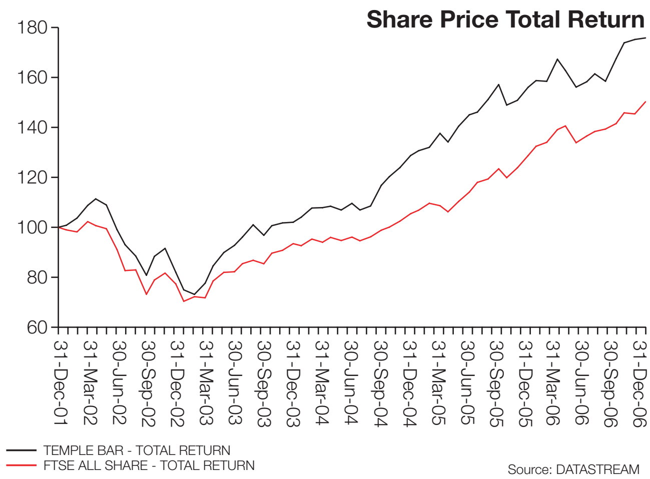
Comparative Dividend Growth

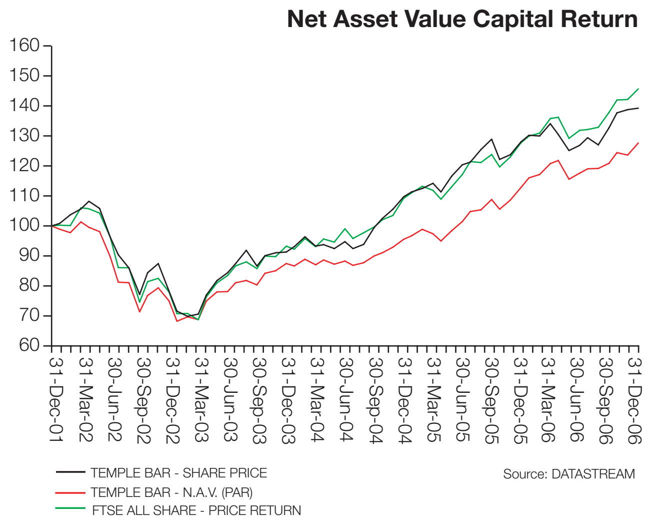


Source: Datastream

Five year summary







Directors

JOHN REEVE*, Chairman, aged 62, 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 62, 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 and N V Bekaert SA.

RICHARD W JEWSON*, aged 62, 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 PFI Infrastructure PLC and Archant Limited, and a non-executive director of Grafton Group PLC and Clean Energy Brazil PLC.

JUNE F de MOLLER*, aged 59, 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 R RILEY*, aged 63, was appointed a director in 2004. He has over 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 Howard Investment Company Ltd and a director of Bonfield Asset Management Ltd and various private investment companies.

FIELD L J WALTON*, aged 66, 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 consultant to MacArthur & Co. Limited, a former chairman of Biofuels Corporation PLC and a non-executive director of a number of engineering and trust companies. He is also a director of Harrods Group Trustees Ltd.

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

from left to right; June de Moller, Gary Allen, John Reeve, Martin Riley, Field Walton, Richard Jewson

Management and administration

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

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Registered in England No. 214601

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Solicitors
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London EC4V 4JL

from left to right; Peter Lowery, Jo Slater, David Lynch, Alastair Mundy, Martin Slade, Mark Wynne Jones, Celia Duncan

Chairman's statement

The total return on the net assets of Temple Bar during 2006 was 17.7%, which compares with a total return for the FTSE All-Share Index of 16.8%. The return achieved is a combination of underlying portfolio performance and the effect of the capital gearing of the Trust. While it is always pleasant to report positively on short-term performance, the Board is primarily focused on longer time periods. The five year track record, over which the fund manager is principally judged, demonstrates sustained positive performance.

The Board is recommending a final dividend of 19.88p, to produce a total increase for the year of 5.0%. This dividend will be payable on 30 March 2007 to shareholders on the register as at 16 March 2007. This is the 23rd consecutive year that the dividend has been increased. The revenue reserve, which, after adjusting for the proposed final dividend for 2006, represents 84.2% of the 2006 dividend, should provide shareholders with additional comfort regarding the security of the dividend.

Post-tax revenue earnings increased by 3.2%. The proposed dividend was more than covered by net earnings generated on the portfolio during the year. The level of capital gearing, 11.9% at year end, again contributed positively to performance during the period.

The price of Temple Bar shares traded at a small discount to their underlying asset value throughout the year, once again supported by the steady demand created within the Company's Savings Scheme. The Board has encouraged the Manager to maintain a regular dialogue with our larger shareholders and investment intermediaries.

Strategy

At the Board's strategy review this year, in conjunction with the Manager, the strategy behind the Temple Bar portfolio was assessed against both the latest market developments and shareholders' expectations. Investment restrictions on the Manager were also reviewed.

Overall, the conclusion of this discussion was that major changes were not warranted but that the relaxation of selective constraints would provide the Manager with greater flexibility and increase the potential for out-performance of both our benchmark, the FTSE All-Share Index, and our peer group, without a significant increase in long-term risk. Inter alia, it was decided that the fund manager should have the authority to invest up to 50% of the portfolio in stocks outside the FTSE 100 (against 30% previously) and that the Board would consider requests to extend the non-FTSE 100 component beyond this point.

To reflect this greater flexibility, the Board has agreed a new investment policy with the Manager, which is included on page 1 of these Report and Accounts.

The fund manager has no immediate plans to make use of this increased flexibility; as he details in his report, he currently sees greater value in the largest stocks in the market.

The Board also decided to ask the Manager to secure an overdraft facility of £25m, to consider the use of options as part of an overall hedging strategy, in particular market conditions, and to be aware of the potential for investing in 'special situations', such as high yield debt, in line with his contrarian principles. It was further felt that the Manager should have greater flexibility with regard to balancing potential revenue and capital growth opportunities and it was agreed, therefore, that in any one year, up to 7.5% of the revenue reserve could be used to fund the dividend, if necessary.

Outlook

The bull market is now over four years old and over that time some dramatic returns have been achieved. The FTSE 100 has more than doubled (after reinvesting income) and the FTSE 250 (the 250 largest stocks in the UK market after the

FTSE 100) has risen by over 200%. Corporate profit margins are generally high, which many would regard as unsustainable, and the valuations of most companies are well above the lows they reached during the bear market.

The Manager believes that much of the value that remains in the market is to be found amongst the largest companies as these offer an impressive combination of low valuations, strong balance sheets, a greater security of earnings and better prospects for dividend growth. As a result of this view, the portfolio is more concentrated than has been the norm historically.

Any interruption to the earnings momentum that has driven the market in the last few years is likely to increase volatility and thus provide an enhanced number of contrarian opportunities for our Manager to investigate. Currently, our Manager prefers to hold a portfolio more biased towards security than risk.

Annual General Meeting

The AGM will be held on Monday 26 March at the Managers' office in London. In addition to the formal business of the meeting, the Managers will make a presentation to shareholders reviewing the past year and commenting on the outlook. I look forward to welcoming as many of you as possible. Shareholders who are unable to attend the meeting are encouraged to use their proxy votes.

John Reeve
20 February 2007

Twenty largest investments

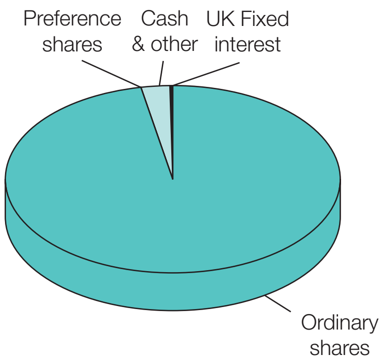
as at 31 December 2006

Company	Valuation 31 December 2005 £'000	Net purchases/ (sales) £'000	Appreciation/ (depreciation) £'000	**Valuation 31 December 2006 £'000**	**Total assets less current liabilities %**
Royal Dutch Shell	39,750	4,666	(1,523)	**42,893**	**7.17**
BP	24,322	21,873	(4,580)	**41,615**	**6.95**
HSBC	18,372	21,302	(394)	**39,280**	**6.56**
Vodafone	36,395	-	(489)	**35,906**	**6.00**
GlaxoSmithKline	35,123	3,728	(3,088)	**35,763**	**5.98**
Royal Bank of Scotland	25,974	-	3,522	**29,496**	**4.93**
BT	15,686	-	5,545	**21,231**	**3.55**
AstraZeneca	13,721	6,640	(928)	**19,433**	**3.25**
Unilever	10,071	6,361	1,863	**18,295**	**3.06**
Signet	-	14,356	2,234	**16,590**	**2.77**
HBOS	9,892	3,880	1,877	**15,649**	**2.61**
Prudential	16,299	(5,995)	4,448	**14,752**	**2.46**
Centrica	15,285	(5,908)	4,803	**14,180**	**2.37**
Legal & General	10,980	-	3,195	**14,175**	**2.37**
Amvescap	9,945	(562)	3,431	**12,814**	**2.14**
Kingfisher	8,897	2,230	202	**11,329**	**1.89**
Daily Mail & General Trust	-	9,392	1,153	**10,545**	**1.76**
ITV	10,913	-	(583)	**10,330**	**1.73**
HMV	2,711	9,748	(2,426)	**10,033**	**1.68**
Taylor Nelson Sofres	4,158	4,011	892	**9,061**	**1.51**
	308,494	95,722	19,154	**423,370**	**70.74**

All securities in any one company are treated as one investment.

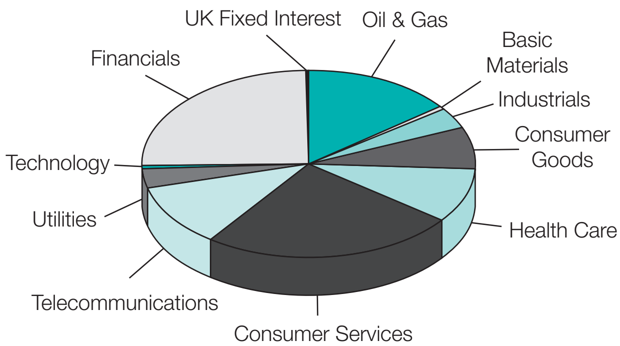
Asset allocation as at 31 December 2006

BY CLASS (%)



	%
Ordinary shares	96.36
UK Fixed interest	0.24
Preference shares	0.16
Cash & other	3.24
	100.00

PORTFOLIO DISTRIBUTION (%)



	%		%
Oil & Gas	14.59	Telecommunications	10.87
Basic Materials	0.59	Utilities	3.20
Industrials	3.67	Technology	0.64
Consumer Goods	7.04	Financials	24.83
Health Care	9.53	UK Fixed Interest	0.25
Consumer Services	24.79		100.00

Manager's report

In 2006, the UK equity market delivered investors a fourth successive year of gains. The prevalent themes of the last few years remained in place: a belief that valuations were low, good growth of profits and dividends and a high level of merger and acquisition activity. Although inflationary fears started to pick up, together with the long-anticipated slowdown in US economic growth, investor sentiment remained positive.

The rise in the UK market from the low point of March 2003 until the correction of Spring 2006 was the longest recorded uptrend without a 10% pullback. Somewhat paradoxically the 10% fall in the FTSE 100 was immediately labelled as 'healthy' and provided the bulls with the justification for a strong recovery. They argued that in late 2005 and early 2006 the market had become less sensitive to risk and needed the correction to remove the froth before it could reach new highs. However, although the UK market did hit these new highs later in the year, it was not evident that the setback had encouraged investors to become more risk averse. In fact, it seemed that the exact opposite had occurred – medium-sized equities continued to outperform their larger peers; emerging market equities recovered faster than developed markets; spreads on high yield bonds relative to government bond yields narrowed to multi-year lows.

The performance of the portfolio over the year may be viewed as two distinct parts: under-performance relative to the market in the first part being countered by out-performance in the second part. In the first part, ending in April, the market favoured stocks with a 'story': preferably one stretching well into the future. In particular, many investors continued to be attracted by stories of a new paradigm in the commodity markets. We thought the future in these areas was less clear cut and that the expected profitability and ratings attached to them by the market were too high. The spring sell-off brought a reversal in the Mining sector and, although the overall market ended the year higher, the larger miners such as Rio Tinto and BHP Billiton recovered little of their lost ground over the remainder of the year. Our nil exposure to this sector contributed significantly to our improved performance during the market fall.

The fall appeared to refocus investors on their other target – 'medium-sized' equities, although this description is not clear cut. Certainly, the groupings used by most market commentators to determine size: FTSE 100 (the largest 100 companies by market capitalization), FTSE 250 (the next 250 companies – hence mid caps) and the FTSE Small Cap (the remaining 350 or so companies in the FTSE All-Share Index) are too rigid. Currently, instead, medium-sized seems to be shorthand for the bid potential of any company.

The shorthand may be simplistic, but it seems justifiable when related to investor behaviour. A number of 'medium-sized' companies have received bids in the last few years, and the pattern could well continue. With bidders often motivated by the combination of potential cost cutting opportunities, increased leverage and fairly cheap funding, the potential for bids has played on the twin emotions of fear and greed that investors have always found hardest to control. Their fear of missing out on a bid, having held a stock for some time, and the greed for receiving a bid, skewed supply and demand of these stocks, leading, in our opinion, to a number of them now trading at rich valuations.

PERFORMANCE ATTRIBUTION ANALYSIS

The following illustrates the factors that have contributed to the Company's performance in the year to 31 December 2006:

Attribution Analysis	%
Total return of FTSE All-Share Index	16.75
Relative return from the portfolio	0.30
Performance on total assets	17.05
Income distributed to shareholders*	(3.33)
Expenses*	(0.51)
Finance costs*	(0.92)
	12.29
Impact of gearing on portfolio	1.66
Change in net asset value per ordinary share	13.95

* as percentage of opening NAV

High valuations, while not necessarily an obstruction to higher prices, undoubtedly increase the risk to an investor (assuming that

the fundamentals of the company are unchanged). Currently, investors appear happy to accept the risk, believing that they are underwritten by bidders, particularly private equity buyers ready to pounce if prices fall. This may be true to some extent but, historically, private equity managers have avoided paying high prices without good reason.

Given this background, it is no surprise that the biggest contributors to the portfolio's relative performance during the year came mainly from medium-sized companies: Cable & Wireless, easyJet, N Brown, ICAP (all FTSE 250 constituents) and Centrica, Amvescap, Legal & General and BT (FTSE 100 constituents but still within biting distance of private equity).

As always, there were stocks whose performance disappointed such as HMV, GlaxoSmithKline and Royal Dutch Shell. However, in general, the portfolio benefited from the absence of any stocks which were significant negative contributors to performance. It is important to stress that this will not always be the case. As contrarian investors, we are always seeking to buy stocks that are significantly out of favour but have the potential to exhibit strong share price performance. With hindsight, we can see that while some stocks are indeed out of favour but cheap, others are out of favour but expensive. History shows that the majority of stocks mean revert, ie what goes down comes back up and vice versa, in terms of both profitability and share price, and our analysis aims to put the odds on success further in our favour. However, any portfolio will include some losers – those that don't mean revert in our holding period – and sometimes no amount of analysis will protect a fund from this.

Last year we highlighted the apparently attractive valuations of many FTSE 100 companies which had clearly under-performed the broader market for a number of years. Generally, these companies, and in particular many of the largest ones, disappointed again in 2006. As noted above, the market's focus on potential bid stocks offered little sustenance to the market's giants, and the newsflow from these companies offered little to excite investors. In the Oil sector, BP was affected by safety issues, and Royal Dutch Shell and BP by concerns over the value of their Russian assets. The largest pharmaceutical companies, GlaxoSmithKline and AstraZeneca provided little encouragement about the development of new drugs; and the largest banks, HSBC and Royal Bank of Scotland, suffered minor profit downgrades as the first signs of a US consumer slowdown diminished the quality of their loan books.

These stocks have now reached such low valuations that we believe a great deal of negative news is already included in their prices. In fact, we can find few stocks elsewhere in the market offering such a good combination of secure earnings, balance sheet strength, dividend growth and valuation support. Therefore, during the year, we increased our holdings of all, except Royal Bank of Scotland. These companies could be involved in merger, and possibly de-merger, activity in the future – and this is clearly not discounted in their existing valuations. As a result of these attractions, a significant part of the portfolio is represented by a relatively small number of holdings. While this might displease advocates of investment diversification, we believe that when building a portfolio it is of primary importance to focus on finding cheap stocks, rather than targeting a specific number of holdings. While through the cycle we would expect to have a greater number of holdings of medium-sized companies, their valuations currently preclude this and we are content with an increased focus on the largest companies.

Another theme to note in the portfolio is the sizeable position in the Media and General Retail sectors. Many of these holdings have been affected by rapid changes in consumer behaviour that have occurred, or in some instances are expected to occur, as a result of the increasing usage of the internet. For example, HMV and Woolworths have been affected by severe price deflation in the CD and DVD market and Trinity Mirror and ITV have suffered as advertising has moved away from some traditional markets. BSkyB and EMI have been volatile while investors attempt to clarify whether they will retain their large market positions, or whether customers will find it easier and cheaper to access these companies' products in alternative ways.

However, we believe it is important to bear in mind some positive prospects for these companies. The swift take-up of broadband internet has surprised many commentators, and company managements have often been caught without a strategic response. Although the internet has encouraged new competition, much of which did not exist even ten years ago, the strengths of the incumbent companies should not be under-stated.

In most cases, the incumbents are now establishing, or have already established, equally dominant positions on the internet. For example, in the past few months, HMV's Waterstone's has launched its own website, while most of the largest UK recruitment websites are now owned by traditional media companies, successfully defending their positions.

It is always difficult to disentangle a structural theme from a cyclical theme. The weakness of sales in HMV and Woolworths may be as much a reflection of poor music and indifferent film releases – a cyclical effect – as of a structural move to the internet.

Some of the changes may be faddish. For example, companies may have been encouraged to move their advertising away from traditional media towards the internet; however, as the power of internet advertising is untested, some move back to the traditional formats is, at least, possible.

Many incumbent companies have unassailable content or brands. As a case in point EMI's back catalogue of music, and ITV's archive of classic programmes, are unique and, in fact, will probably respond positively to new delivery channels.

Finally, and perhaps most importantly, the weakened share prices of these companies already discount very unattractive scenarios. Wider appreciation of any of the positives listed above could significantly affect valuations.

Our holding in Jessops, the camera retailer, provides a good case study. In 2005, investors were concerned that a large percentage of camera sales was likely to migrate from shops to the internet; and, indeed, the company's operating performance suggested this was already happening. As a result, the shares halved from their peak. However, management quickly assessed the gravity of the problem and implemented a strategy utilising the advantages and, particularly, the high quality customer service associated with a familiar and well regarded chain of physical high street stores. Simultaneously, management promoted internet sales to attract or retain price conscious customers. Investors warmed to this strategy and despite a disappointing Christmas trading statement, the shares stand significantly higher than the level at which we purchased them.

We purchased our holding in Jessops when the shares were out of favour, and most commentators believed the company to be in structural decline. The market often exaggerates a company's problems, but we know that outcomes are often far more positive than seem likely when the panic is at its peak.

One possible reading of events in 2006 is that investors took the Spring correction as a warning, and subsequently increased the protection element in their portfolios. However, rather like driver self-confidence induced by seat belts and air bags, it is possible that the correction encouraged greater acceptance of risk. Clearly, risk is reduced if protection is precisely aligned with the constituent parts of the portfolio. However, the science is undermined by the capricious nature of asset markets, where an imperfect hedge may provide far less protection than expected in a severe market sell-off, and could result in risky assets being liquidated. In turbulent markets, this alone could create downward momentum.

These factors of portfolio construction tend currently to focus us on lowly rated liquid stocks and strong balance sheets. Of course, if our opinion hardens, we could easily increase the level of liquidity on the portfolio, or buy some protection. However, while market conditions allow us to purchase a sufficient number of stocks with the characteristics we desire, we are happy to be almost fully invested.

Alastair Mundy
Investec Investment Management Limited
20 February 2007

Portfolio of investments

	Valuation of holding as at 31 December 2006 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2006 %
OIL & GAS			
Oil & Gas		14.59	14.47
BP	41,615		
Royal Dutch Shell ('B' shares)	42,893		
		14.59	14.47
BASIC MATERIALS			
Chemicals		0.59	0.58
Scapa	397		
Yule Catto	3,026		
Basic Resources		-	6.67
		0.59	7.25
INDUSTRIALS			
Construction & Materials		0.93	0.67
Heywood Williams	5,380		
Industrial Goods & Services		2.74	6.78
Alpha Airports	1,450		
Invensys	3,409		
Qinetiq	1,526		
St Ives	5,900		
TDG	3,567		
		3.67	7.45
CONSUMER GOODS			
Automobiles & Parts		-	0.12
Food & Beverage		5.21	4.82
Britvic	6,225		
Unilever	18,295		
UNIQ	5,638		
Personal & Household Goods		1.83	4.71
Alba	1,036		
British American Tobacco	5,879		
SSL International	3,697		
		7.04	9.65
HEALTH CARE			
Health Care		9.53	7.30
AstraZeneca	19,433		
GlaxoSmithKline	35,763		
		9.53	7.30

Portfolio of investments continued

	Valuation of holding as at 31 December 2006 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2006 %
CONSUMER SERVICES			
Retail		12.47	5.46
Alexon	**2,065**		
Brown (N)	**7,366**		
Greggs	**6,020**		
HMV	**10,033**		
Jessops	**5,305**		
JJB Sports	**5,970**		
Kingfisher	**11,329**		
Mothercare	**3,219**		
Signet	**16,590**		
Woolworths	**4,301**		
Media		10.21	3.32
British Sky Broadcasting	**7,960**		
Daily Mail & General Trust	**10,545**		
EMI	**2,848**		
Future	**5,386**		
ITV	**10,330**		
Reuters	**8,415**		
SMG	**544**		
Taylor Nelson Sofres	**9,061**		
Trinity Mirror	**4,038**		
Travel & Leisure		2.11	3.40
Carnival	**1,950**		
Compass	**3,551**		
Easyjet	**3,188**		
Millennium & Copthorne	**3,515**		
		24.79	12.18
TELECOMMUNICATIONS			
Telecommunications		10.87	5.73
BT	**21,231**		
Cable & Wireless	**5,837**		
Vodafone	**35,906**		
		10.87	5.73
UTILITIES			
Utilities		3.20	4.63
Centrica	**14,180**		
Scottish Power	**4,327**		
		3.20	4.63
TECHNOLOGY			
Technology		0.64	0.99
Alphameric	**167**		
Computacenter	**3,182**		
Spirent Communications	**382**		
		0.64	0.99

	Valuation of holding as at 31 December 2006 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2006 %
FINANCIALS			
Banks		14.58	17.59
HBOS	**14,716**		
HBOS (9.25% non cum pref shares)	**933**		
HSBC	**39,280**		
Royal Bank of Scotland	**29,496**		
Insurance		7.08	4.80
Friends Provident	**4,837**		
Highway Insurance	**1,009**		
Legal & General	**14,175**		
Prudential	**14,752**		
Resolution	**508**		
Standard Life	**5,720**		
Financial Services		3.17	7.96
Amvescap	**12,814**		
Framlington Innovative Growth Trust	**1,556**		
Wichford	**3,969**		
		24.83	30.35
TOTAL EQUITIES	577,635	99.75	100.00
UK FIXED INTEREST			
BAA 11.75% 2016	**1,470**		
TOTAL BONDS	1,470	0.25	-
TOTAL VALUATION OF PORTFOLIO	579,105	100.00	100.00

All investments are ordinary shares unless otherwise stated.

Report of the directors

The directors present their report and accounts for the year ended 31 December 2006.

BUSINESS REVIEW

Introduction

This business review forms part of the Directors' Report. Its function is to provide a balanced and comprehensive review of the Company'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 Company and sets out key performance indicators used to measure, monitor and manage the Company's business.

Business of the Company

The Company carries on business as an investment trust and was approved by HM Revenue & Customs as an investment trust in accordance with Section 842 of the Income & Corporation Taxes Act 1988 for the year ended 31 December 2005. In the opinion of the directors the Company has subsequently conducted its affairs so that it should continue to qualify.

The Company's principal business activity of investment management is sub-contracted to Investec Investment Management Limited ('IIM') under the ultimate supervision of the board of directors. The Company has one active wholly owned subsidiary company, whose principal activity is investment dealing and one dormant subsidiary.

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 27.

Investment Objective and Policies

The Company'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 in UK securities. The Company'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.

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 at or 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 provided a typical emotional response to both good and bad news can be avoided. This will allow the Company to purchase shares at significant discounts to their fair value and 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 control framework. The framework begins through narrowing down the universe of stocks by passing those companies with a market capitalisation above £100m 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 one 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 2006 the net asset value total return of the Company increased by 17.72% compared with the total return by the Company's benchmark index of 16.75%. The investment manager's report on pages 10 to 12 includes a review of developments during the year together with information on investment activity within the Company's portfolio.

Key Performance Indicators

The key performance indicators ('KPIs') used to determine the progress and performance of the Company 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 Company's absolute and relative performance and are, therefore, monitored by the board on a regular basis.

Net Asset Value Total Return

In reviewing the performance of the assets of the Company'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 Company rose by 17.72% compared with a rise of 16.75% by the FTSE All-Share Index.

Performance Attribution

The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index. Details of the attribution analysis for the year ended 31 December 2006 are given in the investment manager's report on page 10.

Discount on Net Asset Value

The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. During the year the shares traded at an average discount to NAV of 3.5%. The Board and Manager closely monitor both movements in the Company'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 each year 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 Company'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 19.88p per ordinary share which brings the total for the year to 29.23p per ordinary share, an increase of 5.03%. This increase exceeds the RPI inflation of 4.43% by a comfortable margin and is the 23rd consecutive year in which the Company has increased the overall level of its dividend payment.

Total Expense Ratio (TER)

The TER is an expression of the Company'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 2006 was 0.47% (2005 0.46%). The Board reviews each year a comparison of the Company's TER with those of its peers. At the present time the Company has one of the lowest TERs in the income and growth sector of investment trust companies.

Principal Risks and Uncertaintities

The principal risks facing the Company 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 Company 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 Company's benchmark index or peer companies, resulting in the Company'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 investment Manager, who attends Board meetings. Periodically the Board holds a separate meeting devoted to strategy.

Income Risk – Dividends

Generating the necessary level of income from portfolio investments to meet the Company'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 2006 the Company had distributable revenue reserves of £25,071,000 before declaration of the final dividend for 2006.

Share Price Risk

The Company's share price and discount to net asset value are monitored by the Manager and is 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 management and Board.

Accounting Legal & Regulatory

In order to qualify as an investment trust the Company must comply with Section 842 of the Income & Corporation Taxes Act 1988. Were the Company to breach Section 842 it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to capital gains tax. The Section 842 qualification criteria are, therefore, monitored by the Board at each meeting.

The Company 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 Company being fined or subject to criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from Listing which in turn would breach Section 842. The Board relies on the services of its company secretary, Investec Investment 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 Company's compliance with corporate governance best practice including information on relations with shareholders, are set out in the corporate governance report on pages 22 to 24.

Control Systems Risk

Disruption to, or failure of, IIM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by IIM 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 22 to 24.

Other Risks

Other risks to which the Company is exposed and which form part of the market risks referred to above are included in note 22 to the financial statements together with summaries of the policies for managing these risks. These comprise; market price risk, interest rate risk, liquidity risk and counterparty risk.

The Board confirms that there is an ongoing process for identifying, evaluating and managing strategic business 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 9.35p per ordinary share was paid on 29 September 2006 (2005: 8.90p) and the directors are recommending a final dividend of 19.88p per ordinary share (2005: 18.93p), a total for the year of 29.23p (2005: 27.83p). Subject to shareholders' approval, the final dividend will be paid on 30 March 2007 to shareholders on the register on 16 March 2007.

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.

SHARE CAPITAL

There were no ordinary shares allotted during the year.

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.

	31 December 2006	1 January 2006
G J Allen	1,369	1,333
J F de Moller	1,211	-
R W Jewson	3,113	2,645
J Reeve	30,550	28,372
M R Riley	15,000	-
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 13 February 2007 Mr J Reeve acquired a further 112 ordinary shares in the Company through his regular monthly saving in an ISA. On 22 January 2007 Mr R W Jewson and Mrs J F de Moller acquired a further 29 and 58 ordinary shares respectively in the Company 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 2006 and 20 February 2007.

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 AIC Code are Mr J Reeve, Mr F L J Walton and Mr G J Allen. 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 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 20 February 2007 the following company had indicated an interest in 3% or more of the issued ordinary shares of the Company.

	%
Legal & General Group plc	3.41

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% (2005: 60%) of the investment management fee payable to IIM is charged by the Company to capital and the remaining 40% (2005: 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 2006 amounted to £1,960,000 (2005: £1,711,000) excluding value added tax.

IIM'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. 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. 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.

DONATIONS

No political or charitable donations were made during the year (2005: 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 Company's auditors are aware of that information.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors to the Company will be proposed at the Annual General Meeting on 26 March 2007.

RENEWAL OF AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE-EMPTION RIGHTS

It is proposed that the directors be authorised to allot up to £725,000 of relevant securities in the Company (equivalent to 2,900,000 ordinary shares of 25p each, representing 4.97% of its ordinary shares in issue).

When shares are to be allotted for cash, Section 89(1) of the Companies Act 1985 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 Annual General Meeting which, if passed, will give the directors the power to allot for cash equity securities up to an aggregate nominal amount of £725,000 (equivalent to 2,900,000 ordinary shares of 25p each or 4.97% of the Company's existing issued ordinary share capital), as if Section 89(1) does not apply.

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 Company's debt, and, therefore, would increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

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

The appropriate resolutions are set out in the notice of meeting on page 45.

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. 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 45.

By order of the Board of Directors
M K Slade
For Investec Investment Management Limited
Secretary
20 February 2007

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 2006. 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.

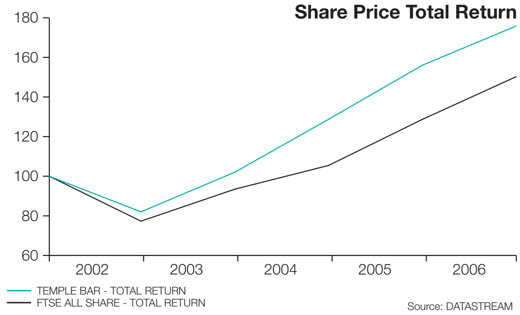
POLICY ON DIRECTORS' REMUNERATION

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 compiles such analysis 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.

Following the most recent review the Board concluded that the remuneration be increased to £25,750 p.a. for the Chairman and £17,500 p.a. for the other directors with effect from 1 January 2007 to reflect the level of work and responsibility involved. In addition, the Chairman of the Audit Committee, currently Mr Allen, will receive an annual remuneration of £19,500.

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

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 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 AIC Code.

	Audited	
	2006	2005
Director	£	£
John Reeve	25,000	21,000
Gary Allen	19,000	14,000
June de Moller	17,000	8,500
John Hudson	N/A	3,500
Richard Jewson	17,000	14,000
Martin Riley	17,000	14,000
Field Walton	17,000	14,000

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

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

No director received any pension contributions (2005: Nil).

By order of the Board of Directors

M K Slade

For Investec Investment Management Limited

Secretary

20 February 2007

Corporate governance

APPLICATION OF AIC 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 AIC Code of Corporate Governance, established specifically for investment trust companies and endorsed by the Financial Reporting Council in February 2006. By following the Code, the Company 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 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. The directors have a range of business and financial skills or experience relevant to the direction of the Company. 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 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 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 two nomination committee meetings held during the year and the attendance by the directors was as follows:

Number of meetings attended

	Board	Audit Committee	Nomination Committee
John Reeve	7	2	2
Gary Allen	5	2	-
June de Moller	7	2	2
Richard Jewson	5	1	2
Martin Riley	7	2	2
Field Walton	7	2	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 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.

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 re-election at the forthcoming AGM are Mr Allen, Mr Reeve and Mr Walton. 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.

Chairman

The Chairman has no relationships that may create a conflict of interest between his interest and those of shareholders. He has never been an employee or an adviser to the Manager nor does he serve on the boards of other investment trusts managed by the same Manager.

He 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 which are available for inspection at the AGM and can be inspected at the Registered Office of the Company. It normally meets twice yearly and among its specific responsibilities are a review of the audit plan for the year, 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. All of the directors are members of the audit committee and the Chairman is Mr Allen. 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.

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 AIC.

Remuneration Committee

As all the directors are fully independent of the management company, the board as a whole fulfils the function of a remuneration 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 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 Group and the Company, including the Annual Report, present a fair and accurate assessment of the Group and the Company's position and prospects.

After making enquiries, the directors have a reasonable expectation that the Group and the Company 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 and 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 Group and the Company's affairs in compliance with the legal and regulatory obligations which apply to the Group and 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 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. This matter is subject to periodic review. Based on the foregoing the Group and 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.

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.

Independent Auditors' Report
to the members of Temple Bar Investment Trust PLC

We have audited the group and company financial statements (the 'financial statements') of Temple Bar Investment Trust PLC for the year ended 31 December 2006 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statement, the Consolidated and Company Statement of Changes in Shareholders' Equity and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial information, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions are 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 of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group'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. The other information comprises the Summary of results, Ten year record, Comparative dividend growth, Five year summary, Chairman's Statement, Twenty largest investments, Asset allocation, Manager's report, Portfolio of investments, Report of the Directors, unaudited part of the Report on Directors' remuneration, Corporate governance, Useful information for shareholders and Notice of meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 December 2006 and of its profit for the year then ended;
- the Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31 December 2006;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Report of the Directors is consistent with the financial statements.

Ernst & Young LLP
Registered Auditor
London
20 February 2007

Statement of directors' responsibilities
in respect of the accounts

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. In preparing those 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 Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published on the www.templebarinvestments.com website, which is a website maintained by the Company's Investment Manager, Investec Investment Management Limited (IIM). The maintenance and integrity of the website maintained by IIM or any of its subsidiaries is, so far as it relates to the Company, the responsibility of IIM. 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 income statement

for the year ended 31 December 2006

	Notes	2006 Revenue return £'000	2006 Capital return £'000	2006 Total £'000	2005 Revenue return £'000	2005 Capital return £'000	2005 Total £'000
Investment income	3	20,410	-	20,410	19,637	-	19,637
Other operating income	3	390	-	390	483	-	483
Total income		20,800	-	20,800	20,120	-	20,120
Gains on investments							
Gains on fair value through profit or loss assets	11(b)	-	69,689	69,689	-	72,123	72,123
		20,800	69,689	90,489	20,120	72,123	92,243
Expenses							
Management fees	5	(921)	(1,382)	(2,303)	(804)	(1,207)	(2,011)
Other expenses	6	(426)	(1,172)	(1,598)	(441)	(1,679)	(2,120)
Profit before finance costs and tax		19,453	67,135	86,588	18,875	69,237	88,112
Finance costs	7	(1,833)	(2,749)	(4,582)	(1,799)	(2,735)	(4,534)
Profit before tax		17,620	64,386	82,006	17,076	66,502	83,578
Tax	8	-	-	-	-	-	-
Profit for the year		17,620	64,386	82,006	17,076	66,502	83,578
EARNINGS PER SHARE (BASIC & DILUTED)	10	30.20p	110.36p	140.56p	29.35p	114.32p	143.68p

The total column of this statement represents the Group's Income Statement 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 2006

	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 2005		14,478	2,193	283,133	75,489	23,587	398,880
CHANGES IN EQUITY FOR 2005							
Profit for the year		-	-	49,908	16,594	17,076	83,578
		14,478	2,193	333,041	92,083	40,663	482,458
Dividends paid to equity shareholders	9	-	-	-	-	(15,834)	(15,834)
Issue of share capital		107	2,890	-	-	-	2,997
BALANCE AT 31 DECEMBER 2005		14,585	5,083	333,041	92,083	24,829	469,621
CHANGES IN EQUITY FOR 2006							
Profit for the year		-	-	49,441	14,945	17,620	82,006
		14,585	5,083	382,482	107,028	42,449	551,627
Dividends paid to equity shareholders	9	-	-	-	-	(16,499)	(16,499)
BALANCE AT 31 DECEMBER 2006		14,585	5,083	382,482	107,028	25,950	535,128

Company statement of changes in equity

for the year ended 31 December 2006

	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 2005		14,478	2,193	283,133	75,489	22,708	398,001
CHANGES IN EQUITY FOR 2005							
Profit for the year		-	-	49,908	16,594	17,076	83,578
		14,478	2,193	333,041	92,083	39,784	481,579
Dividends paid to equity shareholders	9	-	-	-	-	(15,834)	(15,834)
Issue of share capital		107	2,890	-	-	-	2,997
BALANCE AT 31 DECEMBER 2005		14,585	5,083	333,041	92,083	23,950	468,742
CHANGES IN EQUITY FOR 2006							
Profit for the year		-	-	49,441	14,945	17,620	82,006
		14,585	5,083	382,482	107,028	41,570	550,748
Dividends paid to equity shareholders	9	-	-	-	-	(16,499)	(16,499)
BALANCE AT 31 DECEMBER 2006		14,585	5,083	382,482	107,028	25,071	534,249

Consolidated balance sheet
as at 31 December 2006

	Notes	31 December 2006 £'000	31 December 2006 £'000	31 December 2005 £'000	31 December 2005 £'000
NON-CURRENT ASSETS					
Investments held at fair value through profit or loss	11(a)		**579,105**		513,012
CURRENT ASSETS					
Cash and cash equivalents		**15,750**		26,663	
Other receivables	13	**4,335**		8,953	
			20,085		35,616
TOTAL ASSETS			**599,190**		548,628
CURRENT LIABILITIES					
Other payables	14		**(705)**		(15,663)
TOTAL ASSETS LESS CURRENT LIABILITIES			**598,485**		532,965
NON-CURRENT LIABILITIES					
Interest bearing borrowings	15		**(63,357)**		(63,344)
NET ASSETS			**535,128**		469,621
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS					
Ordinary share capital	16	**14,585**		14,585	
Share premium	17	**5,083**		5,083	
Capital reserve – realised	18	**382,482**		333,041	
Capital reserve – unrealised	18	**107,028**		92,083	
Retained earnings	18	**25,950**		24,829	
			535,128		469,621
TOTAL EQUITY			**535,128**		469,621
NET ASSET VALUE PER SHARE	20		**917.25p**		804.96p

The financial statements on pages 27 to 43 were approved by the board of directors and authorised for issue on 20 February 2007. They were signed on its behalf by:

J Reeve (Chairman)
20 February 2007

Company balance sheet
as at 31 December 2006

	Notes	31 December 2006 £'000	31 December 2006 £'000	31 December 2005 £'000	31 December 2005 £'000
NON-CURRENT ASSETS					
Investments held at fair value through profit or loss	11(a)		**579,105**		513,012
Investments in subsidiary companies	12		**50**		50
			579,155		513,062
CURRENT ASSETS					
Cash and cash equivalents		**15,750**		26,663	
Other receivables	13	**4,341**		8,959	
			20,091		35,622
TOTAL ASSETS			**599,246**		548,684
CURRENT LIABILITIES					
Other payables	14		**(1,640)**		(16,598)
TOTAL ASSETS LESS CURRENT LIABILITIES			**597,606**		532,086
NON-CURRENT LIABILITIES					
Interest bearing borrowings	15		**(63,357)**		(63,344)
NET ASSETS			**534,249**		468,742
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS					
Ordinary share capital	16	**14,585**		14,585	
Share premium	17	**5,083**		5,083	
Capital reserve – realised	18	**382,482**		333,041	
Capital reserve – unrealised	18	**107,028**		92,083	
Retained earnings	18	**25,071**		23,950	
			534,249		468,742
TOTAL EQUITY			**534,249**		468,742

The financial statements on pages 27 to 43 were approved by the board of directors and authorised for issue on 20 February 2007. They were signed on its behalf by:

J Reeve (Chairman)
20 February 2007

Consolidated Group and Company cash flow statement
for the year ended 31 December 2006

	Notes	2006 £'000	2006 £'000	2005 £'000	2005 £'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**82,006**		83,578
Adjustments for:					
Purchases of investments[1]	11(a)	**(168,918)**		(210,423)	
Sales of investments[1]	11(a)	**172,514**		203,662	
			3,596		(6,761)
Gains on investments			**(69,689)**		(72,123)
Financing costs			**4,582**		4,534
Operating cash flows before movements in working capital			**20,495**		9,228
Increase/(decrease) in accrued income and prepayments			**505**		(592)
Increase/(decrease) in receivables			**4,113**		(5,160)
(Increase)/decrease in payables			**(14,958)**		15,107
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE AND AFTER INCOME TAX			**10,155**		18,583
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity shares issued			**-**		2,997
Interest paid on borrowings			**(4,559)**		(4,559)
Bank interest paid	7		**(10)**		(5)
Equity dividends paid	9		**(16,499)**		(15,834)
NET CASH USED IN FINANCING ACTIVITIES			**(21,068)**		(17,401)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			**(10,913)**		1,182
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			**26,663**		25,481
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			**15,750**		26,663

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

Notes to the Consolidated Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The 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 and the Company 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 2003 (revised December 2005) 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 Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company 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 income statement

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 income statement between items of a revenue and capital nature has been presented alongside the income statement. In accordance with the Company's status as a UK investment company under Section 266 of the Companies Act 1985, 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 842 of the Income and Corporation Taxes Act 1988.

Income

Dividend income from investments is recognised when the shareholders' rights 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 income statement.

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.

Foreign currency translation

These financial statements are prepared in Sterling because that is the currency of the primary economic environment in which the Group and the Company 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 Sterling at the exchange rate ruling on the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

All expenses are accounted for on the accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, 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 income statement.
- 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 Company.

Management charge

In accordance with the expected long term division of returns, 40% (2005: 40%) of the investment management fee for the year is charged to revenue and the other 60% (2005: 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 income statement 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 and Company's liability for current tax is calculated using tax rates that have been or are substantively enacted by the balance sheet 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 income statement 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 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 842 of the Income and Corporation Taxes Act 1988 are not liable for taxation on capital gains.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Group's and Company's balance sheet when the Group or Company becomes a party to the contractual provisions of the instrument. The Group or Company shall offset financial assets and financial liabilities if the Group or Company 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 or Company 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 balance sheet 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 Company, 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.

Equity dividends payable

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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% (2005: 40%) of the interest for the year is charged to revenue, and the other 60% (2005: 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 balance sheet) 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 INCOME STATEMENT

The Company has taken advantage of the exemption from presenting its own income statement provided by Section 230 of the Companies Act 1985.

3 INCOME

	2006 £'000	2005 £'000
Income from investments		
UK dividends	20,006	18,646
Interest on fixed income securities	404	991
	20,410	19,637
Other income		
Deposit interest	374	483
Underwriting commission	11	-
Unclaimed distribution monies	5	-
	390	483
Total income	20,800	20,120
Investment income comprises:		
Listed investments	20,410	19,472
Unlisted investments	-	165
	20,410	19,637

4 SEGMENTAL REPORTING

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

5 INVESTMENT MANAGEMENT FEE

	2006 Revenue Return £'000	2006 Capital Return £'000	2006 Total Return £'000	2005 Revenue Return £'000	2005 Capital Return £'000	2005 Total Return £'000
Investment management fee	784	1,176	1,960	684	1,027	1,711
Irrecoverable VAT thereon	137	206	343	120	180	300
	921	1,382	2,303	804	1,207	2,011

As at 31 December 2006 an amount of £613,000 (2005: £534,000) was payable to the Manager in relation to the Management fees for the quarter ended 31 December 2006.

Details of the terms of the investment management agreement are provided on page 19.

6 OTHER EXPENSES

	2006 Revenue Return £'000	2006 Capital Return £'000	2006 Total Return £'000	2005 Revenue Return £'000	2005 Capital Return £'000	2005 Total Return £'000
Transaction costs on fair value through profit or loss assets	-	1,172	1,172	-	1,679	1,679
Directors' fees (see report on directors' remuneration on page 21)	112	-	112	89	-	89
Registrars fees	88	-	88	82	-	82
AIC membership costs	46	-	46	49	-	49
Advertising & marketing costs	35	-	35	37	-	37
Printing & postage	41	-	41	54	-	54
Directors' liability insurance	24	-	24	30	-	30
Auditor's remuneration – annual audit	20	-	20	20	-	20
Other fees to auditors – IFRS conversion	-	-	-	16	-	16
Stock Exchange fees	9	-	9	8	-	8
Safe custody fees	9	-	9	7	-	7
Other expenses	42	-	42	49	-	49
	426	1,172	1,598	441	1,679	2,120

All expenses are inclusive of VAT where applicable.

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

7 FINANCE COSTS

	Revenue Return £'000	2006 Capital Return £'000	Total Return £'000	Revenue Return £'000	2005 Capital Return £'000	Total Return £'000
Interest on borrowings						
$9\frac{7}{8}$% debenture stock 2017	988	1,481	2,469	988	1,481	2,469
5.5% debenture stock 2021	841	1,262	2,103	806	1,254	2,060
	1,829	2,743	4,572	1,794	2,735	4,529
Bank interest						
Bank overdrafts	4	6	10	5	-	5
Total finance costs	1,833	2,749	4,582	1,799	2,735	4,534

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

8 TAXATION

(a) There is no corporation tax payable (2005: nil).

(b) The charge for the year can be reconciled to the profit per the income statement as follows:

	Revenue Return £'000	2006 Capital Return £'000	Total Return £'000	Revenue Return £'000	2005 Capital Return £'000	Total Return £'000
Profit before taxation	17,620	64,386	82,006	17,076	66,502	83,578
Tax at UK corporation tax rate of 30% (2005: 30%)	5,286	19,316	24,602	5,123	19,951	25,074
Tax effects of:						
Non taxable gains on investments net of transaction costs[1]	-	(20,556)	(20,556)	-	(21,134)	(21,134)
Income not chargeable to tax: UK dividends[1]	(6,003)	-	(6,003)	(5,595)	-	(5,595)
Movement in excess management expenses[2]	717	1,240	1,957	472	1,183	1,655
Tax expense for the year	-	-	-	-	-	-

[1] Investment trusts are not subject to corporation tax on this item.

[2] The Company has not recognised a deferred tax asset of £11,690,000 (2005: £9,232,000) 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.

9 DIVIDENDS

	2006 £'000	2005 £'000
Amounts recognised as distributions to equity holders in the year		
Final dividend for year ended 31 December 2005 of 18.93p (2004: 18.38p) per share.	11,044	10,644
Interim dividend for year ended 31 December 2006 of 9.35p (2005: 8.90p) per share.	5,455	5,190
	16,499	15,834
Proposed final dividend for the year ended 31 December 2006 of 19.88p (2005: 18.93p) per share.	11,598	11,044

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 dividends payable in respect of these financial years, which is the basis on which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered.

	2006 £'000	2005 £'000
Interim dividend for year ended 31 December 2006 of 9.35p (2005: 8.90p) per share.	5,455	5,190
Proposed final dividend for the year ended 31 December 2006 of 19.88p (2005: 18.93p) per share.	11,598	11,044
	17,053	16,234

10 EARNINGS PER SHARE

	2006			2005		
	Revenue Return	Capital Return	Total Return	Revenue Return	Capital Return	Total Return
Earnings per ordinary share	30.20p	110.36p	140.56p	29.35p	114.32p	143.68p

The calculation of the above is based on revenue returns of £17,620,000 (2005: £17,076,000), and capital returns of £64,386,000 (2005: £66,502,000), and a weighted average number of ordinary shares of 58,340,742 (2005: 58,170,906).

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

	2006			2005		
	Listed £'000	**Unlisted £'000**	**Total £'000**	Listed £'000	Unlisted £'000	Total £'000
a) Movements in the year						
Opening cost at 1 January	**418,423**	**2,506**	**420,929**	355,723	2,916	358,639
Gains at 1 January	**83,557**	**8,526**	**92,083**	68,259	7,230	75,489
Opening fair value	**501,980**	**11,032**	**513,012**	423,982	10,146	434,128
Purchases at cost	**168,918**	**-**	**168,918**	210,423	-	210,423
Sales – proceeds	**(160,092)**	**(12,422)**	**(172,514)**	(201,992)	(1,670)	(203,662)
– realised gains on sales	**44,828**	**9,916**	**54,744**	54,269	1,260	55,529
Increase/(decrease) in unrealised gains	**23,471**	**(8,526)**	**14,945**	15,298	1,296	16,594
Closing fair value at 31 December	**579,105**	**-**	**579,105**	501,980	11,032	513,012
Closing cost at 31 December	**472,077**	**-**	**472,077**	418,423	2,506	420,929
Gains at 31 December	**107,028**	**-**	**107,028**	83,557	8,526	92,083
Closing fair value at 31 December	**579,105**	**-**	**579,105**	501,980	11,032	513,012
b) Gains on investments						
Gains on sales of investments	**44,828**	**9,916**	**54,744**	54,269	1,260	55,529
Increase/(decrease) in unrealised gains	**23,471**	**(8,526)**	**14,945**	15,298	1,296	16,594
	68,299	**1,390**	**69,689**	69,567	2,556	72,123

12 SUBSIDIARY COMPANIES

The cost of shares in subsidiary companies is £50,100 (2005: £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

13 OTHER RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
	£'000	£'000	**£'000**	£'000
Sales for future settlement	**1,750**	5,861	**1,750**	5,861
Due from subsidiary companies	**-**	-	**6**	6
Accrued income	**2,567**	3,072	**2,567**	3,072
Other receivables	**18**	20	**18**	20
	4,335	8,953	**4,341**	8,959

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.

14 OTHER PAYABLES

	Group		Company	
	2006	2005	**2006**	2005
	£'000	£'000	**£'000**	£'000
Purchases for future settlement	**-**	15,022	**-**	15,022
Accruals and deferred income	**705**	641	**705**	641
Amounts payable to subsidiary companies	**-**	-	**935**	935
	705	15,663	**1,640**	16,598

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

15 NON CURRENT LIABILITIES

	Group		Company	
Interest bearing borrowings	**2006**	2005	**2006**	2005
	£'000	£'000	**£'000**	£'000
Amounts payable in more than five years:				
$9\frac{7}{8}$% Debenture stock 2017	**25,000**	25,000	**25,000**	25,000
5.5% Debenture stock 2021 (amortised cost)	**38,357**	38,344	**38,357**	38,344
	63,357	63,344	**63,357**	63,344

The $9\frac{7}{8}$% Debenture stock 2017 is secured by a floating charge over the assets of the Company. 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 Company. The stock is repayable at par on 8 March 2021.

16 ORDINARY SHARE CAPITAL

	Number of shares		£	£
	2006	2005	**2006**	2005
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	**58,340,742**	58,340,742	**14,585,186**	14,585,186

There were no shares issued during 2006 (2005: 429,375 ordinary shares for a total consideration of £2,996,650).

17 SHARE PREMIUM

	Group	Company
	£'000	£'000
Group and Company		
Balance at 1 January 2006 and 31 December 2006	5,083	5,083

18 RETAINED EARNINGS AND CAPITAL RESERVE

	Retained earnings		Capital reserve	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Balance at 1 January 2006	24,829	23,950	425,124	425,124
Dividends paid	(16,499)	(16,499)	-	-
Net profit for the year	82,006	82,006	-	-
	90,336	89,457	425,124	425,124
Transfer from retained earnings to capital reserve	(64,386)	(64,386)	64,386	64,386
Balance at 31 December 2006	25,950	25,071	489,510	489,510

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

	Group	Company
	£'000	£'000
Capital reserve realised	382,482	382,482
Capital reserve unrealised	107,028	107,028
	489,510	489,510

19 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2006 there were no contingent liabilities or capital commitments for the Company and the Group (2005: nil).

20 NET ASSET VALUES

	Net asset value per ordinary share	Net assets attributable £'000
Ordinary shares of 25p each	917.25p	535,128

The net asset value per ordinary share is based on net assets at the year end of £535,128,000, (2005: £469,621,000) and on 58,340,742 (2005: 58,340,742) ordinary shares in issue at the year end.

21 RELATED PARTY TRANSACTIONS

IAS 24 '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 on page 21. 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.

Details of the management fees paid and payable to the Manager are set out in note 5.

22 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 are market price risk, interest rate risk and liquidity risk. In line with the Company's investment objective, the portfolio comprises UK securities and therefore, has no exposure to foreign 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 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'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 11.3%.

Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments that arise as a result of fluctations in interest rates. 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.

22 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Financial assets – Interest rate risk

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 holding in a corporate bond which has a market value of £1,470,000, representing 0.3% of net assets of £535,128,000 (2005: £14,057,000; 3.0%). The running yield as at 31 December 2006 was 7.99% (2005: 7.8%) and the weighted average remaining life was 9 years (2005: 4 years). The Company's cash balances of £15,750,000 (2005: £26,663,000) earn interest calculated by reference to LIBOR. All of the Company's assets are denominated in Sterling.

Financial liabilities – Interest rate risk

All of the Company's financial liabilities of £64,062,000 (2005: £79,007,000) 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 13 years (2005: 14 years) and the weighted average interest rate payable is 7.2% (2005: 7.2%) per annum. The Company also has recourse to a £25m overdraft facility with HSBC Bank.

Fair values of financial assets and financial liabilities

All investments are carried at fair value. Other financial assets and liabilities of the Company and the Group are held at amounts approximate to fair value as follows:

	Book value 31 December 2006 £'000	Fair market value 31 December 2006 £'000	Difference 31 December 2006 £'000	Book value 31 December 2005 £'000	Fair market value 31 December 2005 £'000	Difference 31 December 2005 £'000
9⅞% debenture stock[1]	25,000	33,975	8,975	25,000	36,228	11,228
5.5% debenture stock[2]	38,357	38,298	(46)	38,344	40,475	2,131
	63,357	72,273	8,929	63,344	76,703	13,359

[1] Effective rate is 9.875%

[2] Effective rate is 5.583%

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 46), on 26 March 2007 at 11.00 a.m.

FINANCIAL CALENDAR

The financial calendar for 2007 is set out below:

Ordinary shares	
Final dividend, 2006 – payable	30 March 2007
– ex-dividend	14 March 2007
– record date	16 March 2007
Interim dividend, 2007	28 September 2007
Final dividend, 2007	End of March 2008
$9\frac{7}{8}$% 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 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 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
$9\frac{7}{8}$% 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 page 47 of this report. This enables individuals to buy shares in the Company in a straightforward and accessible way.

ASSOCIATION OF INVESTMENT COMPANIES

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

NOTICE OF MEETING:

NOTICE IS HEREBY GIVEN that the eighty first Annual General Meeting of Temple Bar Investment Trust PLC will be held at 11.00 a.m. on Monday 26 March 2007 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 2006 together with the reports of the directors and auditors thereon,
2. to approve the report on directors' remuneration for the year ended 31 December 2006,
3. to declare a final dividend of 19.88p per ordinary share,
4. to re-elect Mr G J Allen as a director,
5. to re-elect Mr F L J Walton as a director,
6. to re-elect Mr J Reeve as a director,
7. 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:

8. That the directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 to allot relevant securities (as defined by the said section) up to an aggregate maximum nominal amount of £725,000 provided that:
   (i) the authority granted shall expire five years from the date upon which this resolution is passed but may be revoked or varied by the Company in general meeting and may be renewed by the Company in general meeting for a further period not exceeding five years; 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 relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of any such offer or agreement as if that authority had not expired.

SPECIAL RESOLUTIONS:

9. That the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of that Act) for cash, in accordance with the authority conferred on them by this meeting to allot relevant securities (as defined in Section 80 of that Act), as if Section 89(1) 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 £725,000; and

   shall expire five years from the date upon which this resolution is passed save that the Company 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.
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 8,745,277 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;

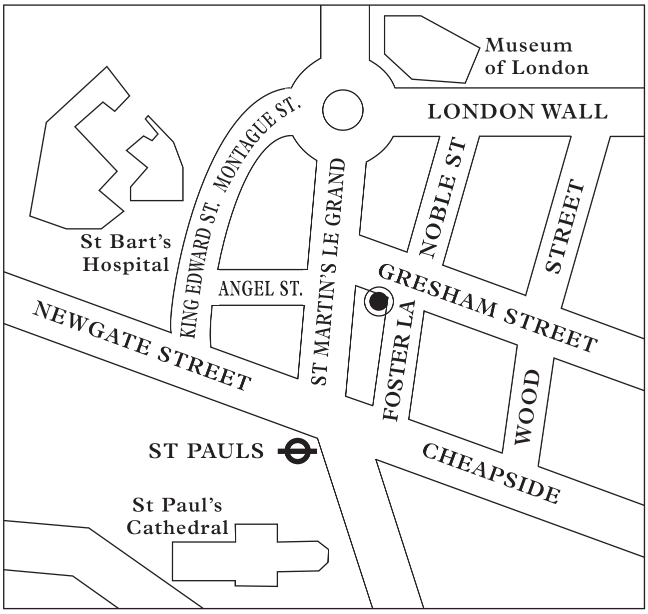
(iv) the authority hereby conferred shall (unless previously renewed or revoked) expire at the end of the Annual General Meeting of the Company in 2008, or, if earlier, the date falling fifteen months from the date of this resolution;

(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 20th day of February, 2007

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 Monday 26 March 2007 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 6EF 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 6.00 p.m. on 24 March 2007 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

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.com**. Alternatively please write to:

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

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The Association of Investment Companies

A member of the Association of Investment Companies

temple bar

active investment working for you