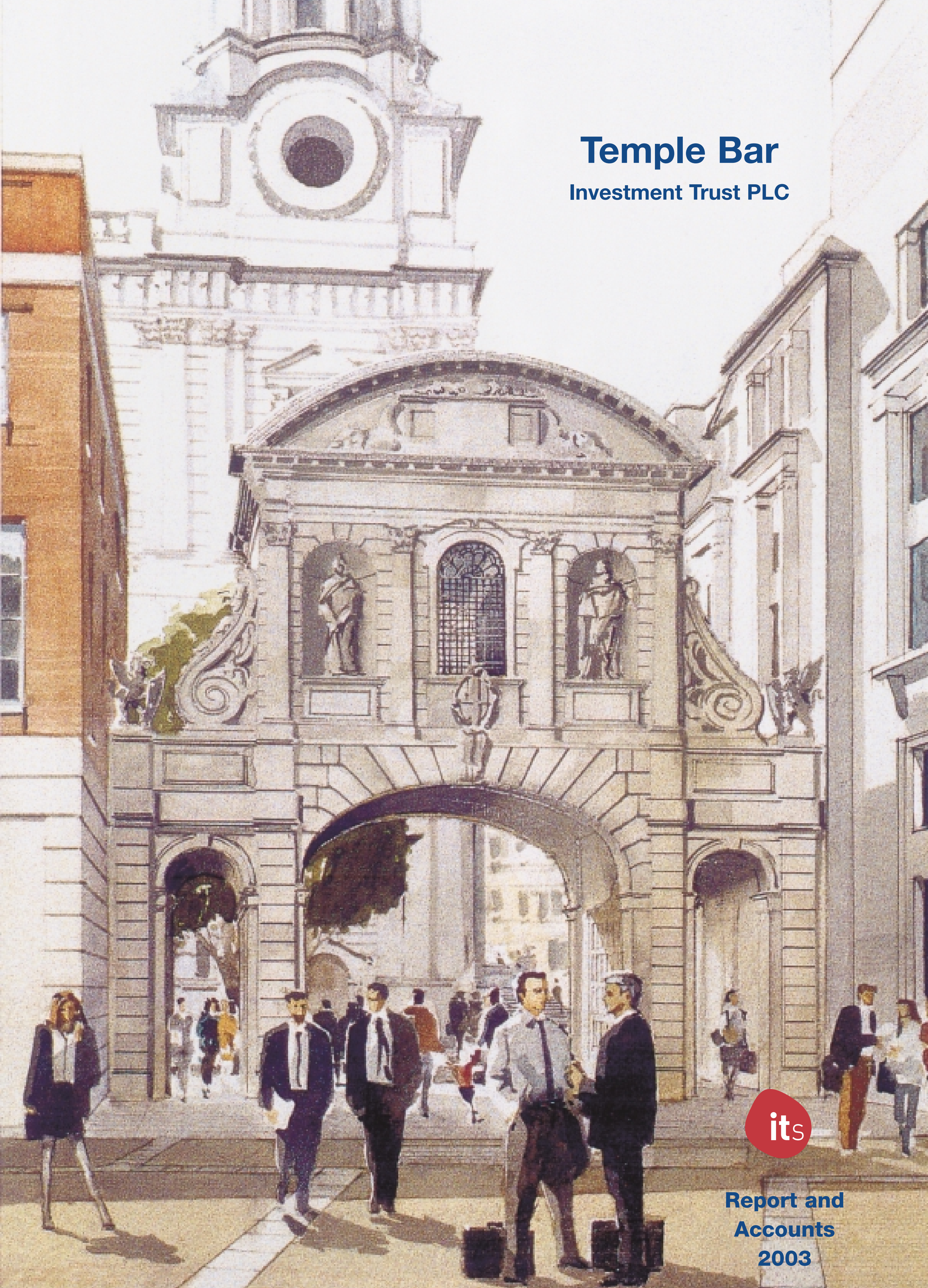


Temple Bar

Investment Trust PLC

Report and Accounts 2003

Contents

The front cover shows an artist's impression of Temple Bar, to be relocated to Paternoster Square, by St Paul's Cathedral, 2004.

Company Summary

INVESTMENT OBJECTIVE	To provide growing income combined with growth in capital, principally through investment in a portfolio of UK equities.
INVESTMENT POLICY	The Company invests with an emphasis on companies that offer fundamental value in terms of good asset backing and above average yields. The Company aims to maintain a balance between larger and smaller/medium sized companies, with typically 70% of the portfolio invested in large blue chip companies.
BENCHMARK	Performance is measured against the FTSE All-Share Index.
TOTAL ASSETS	£407,047,000.
SHAREHOLDERS' FUNDS	£332,341,000.
MARKET CAPITALISATION	£321,987,000.
CAPITAL STRUCTURE	Ordinary Shares 57,911,367 shares 5.5% Debenture Stock 2021 £38,000,000 9.875% Debenture Stock 2017 £25,000,000.
VOTING STRUCTURE	Ordinary Shares 100%.
WINDING-UP DATE	None.
MANAGERS' FEES	0.35% per annum based on the value of the investments (including cash) of the Company.
PEP/ISA STATUS	The Company's shares are capable of being held in an ISA and are a qualifying investment under the Personal Equity Plan regulations.
AITC	Member.

Summary of results

ASSETS as at 31 December	2003 £'000	2002 £'000	Percentage change
Consolidated net assets	332,341	278,066	19.52%
Ordinary shares			
Net asset value per share	573.88p	480.24p	19.50%
Net asset value per share adjusted for market value of debt	565.24p	470.17p	20.22%
Market price	556.00p	477.00p	16.56%
Discount	3.1%	0.7%	

REVENUE for the year ended 31 December	2003 £'000	2002 £'000	
Revenue return attributable to ordinary shareholders	16,483†	14,674	12.33%
Earnings per ordinary share	28.46p†	25.34p	12.31%
Dividends per ordinary share	26.23p	25.59p	2.50%

CAPITAL for the year ended 31 December	2003 £'000	2002 £'000
Capital return attributable to ordinary shareholders	52,933	(78,140)
Capital return attributable per ordinary share	91.41p	(134.96)p

	2003	2002
TOTAL EXPENSE RATIO*	0.48%	0.47%

TOTAL RETURNS (capital plus revenue) for the year to 31 December 2003	%
Return on net assets	24.98
Return on share price	21.80
FTSE All-Share Index	20.86
FTSE 350 Higher Yield Index	20.81
Change in Retail Prices Index over year	2.80

DIVIDEND YIELDS (NET) – 31 December 2003	
Yield on ordinary share price (556p)	4.64
Yield on FTSE All-Share Index	3.10
Yield on FTSE 350 Higher Yield Index	4.10

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

†This number does not represent a like for like comparison with the previous year due to the change in allocation basis referred to in the Chairman's Statement on page 7.

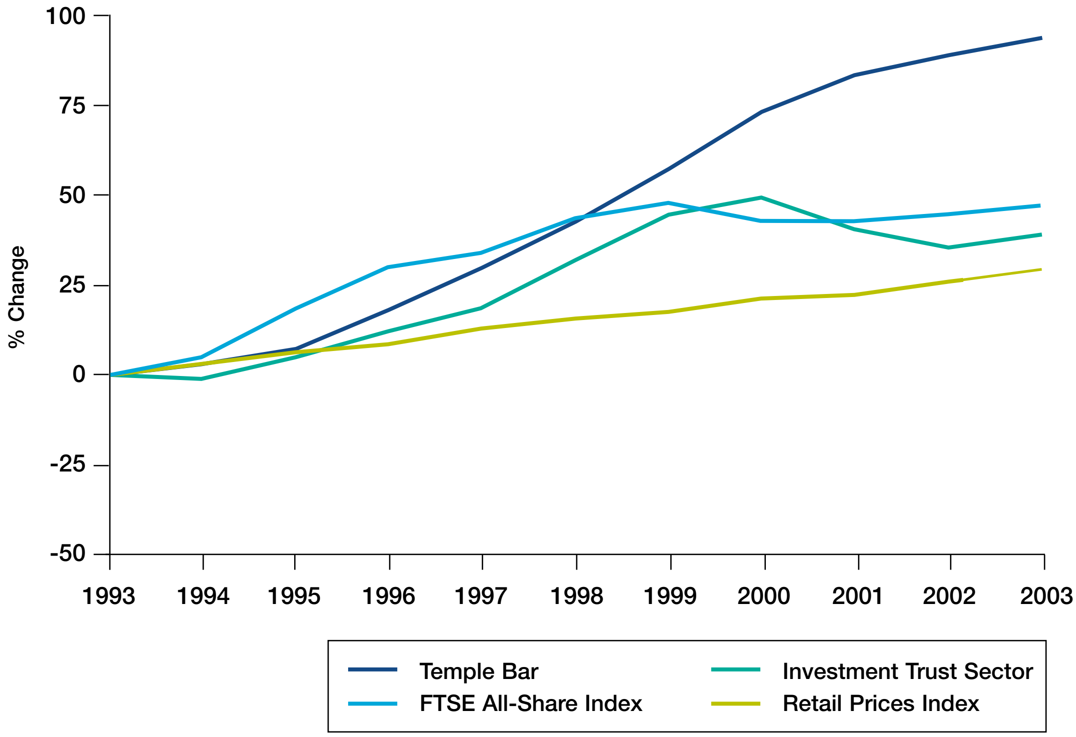
Year ended	Group total assets £'000	Group net assets £'000	Net assets per ordinary share p	Revenue return to ordinary shareholders £'000	Earnings per share p	Dividends per share (net) p
1994	228,617	195,416	339.20	8,163	14.24	13.95
1995	260,235	228,092	395.42	10,252	17.86	14.55
1996	281,064	248,417	430.55	10,084	17.55	16.00
1997	341,446	308,290	533.82	11,339	19.70	17.60
1998	370,578	335,064	579.56	11,089	19.24	19.36
1999	442,136	369,391	639.16	12,102	20.96	21.30
2000	462,624	388,917	672.95	13,428	23.24	23.43
2001	430,262	356,292	615.43	14,198	24.56	24.84
2002	352,769	278,066	480.24	14,674	25.34	25.59
2003	**407,047**	**332,341**	**573.88**	**16,483**	**28.46**	**26.23**

NOTES

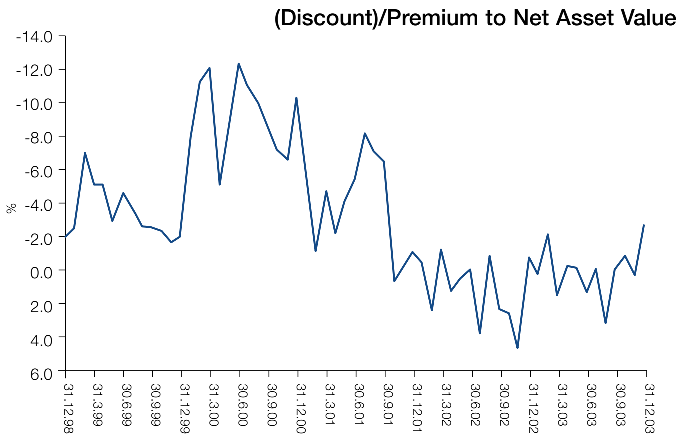
1) In 1996 there was a change of policy on the charging of finance expenses, such that half of these expenses were charged to capital. The figures shown for 1995 and subsequent years (until 2002) are based on this policy but earlier years have not been restated.

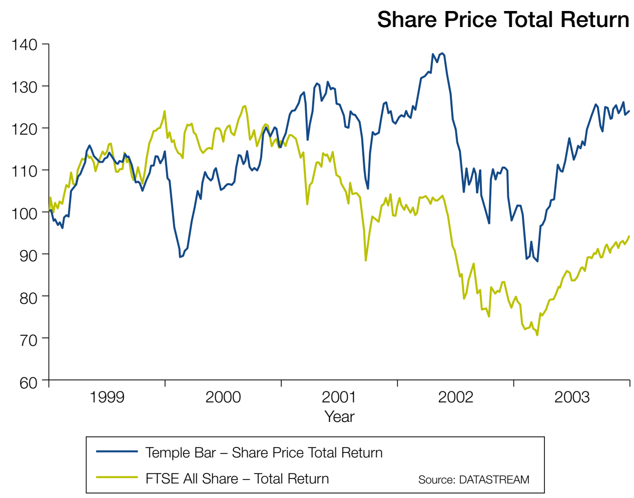
2) In 2003 there was a further change of policy on the charging of finance expenses and management fees such that 60% of these are now charged to capital. No prior years have been restated.

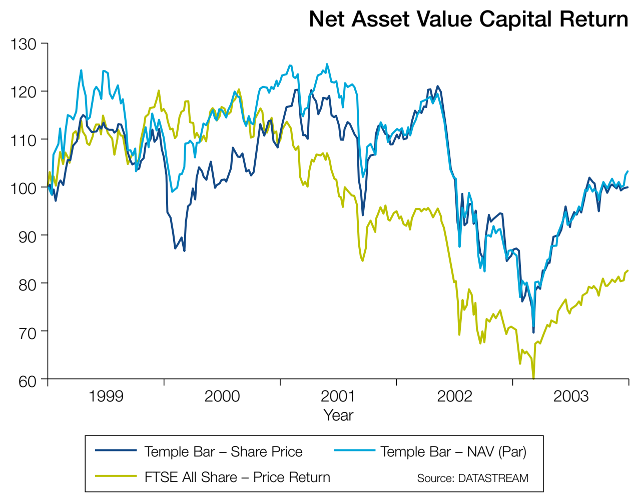
Comparative Dividend Growth



Five year summary







from left to right, Gary Allen, John Hudson, John Reeve, Richard Jewson, Field Walton

JOHN REEVE*, Chairman, aged 59, 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 59, was appointed a director in 2001. He has over 35 years' experience in engineering and is currently chairman of IMI plc. His other directorships include The London Stock Exchange, N V Bekaert SA, and The National Exhibition Centre.

JOHN L HUDSON*, aged 58, was appointed a director in 1992. He is a former chief executive of Wagon plc and is currently chairman of Birmingham International Airport Limited, Whittan Group Limited and Metal Castings Limited and is chairman and chief executive of Calder Industrial Materials Limited.

RICHARD W JEWSON*, aged 59, 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 Savills plc, Octagon Healthcare Limited and Archant Limited, deputy chairman of Anglian Water Services Limited and a non executive director of Grafton Group plc.

FIELD L J WALTON*, aged 63, was appointed a director in 1983. He started his career in engineering management and moved to the City as an analyst with Cazenove in 1971. Subsequently he held a number of positions in fund management. He is currently a director of MacArthur & Co. Limited and a non-executive director of Martin International Holdings Plc and a number of engineering and trust companies.

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

Management and administration

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

INVESTMENT MANAGER

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

REGISTERED OFFICE

2 Gresham Street, London EC2V 7QP

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

REGISTERED NUMBER

Registered in England No. 214601

REGISTRAR

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

REGISTERED AUDITORS

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

BANKERS AND CUSTODIAN

HSBC Bank plc, Scottish Life House, Poultry,
London EC2P 2BX

STOCKBROKERS

UBS Ltd, 1 Finsbury Avenue, London EC2M 2PA

SOLICITORS

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

RESULTS AND DIVIDEND

I am pleased to present my first annual report, having been appointed Chairman of the Company in March last year.

Since reporting to you at the interim stage, the early signs of an improvement in markets have been sustained. Post-tax earnings for the year were £16.483m, an increase of 12.3% on 2002. These results are, however, flattered by a change in basis of allocation which I cover in more detail below, and a more appropriate like for like comparison shows an increase of 8.2%.

The Board is recommending a 2.5% increase in the final dividend to 17.8p, thus matching the percentage increase in the interim dividend. This dividend will be payable on 31 March 2004 to those shareholders on the register as at 19 March 2004.

The total return on net assets during 2003 was 25.0% which compares with a total return of 20.9% for the FTSE All-Share Index and 20.8% for the FTSE 350 Higher Yield Index. During the year, following consultation with both external consultants and the fund manager, the Board decided to revert to using the FTSE All-Share Index as the sole benchmark for the performance of the Temple Bar portfolio. The FTSE 350 Higher Yield Index has become increasingly unbalanced in its construction, with much of its performance governed by a handful of very large companies. We have also undertaken to measure the performance of the fund manager over a rolling five year period compared with the All-Share Index. The last few years have clearly illustrated the dangers of short term thinking and momentum based investing; we wish to encourage the fund manager to continue to make long term investment decisions for clear fundamental reasons.

2003 was yet another year of significant volatility for equity markets and can be separated into two distinct phases. The first quarter of the year saw a continuation of the bearish equity market trends of the previous three years as investors worried about the prospect of war in Iraq and the continuing weakness of the global, and most pertinently, the US economy. Weakness in UK equity markets was exacerbated during this period by many Life companies aggressively selling equities to protect their solvency.

The second phase followed the end of hostilities. Equity markets began to recover strongly and this was given further impetus as the effect of the massive reflationary stimulus provided by the US authorities started to feed through into economic strength. These factors, together with large improvements in corporate earnings much of it the consequence of cost-cutting, encouraged investors to return to equity markets. Further comment on the economic and investment background is contained in the Manager's report on page 10.

DEBT

Like many conventional investment trusts, the Company uses a relatively low level of debt to seek enhanced returns to shareholders over the longer term. This has added to the performance of the Company this year and the Board is comfortable that the £63m of debenture debt is about the right level for the immediate future. The amount and composition of such debt is kept under continual review, but currently the prohibitive cost of repaying any of this debt precludes its reduction.

CHANGE IN ALLOCATION BASIS

As reported in the interim results, the Board has taken the decision to change the basis of allocation of the cost of interest and management fees such that 60% is now taken through the capital account. This is an increase from the rate of 50% which has been used previously, and is felt better to reflect the sources of historic and prospective gains.

CORPORATE GOVERNANCE

During the year there have been numerous corporate governance and regulatory consultations. Many of the changes required by the revised Combined Code have already been implemented by the Board. Furthermore, as part of its own wider governance review, the Board has undertaken a detailed analysis of some of the Company's key service providers. In particular, in conjunction with a firm of external consultants, the Board carried out a comprehensive review of its investment management arrangements encompassing both the role of Investec and strategic issues related to the management of the investment portfolio. As a result, a number of changes to the investment parameters governing the management of the portfolio have been made including the establishment of new objectives for the managers. I would emphasise that the commissioning of this report by the Board did not indicate any lack of confidence in the managers, who continue to enjoy the full support of the Board, having delivered superior returns over both the long and the short term.

A second aspect of the governance review related to the position of auditors. After careful consideration and a comprehensive review of alternatives it was decided to replace PricewaterhouseCoopers LLP as auditors with Ernst & Young LLP. A resolution to re-appoint Ernst & Young LLP will be submitted at the forthcoming annual general meeting.

OUTLOOK

Although the worst fears over dividends for the UK equity market were not realised in 2003, it is important to highlight the significance that the sterling/dollar exchange rate has for expectations in 2004. There are a growing number of large companies, such as HSBC and Rio Tinto, who pay their dividends in US Dollars; with the large decline in that currency relative to sterling over the last two years this has begun to have a noticeable effect on dividends receivable.

While the strength of equity markets and improved global economic news in the second half of the year has encouraged many commentators to assume the return of better times, we remain less sanguine. The many structural imbalances which have been present in the US economy, including the large trade and budget deficits and the high level of consumer debt remain. The recent accelerated decline in the US Dollar illustrates that these are ignored at the peril of investors. The attempts to stimulate the US economy appear to have been a success to date and, with a presidential election in 2004, such efforts by the authorities may be expected to continue. In the longer term, however, doubts remain as to whether this recovery can be self-sustaining or whether the deflationary cycle that followed the stockmarket bubble of the late 1990s will re-assert itself.

Against this backdrop, and while the UK economy is more stable and the market more lowly rated than many other major markets, we feel it right to remain positioned with a fairly defensive portfolio and expect the protection that is offered by the high yields of most of our holdings to stand us in good stead in 2004 and beyond.

17 February 2004

John Reeve

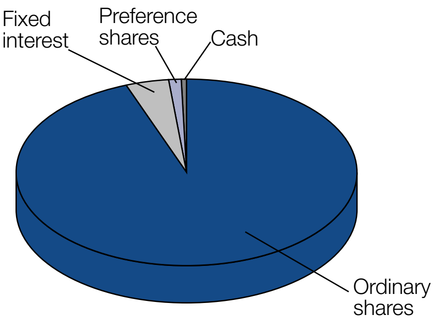
Twenty largest investments
as at 31 December 2003

Company	Valuation 31 December 2002 £'000	Net Purchases/ (Sales) £'000	Appreciation/ (Depreciation) £'000	**Valuation 31 December 2003 £'000**	**Total Assets %**
HSBC	18,152	–	5,084	**23,236**	**5.71**
GlaxoSmithKline	18,813	–	1,437	**20,250**	**4.97**
BP	18,507	–	1,104	**19,611**	**4.82**
Shell	12,105	5,001	611	**17,717**	**4.35**
Barclays	10,664	1,395	3,568	**15,627**	**3.84**
British American Tobacco	–	11,750	2,968	**14,718**	**3.61**
Lloyds TSB	12,441	132	(76)	**12,497**	**3.07**
BT	11,099	1,553	(386)	**12,266**	**3.01**
Prudential	4,666	3,855	1,842	**10,363**	**2.55**
Abbey National	3,605	6,693	31	**10,329**	**2.54**
Scottish Power	9,790	–	311	**10,101**	**2.48**
Severn Trent	1,728	7,231	865	**9,824**	**2.41**
Investec UK Smaller Companies Fund	7,185	(948)	2,993	**9,230**	**2.27**
Unilever	–	8,848	247	**9,095**	**2.23**
Diageo	3,477	4,304	889	**8,670**	**2.13**
Dixons	3,137	4,624	904	**8,665**	**2.13**
Alliance & Leicester	6,410	1,080	1,173	**8,663**	**2.13**
Royal Bank of Scotland	651	8,094	(497)	**8,248**	**2.03**
Gallaher	8,397	–	(269)	**8,128**	**2.00**
Marks & Spencer	3,392	2,808	(185)	**6,015**	**1.48**
	154,219	66,420	22,614	**243,253**	**59.76**

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

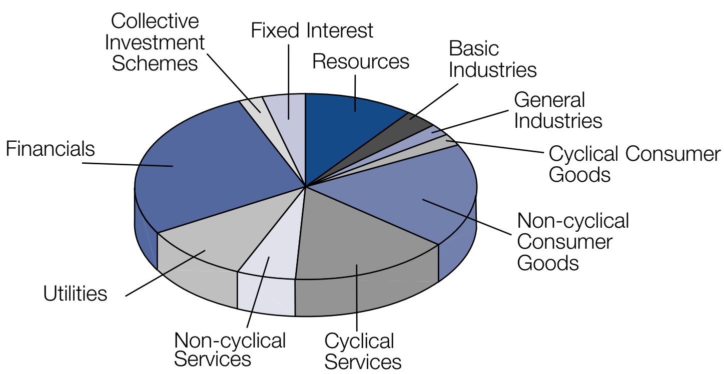
Asset allocation as at 31 December 2003

BY CLASS (%)



	%
Ordinary shares	94.40
Fixed interest	4.09
Preference shares	1.19
Cash	0.32
	100.00

PORTFOLIO DISTRIBUTION (%)



	%
Resources	10.30
Basic Industries	3.16
General Industries	2.04
Cyclical Consumer Goods	2.07
Non-cyclical Consumer Goods	18.17
Cyclical Services	15.20
Non-cyclical Services	5.58
Utilities	10.18
Financials	26.90
Collective Investment Schemes	2.29
Fixed Interest	4.11
	100.00

Manager's report

We warned in last year's manager's report that no-one should be surprised if equities hit further lows in 2003 but that, on a longer term view, the UK equity market appeared good value. Whilst these points proved to be fairly accurate, the speed of decline in the equity market in the first quarter of 2003 and the strong and sustained bounceback that followed it caught virtually everyone by surprise.

A consensus had certainly formed that three years of negative equity market returns to the end of 2002, followed by a sharp downwards movement at the beginning of 2003, would create a different type of investor to the one who had participated in the madness of the late 1990s. The new breed would expect lower returns than in the past and would accept less risk to achieve those returns.

As is often the case, however, the consensus was wrong. Investors everywhere appeared eager to brush themselves down and prove their determination to recoup some of their losses as quickly as possible by buying those stocks which had caused them most anguish on the way down.

Has the economic outlook and the consequent prospect for markets changed sufficiently over the last 12 months to validate this behaviour? The last year has seen a continuation and, some would argue, acceleration of a massive reflationary push. The Federal Reserve has reduced interest rates to very low levels and the US Government has introduced large tax cuts. While these policies had been in place for some time, they appeared to be having little effect on an economy emerging slowly from its post bubble torpor. However, the very positive second half response to this stimulus was confirmed by a series of better than expected economic statistics and survey evidence relating to production and employment. Markets are reflecting investors' belief that this stimulus will continue until the risk of deflation is negligible.

These shoots of recovery in the US, as well as the more peaceful geo-political scene, shaped investor sentiment around the world and drove a strong equity performance from the most depressed levels; for example, the FTSE All-Share Index ended the year over 38% higher than its low point.

The typical exposure to high yielding equities of the Temple Bar portfolio has historically given it some protection in declining markets. However, the viciousness of the fall in the first quarter of 2003 was so great that the dividends of many companies previously regarded as safe came under significant pressure; RMC, Reuters, EMI, Lloyds TSB and Dixons all moved to yields which suggested a dividend cut was imminent or the shares were very cheap. Sentiment was certainly not helped by other companies such as Prudential and Abbey National deciding to reduce their dividends. On the whole, we resisted the urge to participate in this rout and did, in fact, add to our holdings of some of these stocks at fairly distressed price levels.

In general, the portfolio highlights came from stocks which had performed particularly badly in 2002. Reuters, the providers of financial information to the trading and investment community, has seen increasing competition in the last decade making access to information ever cheaper. Their loss of market share in a declining market, allied to the perceived inflexibility of their product range and high cost base, caused many investors to believe this was a company in terminal decline. But, a significantly larger cost cutting programme than envisaged as well as improved product quality prompted a sharp recovery in the share price. Similarly, RMC was thought to be under persistent pressure from its loss-making German operations and high debt and had lost favour through its disappointing acquisition history. However, all these worries dissipated during the year and the company appears to be in a stronger position than for some time. These are two examples of how we focus on companies with good strategic positions in their markets but which are encountering short term difficulties, making the shares an attractive purchase for the longer term. By acting when we believe clear value exists these purchases are a store of value that will be realised when sentiment turns.

As would be expected from a year which saw such strong returns, our more disappointing holdings were those which were considered too dull or too defensive to warrant much attention by the markets. The tobacco company Gallaher continues to be one of our largest holdings. The company maintains its excellent record of delivering good earnings and dividend growth from operating in an attractive mix of mature and developing markets. We are confident these merits will be rewarded in the future. Similarly, BT is regarded as a company constantly under threat from a raft of more flexible competitors and therefore in slow decline. However, we feel this is over-exaggerating the near term risks. BT's customer losses are fairly modest, the prospects for further cost reduction are good and it maintains some strong market positions.

During the year, turnover on the portfolio was 39%, a level we consider to be in line with the investment trust sector average.

PERFORMANCE ATTRIBUTION ANALYSIS

The following illustrates the factors that have contributed to the Company's performance in the year to 31 December 2003:

Attribution Analysis	%
Total return of FTSE All-Share Index	20.86
Relative return from the portfolio	1.38
Performance on total assets	22.24
Income distributed to shareholders*	(4.45)
Expenses*	(0.55)
Finance costs*	(1.34)
	15.90
Impact of gearing on portfoliio	3.60
Change in net asset value per ordinary share	19.50

*as percentage of opening NAV.

As we mentioned earlier, the consensus view was incorrect in 2003. In 2004 it is again focused on a very tight course of events. These include increasing economic strength within a controlled level of inflation but with the likelihood of higher interest rates in the second half of the year as the fall in excess capacity increases inflationary pressures, all against the backdrop of a slowly declining US Dollar. While reasonably alluring, this view appears to discount the continued presence of many structural imbalances in the US following the bubble years. These include the large current account and budget deficits and the high levels of consumer debt. Continued weakening of the US Dollar may help the US authorities to alleviate some of these problems but is unlikely to please its major trading partners in Europe and Asia. 2003 saw the first signs of the erection of trade barriers and protectionism; this will be an area of concern in 2004.

Although we would not wish to use any of these factors as a central view, we feel ignoring them would be risky. They must be given due consideration when making current investment decisions.

As we move into 2004, our reluctance to endorse the more bullish economic scenarios dictates that we should be reasonably defensive when constructing the portfolio. The major themes we are focusing on are: the attractions of the high yields and discount to regulatory asset values in the utilities sectors, particularly water; the increasing merits of the durable earnings streams of the multinational companies selling strongly marketed branded goods such as Diageo and Unilever; and the potential upside for those companies such as BT and Woolworths in a position to benefit from self-help virtually irrespective of the strength of the economy.

In the past five years many fund management decisions have been driven by a number of binary questions concerning investing in companies which were value or growth, defensive or aggressive, highly or lowly indebted and large or small. Most recently, the over-riding desire of many investors has been to hold stocks which are performing well and exhibiting improving earnings trends, while being ready to jump ship at the first sign of either of these factors breaking down. Although this 'rent-a-stock' approach may seem attractive, this appears to rely on there always being sufficient buyers for the system to work. However, we believe acquiring stocks on this basis is inherently dangerous, as it risks a lack of buyers at just the moment when they are most required. We will maintain our policy of searching for friendless stocks in the expectation that their popularity will increase over time. Experience and human nature suggests that, providing we are patient, numerous such opportunities will be provided through investors driven by shorter term considerations.

Alastair Mundy
Investec Investment
Management Limited
17 February 2004

Portfolio of investments

	Valuation of holding as at 31 December 2003 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2003 %
RESOURCES			
Mining		1.03	4.02
Rio Tinto	4,151		
Oil & Gas		9.27	11.83
BP	19,611		
Shell	17,717		
		10.30	15.85
BASIC INDUSTRIES			
Chemicals		0.34	0.81
Scapa	521		
Yule Catto	834		
Construction & Building Materials		2.82	2.40
Aggregate Industries	804		
Hanson	2,458		
Heywood Williams	2,973		
RMC	5,140		
Forestry & Paper		–	0.04
Steel & Other Metals		–	0.10
		3.16	3.35
GENERAL INDUSTRIES			
Aerospace & Defence		1.06	1.14
BAE Systems†	1,283		
Rolls-Royce	3,003		
Electronic & Electrical Equipment		–	0.23
Engineering & Machinery		0.98	0.74
AGA Foodservice	62		
Fenner	2,171		
Senior	1,704		
		2.04	2.11
CYCLICAL CONSUMER GOODS			
Automobiles & Parts		2.07	0.31
GKN	4,757		
Torotrak	267		
Vardy	3,307		
Household Goods & Textiles		–	0.08
		2.07	0.39
NON CYCLICAL CONSUMER GOODS			
Beverages		3.60	2.83
Allied Domecq	2,047		
Diageo	8,670		
Scottish & Newcastle	3,777		
Food Producers & Processors		3.88	2.31
Cadbury Schweppes	1,866		
Northern Foods	812		
Tate & Lyle	3,853		
Unilever	9,095		
Health		–	0.89
Personal Care & Household Products		–	0.73
Pharmaceuticals & Biotechnology		5.03	10.01
GlaxoSmithKline	20,250		
Tobacco		5.67	1.85
British American Tobacco	14,718		
Gallaher	8,128		
		18.17	18.62

	Valuation of holding as at 31 December 2003 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2003 %
CYCLICAL SERVICES			
General Retailers		5.49	3.50
Boots	5,193		
Dixons	8,665		
Marks & Spencer	6,015		
Woolworths	2,251		
Leisure & Hotels		3.63	2.16
Intercontinental Hotels	2,492		
Millennium & Copthorne	2,578		
Mitchells & Butlers	5,731		
Parkdean	3,810		
Media & Entertainment		3.47	4.16
EMI	5,518		
Reuters	3,594		
Trinity Mirror	4,855		
Support Services		1.67	2.76
Jarvis	1,792		
Rexam	4,926		
Transport		0.95	1.76
Avis Europe	1,608		
TDG	2,205		
		15.20	14.34
NON-CYCLICAL SERVICES			
Food & Drug Retailers		2.54	2.43
Safeway	4,528		
Sainsbury (J)	5,699		
Telecommunication Services		3.04	9.41
BT	12,266		
		5.58	11.84
UTILITIES			
Electricity		3.62	1.13
British Energy	106		
Scottish & Southern Engineering	4,368		
Scottish Power	10,101		
Utilities – Other		6.56	2.43
AWG	1,808		
Kelda	3,088		
National Grid Transco	4,021		
Pennon	3,726		
Severn Trent	9,824		
United Utilities	3,962		
		10.18	3.56

	Valuation of holding as at 31 December 2003 £'000	Percentage of Portfolio %	FTSE All-Share Index 31 December 2003 %
FINANCIALS			
Banks		20.70	19.84
Abbey National	**10,329**		
Alliance & Leicester	**8,663**		
Barclays	**15,627**		
HBOS	**4,810**		
HSBC	**23,236**		
Lloyds TSB	**12,497**		
Royal Bank of Scotland	**8,248**		
Insurance		0.11	0.53
Highway Insurance	**456**		
Life Assurance		4.83	2.58
Aviva	**4,829**		
Britannic	**1,324**		
Friends Provident	**2,936**		
Prudential	**10,363**		
Investment Companies		0.19	2.49
Framlington Innovations	**765**		
Real Estate		1.07	1.72
Land Securities	**2,204**		
Slough Estates†	**2,119**		
Speciality & Other Finance		–	1.60
		26.90	28.76
INFORMATION TECHNOLOGY			
Information Technology Hardware		–	0.38
Software & Computer Services		–	0.80
		–	1.18
COLLECTIVE INVESTMENT SCHEMES			
Investec UK Smaller Companies Fund	**9,230**	2.29	–
TOTAL EQUITIES	**386,345**	95.89	100.00
UK FIXED INTEREST			
BAA 11.75% 2016	**1,552**		
Halifax 9.375% 2021	**1,443**		
Lloyds TSB 8.5% 2006	**4,123**		
MEPC 12% 2006	**1,836**		
Royal Bank of Scotland 9.25% Perpetual	**2,283**		
RWE Finance 4.625% 2010	**3,189**		
UK Treasury 5.75% 2009	**2,124**		
TOTAL BONDS	**16,550**	4.11	–
TOTAL VALUATION OF PORTFOLIO	**402,895**	100.00	100.00

† Convertible preference shares

The directors present their report and accounts for the year ended 31 December 2003.

GROUP ACTIVITIES

The principal activity of the Company, which remained unchanged throughout the year, is that of an investment trust. The Inland Revenue has approved the Company as an investment trust for the purposes of section 842 of the Income and Corporation Taxes Act 1988 in respect of the year ended 31 December 2002 and its affairs are directed so as to enable it to continue to attain such approval. This approval is subject to there being no subsequent enquiry under Corporation Tax Self Assessment. The Company intends to conduct its business so as to continue as an approved investment trust following the objective set out on page 1 of this report.

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

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

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

ORDINARY DIVIDENDS

The results of the Group are shown on page 23. An interim dividend of 8.43p per ordinary share was paid on 30 September 2003 (2002: 8.22p) and the directors are recommending a final dividend of 17.80p per ordinary share (2002: 17.37p), a total for the year of 26.23p (2002: 25.59p). Subject to shareholders' approval, the final dividend will be paid on 31 March 2004 to shareholders on the register on 19 March 2004. After deducting the ordinary dividend there is a revenue surplus of £1,293,000 to be transferred to consolidated revenue reserves.

PERSONAL EQUITY PLANS/ISAs

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

SHARE CAPITAL

On 22 May 2003 9,768 new ordinary shares of 25p each were allotted to monthly investors in the Savings Scheme at a price of 503p per share.

DIRECTORS

The directors of the Company during the year were as stated below and their interests in the ordinary share capital of the Company are as follows. Each of the directors held office throughout the year except for Mr R Scott Brown who retired on 31 March 2003.

	31 December 2003	1 January 2003
G J Allen	**1,239**	1,174
J L Hudson	**20,042**	13,848
R W Jewson	**1,562**	921
J Reeve	**22,950**	19,562
R Scott Brown	**N/A**	16,465
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 16 January 2004 and 16 February 2004 Mr J Reeve acquired a further 174 ordinary shares and 176 ordinary shares respectively in the Company through his regular monthly saving in the Temple Bar Investment Trust ISA. On 22 January 2004 Mr R W Jewson acquired a further 43 ordinary shares in the Company through his regular monthly saving in the Temple Bar Investment Trust Savings Scheme. No other changes in the interests shown above occurred between 31 December 2003 and 17 February 2004.

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

The directors retiring by rotation and/or in compliance with the provisions of the Combined Code are Mr J Reeve, Mr J L Hudson and Mr F L J Walton. Each of these directors being eligible, the Board recommends their re-election. In making these recommendations the Board has carefully reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. The Board does not believe that length of service per se detracts from the independence of a director, particularly in relation to an investment trust, and on that basis does not consider that any of the directors standing for re-election are not independent. It is confirmed that, following formal evaluation, the performance of each director continues to be effective and each continues to demonstrate commitment to the role.

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 17 February 2004 the following company had indicated an interest in 3% or more of the issued ordinary shares of the Company:

	%
Legal & General Group plc	3.10

So far as the directors are aware, no other person has disclosable interests in 3% or more of the issued ordinary shares of the Company.

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% (2002: 50%) of the investment management fee payable to IIM is charged by the Company to capital reserves and the remaining 40% (2002: 50%) 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 2003 amounted to £1,242,110 (2002: £1,312,260) net of value added tax.

In the opinion of the directors the continued appointment of the investment manager on the terms set out above is in the best interests of shareholders. A comprehensive assessment of the performance and objectives of the investment manager was carried out during the year in conjunction with an independent consultant. This covered, inter alia, the performance of the manager, their management processes, investment style, resources and risk controls.

DONATIONS

No political or charitable donations were made during the year (2002: charitable donation £1,000, no political donations).

AUDITORS

During the year PricewaterhouseCoopers LLP resigned as auditors and Ernst & Young LLP were appointed in their place.

A resolution to re-appoint Ernst & Young LLP as auditors to the Company will be proposed at the Annual General Meeting on 29 March 2004.

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 acquired 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 such shares. The rules of the UK Listing Authority provide that the maximum price which can be paid by the Company is 5% above the average of the market value of the ordinary shares for the five business days before the purchase is made.

The Company is not intending to make such purchases at present and will only exercise the power after careful consideration and in circumstances where, in the light of prevailing market conditions, it is satisfied that it is in the interests of the Company to do so. The appropriate resolution is set out in the notice of meeting on page 39.

By order of the Board of Directors
M K Slade
For Investec Investment Management Limited
Secretary
17 February 2004

This report is submitted in accordance with the Directors' Remuneration Report Regulations 2002 in respect of the year ended 31 December 2003. An ordinary resolution will be proposed at the Annual General Meeting to approve this report, but the directors' remuneration is not conditional upon the resolution being passed.

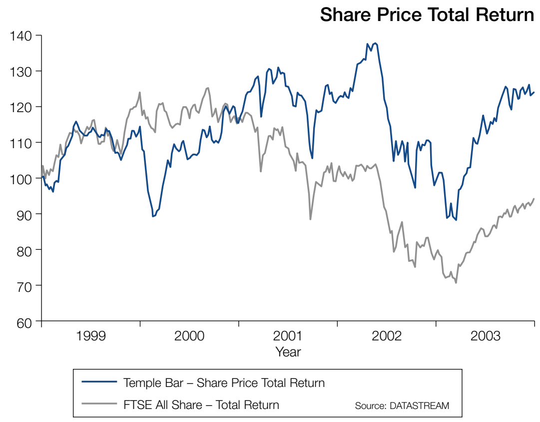
The Company does not have any executive directors and, as permitted under the Listing Rules, has not, therefore, established a remuneration committee. Remuneration of non-executive directors is viewed as a decision of the Board, subject to any shareholder approvals which may be necessary. In effect, therefore, the Board as a whole fulfils the function of a remuneration committee. The Company's Articles of Association state that the Board shall determine the rate at which directors shall be paid, provided that the aggregate of all such fees shall not exceed £150,000 per annum. This does not include any sums paid to directors that are not classed as remuneration, e.g. expense reimbursements. The limit on the aggregate amount of directors' fees paid is subject to the approval of shareholders by an ordinary resolution.

POLICY ON DIRECTORS' REMUNERATION

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

PERFORMANCE GRAPH

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



DIRECTORS' EMOLUMENTS (AUDITED)

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

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

Director	2003 £	2002 £
John Reeve	16,838	12,500
Gary J Allen	12,750	12,500
John L Hudson	12,750	12,500
Richard W Jewson	12,750	12,500
Field L J Walton	12,750	12,500
Ronald Scott Brown	4,550	17,825

By order of the Board of Directors
M K Slade
For Investec Investment Management Limited
Secretary
17 February 2004

Corporate governance

APPLICATION OF COMBINED CODE PRINCIPLES

The Board attaches great importance to ensuring that the Company operates to high ethical and compliance standards. In addition, the Board seeks to observe the principles set out in the Combined Code insofar as these are consistent with the Company's status and objectives as an investment trust. The Company is headed by a Board comprised entirely of independent non-executive directors. There are no executive directors to monitor and accordingly large parts of the Combined Code on matters such as ensuring a clear division of responsibilities at the head of the Company, a balance of executive and non-executive directors and issues relating to remuneration of executive directors do not have any specific relevance to the Company.

COMPLIANCE WITH THE DETAILED PROVISIONS OF THE COMBINED CODE

Operation of the Board

Each of the directors is independent of any association with the management company which might be perceived to interfere with the exercise of independent judgement. There is a formal schedule of matters to be specifically approved by the Board and individual directors may seek independent advice at the expense of the Company within certain limits. The Board has delegated the investment management, within clearly defined parameters and dealing limits, and the administration of the business to Investec Investment Management Limited ("IIM"). The Board makes all strategic decisions, reviews the performance of the Company at Board meetings and sets the objectives for the Managers. Mr G J Allen is the senior independent director.

The Company Secretary is responsible to the Board, inter alia, for ensuring that Board procedures are followed and for compliance with applicable rules and regulations including the Combined Code. Appointment or removal of the nominated representative of the Corporate Company Secretary ("the Company Secretary") is a matter for the Board as a whole. All directors have access to the advice and service of the Company Secretary.

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

	Number of meetings attended	
	Board	Audit Committee
John Reeve	7	2
Gary Allen	5	1
John Hudson	7	2
Richard Jewson	7	2
Field Walton	6	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. Three of the five directors (Mr Reeve, Mr Hudson and Mr Walton) have served on the Board for more than nine years from the date of their first election, but given the nature of the Company as an investment trust and the strongly independent mindset of the individuals involved, the Board is firmly of the view that all of the directors can be considered to be independent. In arriving at this conclusion the Board makes a clear distinction between the activities of an investment trust and a conventional trading company. An investment trust has no employees or executive directors, the only significant relationship being with the management company. In overseeing this relationship it is the view of the Board that long service aids the understanding, judgement, objectivity and independence of the directors and in no way detracts from any of these qualities. All of the non-executive directors are, therefore, considered to be independent.

Re-election of directors

Directors are subject to 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 three years within the six month period before they are due to stand for re-election in general meetings. 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 Reeve, Mr Hudson and Mr Walton, each of whom has served on the Board for more than nine years. The Board has carefully considered the position of each of these directors and believes it would be appropriate for them to be proposed for re-election. In arriving at this recommendation the Board is mindful of the fact that the other two directors currently serving on the Board have been on the Board for only two years. The Board was, therefore, altered relatively recently. Furthermore, as stated above, it is the view of the Board that long service in no way reduces the independence and objectivity of the directors. Each of Mr Reeve, Mr Hudson and Mr Walton continue to be effective directors and to display an undiminished enthusiasm and commitment to the role.

Chairman's Commitments

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

Audit Committee

The audit committee is a formally constituted committee of the Board with defined terms of reference. It meets twice yearly and among its specific responsibilities are the review of the Company's annual and half yearly results together with associated documentation and the review of the internal and financial controls applicable to the management company. Each of the non-executive directors is a member of the audit committee and the Chairman is Mr Allen. The auditors are invited to attend the audit committee meeting at which the annual accounts are considered and any other meetings that the Committee deem necessary.

Nomination Committee

A nomination committee was established during the year 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. It 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. There is, however, an assumption that any candidate considered suitable for appointment to the Board is already sufficiently conversant with listed company requirements and corporate governance procedures. If not, additional training and guidance will be provided by the Company Secretary.

Board/Audit Committee/Director ongoing evaluation

On an annual basis the Board formally reviews its performance, together with that of the audit committee and the effectiveness of the individual directors within the context of service on those bodies. The review encompasses an assessment of how cohesively these forums work as a whole as well as the performance of the individuals within them. A review of the effectiveness and commitment of the individual directors takes place within the six month period before they are due to submit themselves to shareholders for re-election.

Relations with Shareholders

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. At general meetings the

Chairman will announce the level of proxies lodged on each resolution and the balance for and against, after it has been dealt with on a show of hands. A separate resolution will be proposed at the AGM in respect of each substantially separate issue. There is also a separate resolution proposed in respect of the report and accounts. In order to facilitate detailed discussion of key issues, the notice of AGM is circulated to shareholders at least 20 working days before the meeting.

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 are no major shareholders. All members of the Board are willing to meet with shareholders at any time for the purpose of discussing any significant matters in relation to the operation and prospects of the Company.

Accountability, Internal Controls and Audit

The Board pays careful attention to ensuring that all documents released by the Company, including the Annual Report, present a fair and accurate assessment of the Company's position and prospects. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the accounts.

The directors are responsible for the Company's system of internal control and for reviewing its effectiveness. In order to facilitate the control process the Board has requested the Managers to confirm annually that they have conducted the Company's affairs in compliance with the legal and regulatory obligations which apply to the Company and to report on the systems and procedures within Investec which are applicable to the management of the Company'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 Combined Code. The Board receives reports from its advisers on internal control matters and does not believe that there is scope or necessity for an internal audit function in addition to that employed by the manager. This matter is subject to periodic review.

Based on the foregoing the Company has a continuing process for identifying, evaluating and managing the risks it faces. This process has been in place for the reporting period and to the date of this report and is regularly reviewed by the Board in accordance with the requirements of the 'Internal Control Guidance for Directors on the Combined Code' (the 'Turnbull Guidance') and the Combined Code.

Socially Responsible Investment

The Board believes that it is its primary duty to act in the best financial interests of the Company and its shareholders. While the Board takes account of the ethical stance of investee companies on matters such as the environment or society as a whole, the ultimate objective is to deliver superior investment returns for shareholders. Accordingly, while the Board seeks to favour companies which pursue best practice in these areas this must not be to the detriment of the return on the investment portfolio. 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's financial statements for the year ended 31 December 2003 which comprise the consolidated statement of total return, the consolidated and company balance sheets, the consolidated cashflow statement, and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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

Respective responsibilities of directors and auditors

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

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

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

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or 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. This other information comprises the Directors' Report, the unaudited part of the Directors' Remuneration Report, Chairman's Statement and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2003 and of the total return and cash flows of the Group for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
1 More London Place, London SE1 2AF
17 February 2004

Statement of directors' responsibilities in respect of the accounts

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

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2003. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on a going concern basis.

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

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

Consolidated statement of total return

(incorporating the revenue account) of the group for the year ended 31 December 2003

	Notes	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000	2002 Revenue £'000	2002 Capital £'000	2002 Total £'000
Gains/(losses) on investments	11 b)	–	56,544	56,544	–	(75,090)	(75,090)
Income	2	19,301	–	19,301	18,142	–	18,142
Investment management fee	3	(584)	(875)	(1,459)	(771)	(771)	(1,542)
Other expenses	4	(411)	–	(411)	(417)	–	(417)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		18,306	55,669	73,975	16,954	(75,861)	(58,907)
Interest payable	6	(1,823)	(2,736)	(4,559)	(2,280)	(2,279)	(4,559)
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		16,483	52,933	69,416	14,674	(78,140)	(63,466)
Taxation	7	–	–	–	–	–	–
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		16,483	52,933	69,416	14,674	(78,140)	(63,466)
Ordinary dividends	9	(15,190)	–	(15,190)	(14,817)	–	(14,817)
TRANSFER TO/(FROM) RESERVES		1,293	52,933	54,226	(143)	(78,140)	(78,283)
RETURN PER ORDINARY SHARE	10	28.46p	91.41p	119.87p	25.34p	(134.96)p	(109.62)p
DIVIDENDS PER ORDINARY SHARE	9	26.23p			25.59p		

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

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

Consolidated balance sheet

	Notes	31 December 2003 £'000	31 December 2003 £'000	31 December 2002 £'000	31 December 2002 £'000
FIXED ASSETS					
Investments	11		402,895		334,811
CURRENT ASSETS					
Debtors	12	2,874		3,035	
Cash at bank	20	1,278		14,923	
		4,152		17,958	
Creditors : amounts falling due within one year	13	11,706		11,703	
NET CURRENT (LIABILITIES)/ASSETS			(7,554)		6,255
TOTAL ASSETS LESS CURRENT LIABILITIES			395,341		341,066
Creditors : amounts falling due after more than one year	14		63,000		63,000
NET ASSETS			332,341		278,066
CAPITAL AND RESERVES					
Called up share capital	16		14,478		14,475
Share premium account	17		2,193		2,147
Other reserves					
Capital reserve – realised	17		266,019		268,919
Capital reserve – unrealised	17		36,911		(18,922)
Revenue reserves	17		12,740		11,447
TOTAL SHAREHOLDERS' FUNDS	18		332,341		278,066

The accounts on pages 23 to 36 were approved by the directors on 17 February 2004 and were signed on their behalf by J Reeve.

Company balance sheet

	Notes	31 December 2003 £'000	31 December 2003 £'000	31 December 2002 £'000	31 December 2002 £'000
FIXED ASSETS					
Investments	11	402,895		334,811	
Subsidiary companies	11 c)	50		50	
			402,945		334,861
CURRENT ASSETS					
Debtors	12	2,880		3,041	
Cash at bank	20	1,278		14,923	
		4,158		17,964	
Creditors : amounts falling due within one year	13	11,706		11,703	
NET CURRENT (LIABILITIES)/ASSETS			(7,548)		6,261
TOTAL ASSETS LESS CURRENT LIABILITIES			395,397		341,122
Creditors : amounts falling due after more than one year	14		63,935		63,846
NET ASSETS			331,462		277,276
CAPITAL AND RESERVES					
Called up share capital	16		14,478		14,475
Share premium account	17		2,193		2,147
Other reserves					
Capital reserve – realised	17		266,019		268,919
Capital reserve – unrealised	17		36,911		(18,922)
Revenue reserves	17		11,861		10,657
TOTAL SHAREHOLDERS' FUNDS			331,462		277,276

The accounts on pages 23 to 36 were approved by the directors on 17 February 2004 and were signed on their behalf by J Reeve.

Consolidated cash flow statement

	Notes	2003 £'000	2003 £'000	2002 £'000	2002 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20		17,643		16,388
RETURN ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(4,559)		(4,559)	
Net cash outflow from return on investments and servicing of finance			(4,559)		(4,559)
TAXATION					
UK tax recovered			–		112
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchases of investments		(163,564)		(166,183)	
Sales of investments		151,726		164,096	
Net cash outflow from capital expenditure and financial investment			(11,838)		(2,087)
EQUITY DIVIDENDS PAID			(14,940)		(14,520)
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			(13,694)		(4,666)
MANAGEMENT OF LIQUID RESOURCES					
Short term money market deposits withdrawn	20		11,850		7,000
			(1,844)		2,334
FINANCING					
Gross proceeds from issue of shares			49		57
(DECREASE)/INCREASE IN CASH	20		(1,795)		2,391
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
(Decrease)/increase in cash		(1,795)		2,391	
Short term money market deposits withdrawn		(11,850)		(7,000)	
Change in net debt			(13,645)		(4,609)
Net debt at 1 January	20		(48,077)		(43,468)
Net debt at 31 December	20		(61,722)		(48,077)

Statement of accounting policies

GENERAL

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

CONSOLIDATION

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

INVESTMENTS

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

SUBSIDIARY COMPANIES

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

INCOME AND EXPENSES

All income and expenses are treated on the accruals basis and dividend income is included in revenue when an investment is quoted ex-dividend. UK dividends are stated net of related tax credits. Dividends received as scrip dividends are taken to the revenue account. The accounting treatment of special dividends is considered on a case by case basis.

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

MANAGEMENT CHARGE

In accordance with the expected long term division of returns, 40% (2002: 50%) of the investment management fee for the year is charged to the revenue account and the other 60% (2002: 50%) is charged to capital reserves, net of incremental corporation tax relief and inclusive of any related irrecoverable value added tax. Investments in funds managed by the Investec Group are wholly excluded from this charge.

DEFERRED TAXATION

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

DEBENTURE INTEREST

Interest payable is treated on an accruals basis. In accordance with the expected long term division of returns, 40% (2002: 50%) of the interest for the year is charged to the revenue account and the other 60% (2002: 50%) is charged to capital reserves, net of incremental corporation tax relief.

Notes to the accounts

1 COMPANY REVENUE ACCOUNT

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

2 INCOME

	2003 £'000	2002 £'000
Income from investments		
UK dividends	17,148	15,407
Income from UK fixed interest securities	1,362	1,519
Scrip dividends	235	293
	18,745	17,219
Other income		
Bank interest	465	629
Underwriting commission	2	72
Dealing profit in subsidiary company	89	222
	556	923
Total income	19,301	18,142
Income from investments:		
Listed UK	18,628	17,086
Unlisted UK	117	133
	18,745	17,219

3 INVESTMENT MANAGEMENT FEE

	2003			2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	497	745	1,242	656	656	1,312
Irrecoverable VAT thereon	87	130	217	115	115	230
	584	875	1,459	771	771	1,542

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

4 OTHER EXPENSES

	2003	2002
	£'000	£'000
Directors' fees – see note 5 below	**80**	86
Registrar fees	**70**	101
AITC membership costs	**46**	47
Advertising and marketing costs	**42**	39
Printing and postage	**42**	44
Directors' liability insurance	**29**	9
Consultancy	**21**	–
Debenture issue costs amortised	**18**	18
Auditors' remuneration – audit	**18**	18
Stock exchange fees	**11**	11
Safe custody fees	**9**	9
Other expenses	**25**	35
	411	417

Auditors' remuneration excluding VAT in relation to the audit of the parent company totalled £15,000 (2002: £14,400). The expenses disclosed above include VAT where applicable. There were no payments to the auditors in respect of non-audit services (2002: Nil).

5 DIRECTORS' REMUNERATION

	2003	2002
	£'000	£'000
Fees paid to the directors	**65**	72
Fees paid to third parties	**15**	14
	80	86

Four directors (2002: five), excluding the Chairman, each received emoluments of £12,750 (2002: £12,500). The Chairman was the highest paid director and received emoluments of £16,838 (2002: £17,825). In addition in 2003, a retiring director received emoluments of £4,550. No director received any pension contributions (2002: Nil). The fees disclosed above include National Insurance Contributions and VAT where applicable.

6 INTEREST PAYABLE

		2003			2002	
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
On 9⅞% debenture stock 2017	**987**	**1,482**	**2,469**	1,235	1,234	2,469
On 5.5% debenture stock 2021	**836**	**1,254**	**2,090**	1,045	1,045	2,090
	1,823	**2,736**	**4,559**	2,280	2,279	4,559

7 TAXATION

There is no corporation tax payable (2002: Nil).

Factors affecting the tax charge for the year

	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000	2002 Revenue £'000	2002 Capital £'000	2002 Total £'000
Return on ordinary activities before taxation	16,483	52,933	69,416	14,674	(78,140)	(63,466)
Tax charge at the standard rate of corporation tax (30%)	4,945	15,880	20,825	4,402	(23,442)	(19,040)
The tax assessed for the period is lower than the standard rate of corporation tax for a company (30%) (2002: 30%).						
The differences are expressed below						
Effects of:						
Non taxable (gains)/losses on investments[1]	–	(16,963)	(16,963)	–	22,527	22,527
Income not chargeable to tax:						
UK dividends[1]	(5,145)	–	(5,145)	(4,621)	–	(4,621)
Scrip dividends[1]	(71)	–	(71)	(88)	–	(88)
Movement in excess management expenses[2]	271	1,083	1,354	307	915	1,222
Current tax charge for the year	–	–	–	–	–	–

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

[2] The Company has not recognised a deferred tax asset of £6,011,000 (2002: £4,657,000) 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.

8 REVENUE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The revenue attributable to ordinary shareholders includes £16,394,000 (2002: £14,452,000) which has been dealt with in the accounts of the Company.

9 DIVIDENDS ON ORDINARY SHARES

	2003 £'000	2002 £'000
Interim 8.43p per share paid 30 September 2003 (2002: 8.22p)	4,882	4,759
Proposed final of 17.80p per share to be paid 31 March 2004 (2002: 17.37p)	10,308	10,058
	15,190	14,817

10 GROUP RETURN PER ORDINARY SHARE

	2003			2002		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	28.46p	**91.41p**	**119.87p**	25.34p	(134.96)p	(109.62)p

Revenue return per ordinary share is based on the revenue return on ordinary activities after taxation of £16,483,000 (2002: £14,674,000) and on a weighted average number of ordinary shares in issue during the year of 57,907,566 (2002: 57,898,980).

Capital return per ordinary share is based on the capital gain on ordinary activities after taxation of £52,933,000 (2002: capital loss of £78,140,000) and on 57,907,566 (2002: 57,898,980) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

11 INVESTMENTS

	2003 £'000	2002 £'000
Investments listed on a recognised UK investment exchange	**393,665**	327,626
Open Ended Investment Companies	**9,230**	7,185
	402,895	334,811

a) Movements in the year

	2003 £'000	2002 £'000
Opening valuation	**334,811**	407,556
Purchases at cost	**163,466**	167,079
Sales – proceeds	**(151,637)**	(164,455)
– realised gains/(losses) on sales	**422**	(7,730)
Increase/(decrease) in unrealised appreciation	**55,833**	(67,639)
Closing valuation	**402,895**	334,811
Closing book cost	**365,984**	353,733
Closing unrealised appreciation/(depreciation)	**36,911**	(18,922)
	402,895	334,811

b) Gains/(losses) on investments

	2003 £'000	2002 £'000
Gains/(losses) realised on investments sold in the year	**422**	(7,730)
Increase/(decrease) in unrealised appreciation	**55,833**	(67,639)
Effective yield adjustment	**289**	279
Gains/(losses) on investments	**56,544**	(75,090)

c) Subsidiary companies

The cost of shares in subsidiary companies is £50,100 (2002: £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	100 ordinary shares of £1 each	100
Temple Bar Securities Limited	50,000 ordinary shares of £1 each	50,000
		50,100

12 DEBTORS

	Group		Company	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Sales for future settlement	**270**	359	**270**	359
Due from subsidiary companies	**–**	–	**6**	6
Other debtors	**349**	324	**349**	324
Accrued income	**2,255**	2,352	**2,255**	2,352
	2,874	3,035	**2,880**	3,041

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Purchases for future settlement	**270**	603	**270**	603
Accruals and deferred income	**466**	380	**466**	380
Interest accrued on debenture stock	**662**	662	**662**	662
Proposed final dividend	**10,308**	10,058	**10,308**	10,058
	11,706	11,703	**11,706**	11,703

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Amount owed to subsidiary companies	**–**	–	**935**	846
9⅞% debenture stock 2017	**25,000**	25,000	**25,000**	25,000
5.5% debenture stock 2021	**38,000**	38,000	**38,000**	38,000
	63,000	63,000	**63,935**	63,846

a) **9⅞% debenture stock 2017**

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

b) **5.5% debenture stock 2021**

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

15 CONTINGENT LIABILITIES

As at 31 December 2003 there were no contingent liabilities for the Company and the Group (2002: Nil).

16 SHARE CAPITAL

	Number of shares 2003	Number of shares 2002	£ 2003	£ 2002
Authorised				
Ordinary shares of 25p each	**84,195,184**	84,195,184	**21,048,796**	21,048,796
Issued, allotted and fully paid				
Ordinary shares of 25p each	**57,911,367**	57,901,599	**14,477,842**	14,475,400

During the year 9,768 shares were issued for a total consideration of £49,000 (2002: 8,385 shares for consideration of £57,000).

17 RESERVES

	Share premium account £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000
Company				
Balance at 1 January 2003	2,147	268,919	(18,922)	10,657
Issue of new shares	46	–	–	–
Net gain on realisation of investments	–	10,703	–	–
Realisation of unrealised depreciation brought forward	–	(10,281)	10,281	–
Increase in unrealised appreciation for the year	–	–	45,552	–
Finance costs allocated to capital	–	(2,736)	–	–
Management charge allocated to capital	–	(875)	–	–
Effective yield adjustment	–	289	–	–
Retained net surplus for the year	–	–	–	1,204
Balance at 31 December 2003	2,193	266,019	36,911	11,861
Group				
Balance at 1 January 2003	2,147	268,919	(18,922)	11,447
Issue of new shares	46	–	–	–
Net gain on realisation of investments	–	10,703	–	–
Realisation of unrealised depreciation brought forward	–	(10,281)	10,281	–
Increase in unrealised appreciation for the year	–	–	45,552	–
Finance costs allocated to capital	–	(2,736)	–	–
Management charge allocated to capital	–	(875)	–	–
Effective yield adjustment	–	289	–	–
Retained net surplus for the year	–	–	–	1,293
Balance at 31 December 2003	2,193	266,019	36,911	12,740

18 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share and the net asset value attributable to ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	Net asset value per ordinary share attributable	Net asset values attributable £'000
Ordinary shares of 25p each	573.88p	332,341

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

	Ordinary shares £'000
Net assets at 1 January 2003	278,066
Total recognised gains for the year	69,416
Issue of new shares	49
Dividends appropriated in the year	(15,190)
Net assets at 31 December 2003	332,341

Net asset value per ordinary share of 573.88p (2002: 480.24p) is based on net assets of £332,341,000 and on 57,911,367 (2002: 57,901,599) ordinary shares, being the number of ordinary shares in issue at the year end.

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Opening shareholders' funds	**278,066**	356,292
Issue of new shares	**49**	57
Retained net revenue for the year	**1,293**	(143)
Total recognised capital gains/(losses) for the year	**52,933**	(78,140)
Closing shareholders' funds	**332,341**	278,066

20 CONSOLIDATED CASH FLOW STATEMENT

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

	2003 £'000	2002 £'000
Return on ordinary activities before finance costs and taxation	**18,306**	16,954
Scrip dividends	**(235)**	(293)
Decrease in accrued income	**97**	299
(Increase)/decrease in debtors	**(25)**	87
Increase/(decrease) in creditors	**86**	(167)
Management fees charged to capital	**(875)**	(771)
Effective yield adjustment	**289**	279
Net cash inflow from operating activities	**17,643**	16,388

b) Analysis of net debt

	Balance 1 January 2003 £'000	Cash flow £'000	Balance 31 December 2003 £'000
Cash in hand, at bank	1,923	(1,795)	128
Liquid resources	13,000	(11,850)	1,150
	14,923	(13,645)	1,278
9⅞% debenture stock 2017	(25,000)	–	(25,000)
5.5% debenture stock 2021	(38,000)	–	(38,000)
	(48,077)	(13,645)	(61,722)

21 RELATED PARTY TRANSACTIONS

FRS 8 "Related party disclosures" requires the disclosure of the details of material transactions between the Company and any related parties. Accordingly, the disclosure requirements are set out below:

Directors – The remuneration of the directors is set out in note 5 to the accounts. 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.

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 is market price risk which includes interest rate risk. The Board reviews and agrees policies for managing each of these risks as summarised below. These policies have remained substantially unchanged during the current and preceding periods.

22 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets on seven scheduled occasions in each year and at each meeting it receives sufficient financial and statistical information to enable it to monitor adequately the investment performance and status of the business. In addition, financial information is circulated to the directors on a monthly basis. The Board has also established a series of investment parameters, which are reviewed annually, designed to limit the risk inherent in managing a portfolio of investments. The Company does not hedge risk. The Company's borrowings have the effect of increasing the risk faced by shareholders. This gearing effect is such that, for example, for a 10% movement in the valuation of the Company's investments, the net assets attributable to shareholders would move by approximately 12%.

Interest rate risk

The Company finances its operations through retained profits including realised and unrealised capital profits, and additional financing is obtained through the two debenture stocks in issue, on which interest is paid at a fixed rate.

Liquidity risk

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

Financial assets

The majority of the Company's financial assets are equity shares and other investments which neither pay interest nor have a maturity date with the exception of the Company's fixed interest holdings in corporate and treasury bonds totalling £16,550,000 representing 5.0% of net assets of £332,341,000 (2002: £23,869,000; 8.6%). Of these, the weighted average running yield as at 31 December 2003 was 6.1% (2002: 6.2%) and the weighted average remaining life was six years (2002: six years). The Company's cash balances of £1,278,000 (2002: £14,923,000) earn interest calculated by reference to LIBOR. All of the Company's assets are denominated in Sterling.

Financial liabilities

All of the Company's financial liabilities of £74,706,000 (2002: £74,703,000) are denominated in Sterling, have no interest rate, and are repayable within one year except for the 9⅞% debenture stock and the 5.5% debenture stock which are repayable in 2017 and 2021 respectively and pay interest at fixed rates. The weighted average period until maturity of the debenture stocks is 16 years (2002: 17 years) and the weighted average interest rate payable is 7.2% (2002: 7.2%) per annum.

Fair values of financial assets and financial liabilities

All of the financial assets and liabilities of the Company are held at fair value except for the debenture stocks whose fair values, based on the market prices for the respective stocks on 31 December 2003, were as follows:

	Book value	Fair market value 31 December 2003	Difference 31 December 2003	Fair market value 31 December 2002	Difference 31 December 2002
	£'000	£'000	£'000	£'000	£'000
9⅞% debenture stock 2017	25,000	33,078	8,078	33,687	8,687
5.5% debenture stock 2021	38,000	34,926	(3,074)	35,144	(2,856)
	63,000	68,004	5,004	68,831	5,831

Useful information for shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 2 Gresham Street, London EC2V 7QP (see map), on 29 March 2004 at 11.00 a.m.

FINANCIAL CALENDAR

The financial calendar for 2004 is set out below:

Ordinary shares

Final dividend, 2003 – payable	31 March 2004
– ex-dividend	17 March 2004
– record date	19 March 2004
Interim dividend, 2004	End of September 2004
Final dividend, 2004	End of March 2005

9⅞% Debenture Stock 2017

Interest payments	30 June and 31 December

5.5% Debenture Stock 2021

Interest payments	8 March and 8 September

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first-named shareholder on the Register at his or her registered address together with a tax voucher. At shareholders' request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System (BACS). This may be arranged by contacting the Company's Registrar on 0870 601 5366.

PRICE AND PERFORMANCE INFORMATION

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

SHARE REGISTER ENQUIRIES

The Company's Registrar, Lloyds TSB Registrars Scotland, 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.

CAPITAL GAINS TAX INFORMATION

The market value of the Company's ordinary shares as at 31 March 1982 was 57.5p.

For those shareholders who have purchased shares through the Temple Bar Investment Trust Savings Scheme on a monthly basis, the Inland Revenue has rules for calculating the capital gains tax liability (if any) on the sale of such shares. In addition to the normal statutory basis for calculating the capital gains tax liability an optional basis allows taxpayers to aggregate the cost of the shares purchased each month through the Savings Scheme during the Company's accounting year and treat them as if they were a single investment made in the seventh month of that year, which in the Company's case would be July. In this respect investors are advised to keep a separate note of purchases made through the Savings Scheme since other purchases will not be eligible for the optional basis. Guidance notes prepared by the Association of Investment Trust Companies should be read before you make a decision as to whether to opt for the optional basis. These are available free of charge from the Company Secretary at the Registered Office.

STOCK EXCHANGE CODES FOR ORDINARY SHARES AND DEBENTURE STOCKS

Ordinary shares – 0882532

9⅞% Debenture Stock 2017 – 0882640

5.5% Debenture Stock 2021 – 0530529

TEMPLE BAR INVESTMENT TRUST SAVINGS SCHEME AND ISA

Details of the Temple Bar Savings Scheme and the Individual Savings Account (ISA), are set out on page 41 of this report. Each of these enables individuals to buy shares in the Company in a straightforward and accessible way.

ASSOCIATION OF INVESTMENT TRUST COMPANIES

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

Notice of meeting

NOTICE IS HEREBY GIVEN that the seventy-eighth Annual General Meeting of Temple Bar Investment Trust PLC will be held at 11.00 a.m. on Monday 29 March 2004 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 2003, together with the reports of the directors and auditors thereon,
2. to approve the report on directors' remuneration for the year ended 31 December 2003,
3. to declare a final dividend of 17.80p per ordinary share,
4. to re-elect Mr J Reeve as a director,
5. to re-elect Mr J L Hudson as a director,
6. to re-elect Mr F L J Walton as a director,
7. to consider the following resolution, special notice having been received of the intention to propose the resolution as an ordinary resolution:

   THAT

   Ernst & Young LLP be re-appointed auditors of the Company (having previously been appointed by the board to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers LLP), to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be determined by the directors.

SPECIAL BUSINESS:

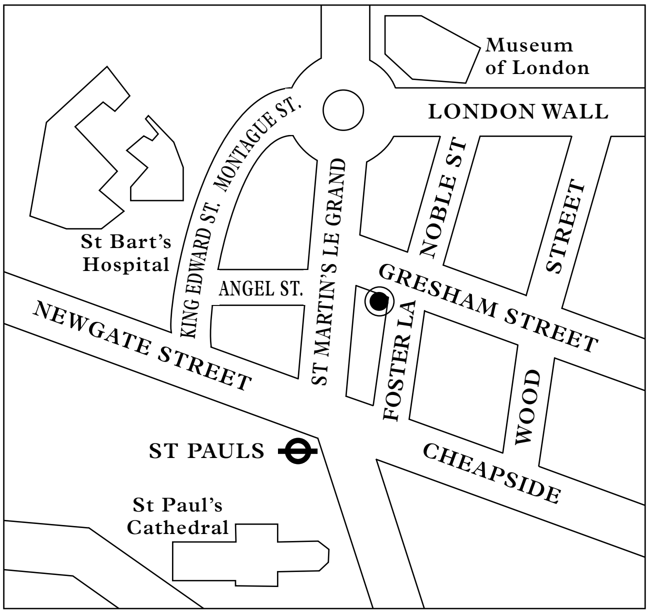
To consider and, if thought fit, pass the following special resolution:

8. That the Company generally be and is hereby authorised for the purpose of section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 of the Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that:
   (i) the maximum number of ordinary shares hereby authorised to be purchased is 8,680,913 being 14.99 per cent of the issued share capital of the Company as at the date of the passing of this resolution;
   (ii) the minimum price which may be paid for such shares is 25p per share;
   (iii) the maximum price (exclusive of expenses payable by the Company) which may be paid for such shares shall be 5% above the average of the market value of the share quotations taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
   (iv) the authority hereby conferred shall (unless previously renewed or revoked) expire at the end of the Annual General Meeting of the Company in 2005, 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 17th day of February, 2004

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 29 March 2004 at 11.00 a.m.

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend the meeting and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed.
2. Instruments of proxy should be sent to Lloyds TSB Registrars, The Causeway, Worthing BN99 6ZR so as to arrive no later than 48 hours before the time appointed for the meeting.

   Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting in person should they wish to do so.
3. Members who hold ordinary shares in the Company in uncertificated form must have been entered on the Company's register of members by 11.00 a.m. on 27 March 2004 in order to be able to attend and vote at the meeting. Such members may only vote at the meeting in respect of ordinary shares held at the time.
4. The Register of Directors' Interests kept by the Company in accordance with section 325 of the Companies Act 1985 will be open for inspection at the meeting.
5. None of the directors has a service contract with the Company.
6. Only holders of ordinary shares or their proxies are entitled to attend and vote at the meeting.

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

Temple Bar offers two simple and inexpensive ways of investing in your Company.
It offers the following facilities:

The Temple Bar Investment Trust Savings Scheme offers:

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

The Temple Bar Investment Trust ISA offers:

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

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

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

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

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

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