

Annual Report & Accounts 2003

**BRITISH EMPIRE SECURITIES
AND GENERAL TRUST p.l.c.**

GROWTH AT A DISCOUNT

The Company's investment objective is to achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

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Company Summary

The Company

The Company is an investment trust and its shares are listed on the London Stock Exchange. It is a member of the Association of Investment Trust Companies.

The Group's net asset value at 30 September 2003 was £348 million and the market capitalisation was £327 million.

Objective

The investment objective of the Company is to achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

Investment Manager

Asset Value Investors Limited (Customer Services: until 31 December 2003 - 0500 00 0040. From 1 January 2004 - 0870 600 9966)

Capital Structure

The Company currently has Ordinary Shares, Debenture Stock and Equities Index Loan Stock in issue. A full explanation of the capital structure is given on pages 21 and 22.

PEP/ISA Status

The Company's shares are eligible for ISAs and PEP transfers and can continue to be held in existing PEPs.

Website

The Company's internet website is : www.british-empire.co.uk

Asset Value Investors' offices are located in Bennet House, St. James's Street, London.



Financial Highlights

- **Net asset value ('NAV') increases by over 25%, at an all-time high**
- **NAV outperforms MSCI World Index by 9 percentage points**
- **Discount continues to narrow, 6% at the year-end**

Performance Summary

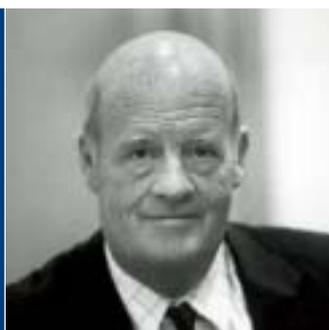
	30 September 2003	30 September 2002	% change
Capital Return			
Net asset value per Share	217.59p	173.30p	25.56
Share price (mid market)	204.50p	161.00p	27.02
Total assets less current liabilities	£381.64m	£310.40m	22.95
Indices			
Datastream Net Assets Index	1,419.01	1,223.30	16.00*
Morgan Stanley Capital International World Index (£ adjusted)	547.52	469.40	16.64
Revenue and Dividends			
Income	£8.16m	£10.24m	(20.31)
Earnings per Share	1.70p	2.29p	(25.76)
Ordinary Dividends per Share	1.55p	1.50p	3.33
Special Dividend per Share	-	0.40p	-
Discount (difference between share price and net asset value)			
	6.02%	7.10%	-
Total Expense Ratio (as percentage of average shareholders' funds)			
Management, marketing and other expenses	0.79 %	0.80%	-
Performance fee	0.24 %	0.43%	-
2003 Year's Highs/Lows			
	High	Low	
Net asset value per Share	225.54p	165.36p	
Share Price (mid market)	210.75p	150.00p	

Share Buy-backs

The Company did not purchase any of its Ordinary Shares for cancellation during the year. The Company did purchase 220,800 units of Equities Index Unsecured Loan Stock 2013 for cancellation for £411,700.

* The Datastream Index is subject to revision and the latest published figures are as at 5 November 2003.

Chairman's Statement



Iain Samuel Robertson CBE
Chairman

**“A successful
year in both
absolute and
relative terms”**

In my first year as Chairman I am delighted to report a successful year in both absolute and relative terms. The Company's net asset value per share increased by 25.6% compared to a rise in the MSCI World Index of 16.6%, while the FTSE All-Share and the Datastream Index (our benchmark) rose by 12.6% and 16.0% respectively.

It is particularly pleasing to report that the closing year end net asset value of 217.6p and share price of 204.5p represented new all-time highs at a time when the major indices were still down between 30% and 50% from previous peaks.

The decision to move to a highly liquid position at a time when we considered the markets to be over-valued and the subsequent re-investment of our liquidity at the lower levels in a selection of strongly performing stocks has enabled British Empire to show an increase in net asset value of 95% over the past 5 years compared with 6% growth in the MSCI World Index and a fall of 1% in the FTSE All-Share.

Over 3 years, British Empire has beaten the major indices by about 40% and over both 3 year and 5 year periods the Company was top of out of 30 and 26 Global Growth trusts respectively.

Following the reduction in our gilt edged holdings and deposits consequent upon our return to the equity markets, the revenue account has suffered as expected. As a result, there will be no special dividend as in the past two exceptional years, but the Board is pleased to recommend an increase in the final dividend from 1.1p to 1.15p per share, an increase in the total dividend for the year of 3.3%, slightly ahead of the rate of inflation.

You will be aware that the Company's Investment Manager, Asset Value Investors Limited ("AVI") was the subject of a change of control in September 2003 by way of a management buy-out. As a consequence your Board has undertaken a review of the implications for the Company. In view of the Trust's highly satisfactory results over the past 18 years, its relative and absolute performance against its peers as outlined above and the retention by AVI of the individuals responsible for that performance, the Board took the view that it would wish to continue using AVI as investment manager for your Trust. Your Board's attention has now turned to the intended arrangements for Company Secretarial, Custody and Investment accounting. AVI has appointed Meteora Partners (whose principals include highly experienced personnel) to supervise the efficient provision of these services, although the ultimate responsibility lies with AVI. The Board through the Audit Committee will review the adequacy of provision of these services over the next year. AVI has always been independently registered with the FSA, which has been informed of the change of ownership.

As part of the review process, the Board felt it appropriate to consider the Investment Management agreement and to decide, with advice from the Company's lawyers whether this needed to be updated. Certain changes will be made to bring it into line with modern 'best-practice'.

The Board is also considering the Investment Management fee arrangements. The present fee basis came into effect in 1985 when the Manager had no established record in the sector and the distinctive philosophy was untested over longer periods. In setting the new fee basis, we shall take account of the distinctive style of our Manager, which is very different to that of the majority of Global Growth trusts; and the record of long term and substantial additions to Shareholder value ahead of the indices. We are also taking independent advice on the new fee arrangement and if appropriate will make an announcement when final agreement is reached.

Shareholders will be aware that following the collapse of many split capital trusts, the FSA moved to change the listing rules to lessen the chances of any recurrence of such an event. The first draft of the new proposals, set out in Consultation Paper 164 ("CP 164"), would have had the effect of drastically limiting this Company's investment flexibility. The Board decided that it must respond vigorously and I led a delegation of three Board members in two constructive meetings with senior FSA personnel, to set out the possibly unintended consequences of the draft proposal on our ability to continue what has been, in practice, an investment policy which has demonstrated significantly lower volatility than the indices.

Part of our success has been founded on investments in other trusts offering particular sectoral or geographic focus at times when we see a specific market opportunity. Although the final version of CP164 means that our shareholder universe may be limited marginally, our investment flexibility should not be limited in any significant way provided that our investee investment trusts declare that they will not invest more than 15% in other investment trusts. To maintain our investment flexibility the Company announced on 29 October 2003 that it does not intend to be limited to a maximum holding of 15% of our assets in other listed investment trusts.

The Board is pleased to note that in the absence of buy-backs, following the purchase of 15 million shares in the previous year, the discount narrowed from 7% to 6%, equivalent to 4.2 % with our Debentures valued at market. We retain the option to buy back shares should the discount widen and we believe it is in the best interests of our Shareholders so to do at the time. The Board will consider the Company's use of treasury shares and will revert to Shareholders at next year's Annual General Meeting ("AGM") for the necessary powers if this is deemed appropriate.

The Company again won a number of awards for its performance and it was particularly pleasing to win the AITC award for Best Annual Report in its category. A sustained effort by the Managers to meet Shareholders, potential new investors, advisors and journalists, together with the continuing outperformance, helped to improve the rating. The Board and Manager are discussing a revised marketing strategy, which will focus on increasing the demand for the Company's Shares, both from institutional sources and particularly from private investors.

Last year three new independent Directors were appointed to the Board and they have made an important contribution to our deliberations. Sir David Kinloch retires from executive duties at Caledonia Investments in January 2004 and has indicated it is his intention to resign from the Board of British Empire at the AGM. Sir David has made a significant contribution over many years and his wisdom and advice will be greatly missed. Your Board proposes that John May who

Chairman's Statement continued

has recently been appointed an executive director of Caledonia Investments, our largest Shareholder, be appointed as a new Director following the AGM.

In view of the move to employee ownership of AVI, John Walton offered to resign his Board seat in order to avoid any possible conflict of interest. Pledging to maintain his shareholding and his undiminished interest in the successful future of the Company, his offer was also influenced by longevity as a Director which makes him unacceptable in some corporate governance circles. The Board believes that John's experience, knowledge and advice play an important part in its deliberations and it is the Board's wish that he stays on as a full Director rather than attend meetings potentially acting as a 'shadow' Director. His re-appointment will be put to Shareholders for approval on an annual basis. The majority of the Board remains independent in line with codes of corporate governance but in practice all the Board takes a robustly independent view.

The transition of the management from John Walton to John Pennink has been successful. Following his contribution in previous years, John Pennink has produced a considerable performance in his first year in sole charge and the Board congratulates him on that performance.

The Investment Manager's report discusses the current state of the world economy, and its likely implications for stock markets. Whatever the future holds, and respected opinion is sharply divided on the outlook for both economic growth and the returns from equities, the aim of this Company is to produce attractive long term absolute returns consistent with a lower than average risk profile. Shareholders will be aware that there are times, such as during the vogue for growth and technology stocks in 1998, when returns can lag the indices, but the long term record demonstrates that the Company's philosophy and style has added considerable long term value in excess of the major indices, and whatever the market background, the Company will maintain rigorously its long standing investment approach.

As in previous years, the Directors would like to invite Shareholders to a buffet lunch following the AGM. If you would like to attend please reply on the enclosed card.



Iain Samuel Robertson CBE

Chairman

18 November 2003

The Company's History

1889

Company founded as The Transvaal Mortgage Loan and Finance Company Limited.

1906

Name changed to British Empire Land Mortgage and Loan Company Limited.

1966

British Empire Securities and General Trust, as the Company is now known, opts for Investment Trust status. Net assets £1 million.

1984

Open offer and change of management to Asset Value Investors Limited (formerly Laurwood Limited). Net assets £6 million.

1985

Rights Issue of 4 shares for 1. Net assets increased to £30 million.

1986

Acquisition of The Ashdown Investment Trust PLC involving the issue of 31.4 million Ordinary Shares and £11.9 million of 10³/₈% Debenture Stock 2011.

1989

Offer for Schroder Global Trust plc leading to its unitisation.

1995

Acquisition of Selective Assets Trust plc involving the issue of 45,451,489 Ordinary Shares and 20,130,104 units of Equities Index Unsecured Loan Stock 2013.

1999

Holding of 6.8% in Rue Impériale de Lyon was sold for £45.9 million, realising a profit of £25.6 million.



Above: The Certificate of Incorporation for the Company dated 1889.

2000

Net asset value ('NAV') per Share rose 27% outperforming the MSCI Index by 7 percentage points.

2001

Company outperforms the MSCI World Index by 20 percentage points.

2002

Company outperforms the MSCI World Index by 19 percentage points.

2003

NAV per Share and Share price at all-time highs, 217.6p and 204.5p respectively. Company outperforms the MSCI World Index by 9 percentage points.

Historical Record

Year ended 30 September	Group net profit after tax £'000	Earnings per Share p	Dividend per Share p	Net assets £'000	Basic net asset value per Share p
1994	1,366	1.03	.96	140,792	105.83
1995	1,779	1.33	1.00	142,198	106.51
1996	2,530	1.37	1.03	233,611	123.38
1997	3,496	1.85	1.07	256,489	135.45
1998	3,542	1.87	1.11	220,352	116.37
1999	2,038	1.08	1.13	298,401	159.53
2000	3,882	2.15	1.30	356,337	202.11
2001	5,942	3.37	1.90*	325,970	186.18
2002	3,868	2.29	1.90*	277,419	173.30
2003	2,726	1.70	1.55	348,326	217.59

On 6 October 1995 the Company's offer for Selective Assets Trust plc was declared unconditional. The consideration included the issue of 45,451,489 Ordinary Shares of the Company.

*Including a special dividend of 0.5p and 0.4p per Share in 2001 and 2002 respectively.

The Company's net asset value relative to the Morgan Stanley Capital International World Index

(£ adjusted capital return)



Investment Manager

Asset Value Investors Limited

Asset Value Investors Limited ("AVI"), the Company's investment manager, specialises in quoted 'undervalued asset' securities. The company manages, in addition to British Empire Securities, The European Asset Value Fund (SICAV) and certain endowment funds. Funds under management have grown from £6 million in 1985 to above £600 million today. On 30 September 2003 Aberdeen Asset Management PLC sold AVI to the management of AVI.

AVI aims to deliver superior returns, while minimising risks, and specialises in securities that for a number of reasons may be selling on anomalous valuations.

Favoured investments:

- are not heavily promoted and therefore are not well known;
- sell on wide discounts to estimated asset value; and
- own quality assets that are expected to appreciate.

AVI has long experience in the undervalued assets arena, particularly in:

- the closed-end fund sector;
- property and hotels; and
- the European investment holding company sector.

Over the long term, each of AVI's funds has significantly outperformed their respective benchmark indices.

British Empire has recently won several awards:

Standard & Poor's

1st place - Five Years UK Investment Trusts Global Growth Sector out of 27 funds 2003.

1st place - Three Years UK Investment Trusts Global Growth Sector out of 29 funds 2003 (for the second year running).

The Company retains its Standard & Poor's 5 star ranking.

Money Observer

1st place - Best Global Trust, Investment Awards 2003 (for the third year running).

AITC

Best Annual Report in its category 2003.

Bloomberg Money Magazine

Best International Generalist Trust 2002.



John Pennink

is a Chartered Financial Analyst (CFA) and an Executive Director of Asset Value Investors Limited. He has made a major contribution to the management of British Empire over the past three years and is now sole Manager.

Investment Manager's Review

Rue de la République (pictured) is at the heart of **Rue Impériale's** property estate in Lyon. In addition to one million sq. ft. of property in Lyon, the company owns a portfolio of 3 million sq. ft. in Marseilles and a 48% holding in Eurazeo.



During the year, British Empire's NAV rose 25.6% to 217.59p, and the share price rose 27.0% to 204.5p, both new highs. The NAV outperformed the MSCI World by 9 percentage points and the FTSE All Share by 13 percentage points. One would not necessarily expect a 'deep value' fund to outperform during one of the more vigorous rallies in recent years. One reason for the out-performance may be the extreme level of risk aversion that was evident at the beginning of the reporting period. This meant that discounts on investment trusts and investment holding companies were at historically wide levels. The combination of wide discounts and equity markets that seemed more reasonably valued, having fallen roughly 40-50% from their peaks, was enough to tempt us to re-invest our liquidity back into the markets. We became roughly fully invested at the beginning of 2003. We subsequently enjoyed the rally in the markets and a narrowing of discounts in our investment trust and investment holding company shares.

The three and five year performance is as reported in the Chairman's Statement. In the 18 years since the rights issue in 1985, NAV total return has shown a 845% gain, compared to an AITC Global Growth average of 419% and a return on the MSCI World of 390%.

We believe the long term results bear out our belief that the investment philosophy implemented by AVI over nearly 20 years, that is to buy quality assets at a discount to estimated value, is appropriate in most market circumstances. The exception was the period 1997/8 when almost all the traditional measures for valuing equities were forgotten in the imperative to beat indices whose constituents had become grotesquely weighted towards stocks on valuation extremes. This phenomenon, which caused us discomfort at the time, subsequently worked to help our performance and the results

are shown over the past five years during which the NAV has beaten the major indices by between 85% and 100%.

We have always strongly recommended that Shareholders take a long term view of their investment and bear in mind that, as in 1997 and 1998 *stated* net asset value can lag, while underlying asset values move ahead. One might have assumed that this tendency would have again come into play in the recent 'echo boom' during which many of the former bull market 'fallen' recovered spectacularly to resume gravity-defying ratings. However, having moved to a fully invested position (as to liquidity if not as to use of debt) the portfolio has outperformed and strong gains have been made in European investment holding companies (which often lag markets), Japanese holdings, mining shares and investment trusts. Corporate activity has been helpful, and in two or three cases we have been an active participant.

The major *gainers* have been as follows: Dejima Fund (Japan) +149%, Oxus Gold +113%, Lionore Mining +88%, Wheelock +80%, Lion Selection Group +77%, Wendel Investissement +57%, JPMF Japan Smaller Companies +47%, Fleming Japan +44%, Active Capital Trust +43%, Capital Opportunities Trust +42%, Atlantis Japan +42%, Investor A +41%, Boosey & Hawkes +41%, Aberdeen New Dawn +38%, Jardine Strategic +37%, Blakeney Investors +35%, Aberforth Capital Shares +34%, FCC +34%, Advance UK +34%, Baillie Gifford Japan +34%, European Asset Value Fund +31%.

Losers have been fewer: -African Lakes -100%, Fimalac -35%.

The attractions of equity markets cannot be viewed in isolation but must be judged in relation to other asset classes that compete for investors' money. In the last year, weak economies and the fear of deflation sent interest rates to extremely low levels. Equities could be found yielding in excess of government bonds in many countries. This is unsustainable in an environment in which Central Banks are determined to reflate asset prices and devalue debt. Whether one believes the actions of the monetary authorities to be prudent insurance against deflation or serial bubble-blowing, the effect is the same. Hard assets are set to do well, fixed interest investments less well.

The low interest rate policy has major implications for other asset classes. Firstly, property assets have risen across much of the Western, and specifically, Anglo-Saxon world. The yields on property had to come down, and valuations go up, in the context of lower borrowing costs. Commodity prices have started to re-adjust to the new environment after a long period of depressed prices. Emerging markets are beneficiaries of low rates as liquidity flows out of developed markets searching for a higher return. Lastly, Japan is one of the biggest potential winners from a successful reflating of assets. Our investment style lends itself well to a focus on hard assets and, of course, we are trying to buy them on the widest possible discount.

CNP is an investment holding company with headquarters near Charleroi, Belgium (*pictured*). The company trades on a discount of 36% to its NAV. Through group companies CNP has significant economic interests in Total, Suez, Imerys and Bertelsmann.



Investment Manager's Review continued

Portfolio Review

Commodity/Resources (10.39%)

We believe there is a new bull market in gold and base metals after a long period of neglect. As commodity prices have been depressed for the better part of 20 years, there has been little new capacity built to supply most sectors. Capital discipline has been imposed on the resource sector as the stockmarket was not willing to allocate new money to mining operators. Although growth in global GDP is moderate at the moment, it may be becoming more resource intensive as China industrialises. The supply/demand equation looks better for most commodities than it has for many years. In addition, central banks have adopted reflationary policies which should increase commodity prices in terms of developed market currencies. The Company has made significant profits on a series of investments in gold and base metal mining shares, and we remain positive on this sector while the US Dollar undergoes a material devaluation to correct the major US current account deficit, now running at 5.5% of GDP.

Merrill Lynch World Mining

This trust has delivered well-managed exposure to precious and base metal mining equities and was bought on a discount of 15%+.

Lion Selection Group

An Australian investment company which invests in small and medium Australian resource companies with gold and base metal activities. The company made a substantial profit on the sale of its holding in East Africa Gold Mines during the year, and owns shares in a number of other companies whose shares could be revalued through a flotation or takeover.

Encana

Strong growth in US Rocky Mountain natural gas production should allow the company to meet its targets of 10% growth in annual production. The company is well placed to feed an increasingly tight North American gas market.

Japan (12.1%)

We believe Japanese equities are undervalued in a global context. Japan is a market where we have made tactical investments during the 13 year secular bear trend. The most recent was in 1997/8 when it was clear that chronic despondency had taken Japanese smaller company trust valuations to absurd levels. The subsequent scale of the profit surprised us and we were fortunate to beat a retreat having taken material profits. A Japanese visit about a year ago engendered the feeling that while so much seemed wrong at a macro level, at the company level there was an unmistakable improvement in the outlook. Balance sheets had been strengthened. Many Japanese companies now have the free cash flow to increase dividends, buy back shares or reduce debt. Japanese companies with decent dividend yields and share buy back programmes



Natural gas prices have been firm as a lack of new production in North America and the long lead time required to build LNG terminals confronts increasing demand. **Encana** is one of the few energy companies well-placed to increase production of natural gas to take advantage of the higher prices.

seemed especially interesting in the context of a Japanese bond market that was yielding under 1% per annum for 10 year bonds. We raised our exposure as a result. Our trust holdings are focused on managers who will be able to exploit pricing inefficiencies in the Japanese market - either by buying quality small cap stocks valued on modest PERs or heavily depressed value stocks, neglected for no good reason.

Sumitomo Warehouse

The company operates warehousing and freight transportation businesses primarily in Osaka, Japan. The company also owns real estate that has been redeveloped for office use. The company trades on a price/book of 0.6x and we are showing a significant profit on cost.

Prospect Japan

An investment trust focusing on investment in smaller Japanese companies. The trust has been a very good long term performer and is looking for less well-known companies with growth prospects that are not recognised by the markets.

JPMF Japan Smaller Companies

Another Japanese investment trust specialising at the smaller end of the market. We believe that the Japanese market is not as efficient as other large equity markets and that stock pickers can add value, especially in smaller companies. We bought the trust on a discount of 15% which has subsequently narrowed as the market has rallied.

Emerging Markets (9.01%)

A third area of opportunity - offered by the undervaluation of most emerging markets - has also delivered substantial gains especially in Central and Eastern Europe and the Far East. Such markets continue to provide an enticing fundamental background of above average growth linked to low PERs.

Aberdeen New Dawn

One of the better performing Asian investment trusts over most periods. The fund is managed with a value bias by Hugh Young and his team in Singapore.

Eastern European Trust

The fund has been a very strong performer over the past year as the Russian equity market rallied to a new all-time high. The fund trades on a discount of almost 16% and will hold a continuation vote in 2004.

Investment Holding Companies (27.8%)

Turning to Europe, which is still down 45% from its peaks, the past year has provided an ideal backdrop for our style of investment. Previous sales of Rue Impériale and Wendel, to give two examples, gave us liquidity to buy both companies at around one third of previous peaks.



Wendel Investissement

has an interesting portfolio of substantial stakes in unlisted companies including 37.4% of Legrand, 100% of Wheelabrator Alleward and 33.3% of Bureau Veritas (pictured), a provider of certification and control services.

Investment Manager's Review continued

The discount on **Hansa Trust** has narrowed over the past year but still stands at approximately 18% to NAV. The NAV performance has been strong over the year, helped by a recovery in the share price of its largest holding, Brazilian ports and tugboat operator Ocean Wilsons (pictured).



Rue Impériale

Post its merger with Immobilière Marseillaise, Rue Impériale has made a return as our top holding. We were able to build our stake following a share price decline that was surprising in its severity given the importance of its property portfolios, and the relative stability of the Eurazeo assets. Rue Impériale sells on an estimated discount of 40%, yet the company's assets comprise firstly two very distinctive property estates in Lyon and Marseilles, both of which have considerable potential for appreciation over the next few years, possibly with the benefit of REIT status. Secondly, the company has a holding in Eurazeo whose stated strategic aim is to focus on private equity. Currently, the two most important assets of Eurazeo are Danone and Lazard, but ultimately we believe these two investments (representing about 50% of assets) will be used as a source of cash. We anticipate the discount to NAV to narrow materially as the transformation of Eurazeo to a private equity focus continues.

Wendel Investissement

Since we sold our holding in Marine-Wendel in 2000 when Cap Gemini represented approximately 60% of 'look through' assets, the Company has merged with its controlled subsidiary CGIP and declared its intention to focus on private equity investments. The Company recently took control of Legrand alongside KKR. Family ownership has declined from outright control of Marine-Wendel to 35% of the merged entity. During this process, the family were responsive to minority shareholder wishes. Wendel's successful strategic private investments currently include Bureau Veritas, Bio Merieux and Orange-Nassau, which permit the company to pay attractive dividends and will ultimately represent 100% of assets and, we believe, result in a lower level of discount.

CNP and GBL

CNP is Albert Frere's holding company which, via an association with the Canadian Desmarais family, controls Pargesa and ultimately the diversified holding company GBL. Both companies sell on discounts of between 30% and 40% free of capital gains tax. Simplification of the group has added value and we expect the process to continue and discounts to narrow materially.

Corporacion Financiera Alba

The Spanish investment holding company Alba has carried out two recent shareholder-friendly initiatives, a buyback of 7% of the equity at a considerable premium to the market price and a distribution to Alba shareholders of Vodafone shares at a discount. The portfolio retains its bias towards Carrefour which now looks reasonable value as do other quoted assets including ACS, Prosegur and Acerinox. The discount is 32%.

FCC

FCC has been a very successful investment and substantial partial profits have been taken. Part of the proceeds have been invested in *Acciona*, another Spanish construction

company, which has recently taken a 10% stake in FCC from Albert Frere's CNP. Even after the acquisition, cash represents about 25% of Acciona's market capitalisation and a successful investment of the cash position will transform earnings.

Investor 'A'

Investor recovered strongly towards the end of the year as Ericsson and ABB rallied from depressed levels. Astra Zeneca represents 30% of assets, and although there is some uncertainty about the 3G joint venture with Hutchison in Scandinavia, we believe the discount is too wide. However, some non-family shareholders remain frustrated by further investments at full market value, when buybacks at current discount levels would significantly increase NAV per share.

Investment Trusts (34.7%)

Hansa Trust 'A' and Ordinary

Of our Investment Trust holdings, Hansa most closely resembles an investment holding company. Family ownership represents about one quarter of the aggregate capital. Three years ago the strategic stake in Rea Brothers was sold to Close Brothers at an advantageous price providing a significant uplift to NAV. Latterly the historic holding in Ocean Wilsons has been performing spectacularly following the rally in the Brazilian Real against the Dollar. At year end, the discount was 18%.

Henderson Electric and General Investment Trust

During the year we built a 6% stake in Henderson Electric and General on an average



Lionore Mining is a growing nickel and gold mining company with operations in Australia and Botswana. Nickel has enjoyed the strongest price rise amongst the base metals this year and the Lionore share price has benefited as a result.

Investment Manager's Review continued



Placer Dome is a gold and copper mining company that was trading at a substantial discount to the rating of its peer group when we bought our stake. The copper production arguably was the reason for the low rating but has become less of an impediment to a re-rating as copper prices are now moving up.

discount of 18%. Electric & General had performed well in the '90s but poorly through the collapse of growth and technology shares. We believed that this represented a good contrarian play, especially if the Board recognised that the abnormally wide discount gave the opportunity to boost shareholder value by a material buy-back of stock, thereby also improving the supply/demand balance. We have made representations to the Company, both privately and at the recent AGM, and while buy-backs are proceeding, we feel that a more robust activity is required.

Property-related, Hotels and Leisure (8.6%)

European Asset Value Fund

A fund investing in European listed property companies. A weighting of over 50% in France has helped deliver strong performance, following the introduction of legislation allowing tax efficient real estate investment structures.

ING Office Fund

An Australian listed property investment trust owning office buildings in Sydney, Melbourne and Brisbane. Long leases provide secure and visible cash flow over the medium term and underwrites a dividend yield of over 9%.

Beni Stabili

Since we acquired a holding in this company at its IPO, it has taken an entrepreneurial stance to its assets and now has a chance to create value through a joint venture initiative with major owners of property such as Telecom Italia and Banca Intesa. Property values in Italy remain low in relation to replacement cost. The discount at 39% looks far too wide.

Liquidity (9.3%)

Liquidity began the year at 18% of total assets and was reduced to 9% by the year end, thereby matching our debt.

Geographical Profile

Gross assets of £382 million were distributed (on a 'look-through' basis) as follows: UK 25%; Continental Europe 31%; North America 6%; Japan 12%; Other Pacific 10%; EMEA 7%; liquidity 9%.

Outlook

Economic growth has begun to pick up in every region of the global economy. Undoubtedly, this has been anticipated by equity markets which have risen sharply over the last 6 months. We believe that continued global growth should provide a positive backdrop for equity investors next year, although gains will likely be more muted than they were in the past year. One year ago, investors were deeply pessimistic

Net Asset Value Total Returns: % Change

	Since 30/06/85	10 years	5 years	3years	1 year
British Empire	845	165	95	11	27
AITC Global Growth	419	65	7	-32	18
MSCI World (£)	390	66	6	-34	19

Source: AITC, Fundamental Data and Datastream

about the prospects for equity markets. Consequently, the markets offered good value and discounts on our universe of holding companies and investment trusts were especially wide. The unwinding of the bear case for equities, as the worst failed to materialise, allowed the markets to rise. Central banks flooded the system with liquidity which helped to support markets. The low rates have had the effect of borrowing some growth from the future as consumers have been enticed to bring purchases forward and rising residential property prices have increased household wealth. Central banks in the UK and Australia have recently begun the tightening cycle and it is likely that others will follow next year. Higher rates will be a challenge for the equity markets but we believe that liquidity conditions will remain favourable and earnings should push higher. A reflationary environment will continue to favour investments in commodities, Japan and the emerging markets. We remain wary of the US equity markets, where valuations are less attractive, and a weaker US\$ could depress returns.

John Pennink

Asset Value Investors

18 November 2003

**Beni Stabili**

Facade of office building on Corso di Porta Nuova, Milan, that was part of a portfolio purchased in 2002 from Banca Intesa.

Investment Portfolio

As at 30 September 2003

Company	Nature of business	% of class	Cost £'000	Valuation £'000	% of Total assets less current liabilities
UK Treasury 5% 07/06/04	UK Government Security	-	29,537	29,270	7.67
Rue Impériale	Property/Holding Company	3.2	19,774	25,470	6.67
*Hansa Trust Ordinary & 'A' shares	Investment Trust	8.2 & 44.9	15,872	22,906	6.00
Law Debenture	Investment Trust/Trustee Business	6.1	15,861	15,096	3.96
Wendel Investissement	Investment Holding Company	1.2	11,027	14,119	3.70
Prospect Japan Fund	Investment Trust	18.8	11,468	13,101	3.43
Henderson Electric & General	Investment Trust	6.0	10,883	12,440	3.26
Investor 'A'	Investment Holding Company	0.8	13,423	12,293	3.22
Jardine Strategic Holdings	Investment Holding Company	0.4	7,718	9,503	2.49
Encana Corporation	Oil and Gas	0.1	8,303	9,224	2.42
Top ten investments			143,866	163,422	42.82
Groupe Bruxelles Lambert	Investment Holding Company	0.2	9,739	8,648	2.27
The European Asset Value Fund	Open Ended Investment Company	22.0	3,816	7,862	2.06
Corporacion Financiera Alba	Investment Holding Company	0.7	6,302	7,502	1.97
Danubius Hotel and Spa	Hotels and Property	10.6	9,997	7,493	1.96
Baillie Gifford Japan Trust	Investment Trust	9.1	7,020	7,268	1.90
Atlantis Japan Growth Fund	Investment Trust	5.4	6,896	7,227	1.89
Compagnie Nationale à Portefeuille	Investment Holding Company	0.5	6,476	6,867	1.80
Altin	Fund of Hedge Funds	4.9	6,225	6,665	1.75
BP	Oil and Gas	0.0	6,780	6,608	1.73
Advance UK Trust	Investment Trust	13.5	6,353	6,305	1.65
Top twenty investments			213,470	235,867	61.80

Company	Nature of business	% of class	Cost £'000	Valuation £'000	% of Total assets less current liabilities
Placer Dome	Mining Company	0.2	4,709	6,234	1.63
Merrill Lynch World Mining	Investment Trust	2.2	4,678	5,886	1.54
Beni Stabili	Property Company	1.1	5,565	5,680	1.49
Harmony Gold Mining	Mining Company	0.2	4,614	5,229	1.37
Eastern European Trust	Investment Trust	6.8	3,773	5,214	1.37
UK Treasury 6.75% 26/11/04	UK Government Security	0.1	5,168	5,168	1.35
JP Morgan Fleming Japan Smaller Companies Trust	Investment Trust	6.1	3,951	4,938	1.29
Aberforth S/Level Trust Cap	Investment Trust	2.8	3,850	4,804	1.26
Fomento de Construcciones y Contratas (FCC)	Construction Company	0.2	3,457	4,695	1.23
Industrivarden 'C'	Investment Holding Company	1.0	4,691	4,672	1.22
Top thirty investments			257,926	288,387	75.55
Kleinwort Capital Trust	Investment Trust	10.3	4,360	4,665	1.22
Wheelock & Company	Property/Holding Company	0.3	2,895	4,340	1.14
Lion Selection Group	Mining Investment Company	4.6	2,427	4,207	1.10
Fidelity Japan Values	Investment Trust	8.5	3,943	4,182	1.10
Aberdeen New Dawn Investment Trust	Investment Trust	7.3	4,363	4,136	1.08
ING Office Fund	Property Trust	1.1	4,137	4,070	1.07
Lionore Mining International	Mining Company	0.8	2,330	4,014	1.05
Private Equity Investor	Investment Trust	7.2	4,170	3,877	1.02
Sumitomo Warehouse	Transportation and Logistics	1.6	3,004	3,777	0.99
Boosey & Hawkes	Music Royalties	8.6	6,301	3,750	0.98
Top forty investments			295,856	329,405	86.30

Investment Portfolio continued

Company	Nature of business	% of class	Cost £'000	Valuation £'000	% of Total assets less current liabilities
Jardine Matheson	Investment Holding Company	0.1	3,364	3,699	0.97
Worms & Compagnie	Investment Holding Company	0.3	2,829	3,685	0.97
Orkla	Diversified Industrial Company	0.1	3,830	3,615	0.95
Intrawest	Property and Resorts	0.9	4,477	3,586	0.94
Vietnam Enterprise Investments	Investment Trust	11.1	3,514	3,256	0.85
Galleries Lafayette	Retail/Property	0.3	3,199	3,071	0.80
Anglovaal Mining	Mining Company	0.7	2,905	2,930	0.77
Fleming Japanese Investment Trust	Investment Trust	0.7	2,007	2,517	0.66
Oxus Gold	Mining Company	2.4	1,983	2,503	0.66
Active Capital Trust	Investment Trust	3.9	2,411	2,482	0.65
Top fifty investments			326,375	360,749	94.52
Rutland Trust	Investment Trust	3.3	1,940	2,351	0.62
Acciona	Construction Company	0.1	2,255	2,179	0.57
Capital Opportunities Trust	Investment Trust	12.0	1,498	2,111	0.55
Fimalac	Industrial Holding Company	0.4	2,294	2,069	0.54
Indian Capital Funds	Open Ended Investment Company	12.6	1,862	2,058	0.54
Oryx International Growth Fund	Investment Company	15.3	1,530	1,998	0.52
Total value of investments over 0.5%			337,754	373,515	97.86
Other investments (21)			17,206	8,591	2.25
Total investments			354,960	382,106	100.11
Net current liabilities				(470)	(0.11)
Total assets less current liabilities				381,636	100.00
*Hansa Trust 'A' (non-voting)				20,979	
Hansa Trust Ordinary				1,927	

Capital Structure

As at 30 September 2003

The Company's capital structure comprises Ordinary Shares and two tranches of Debenture Stock. The Company also has outstanding Equities Index Unsecured Loan Stock ('Index Stock').

Ordinary Shares

At 30 September 2003 there were 160,080,089 (2002: 160,080,089) Ordinary Shares of 10p each in issue.

Income entitlement:

The profits of the Company (including accumulated revenue reserves) available for distribution and resolved to be distributed shall be distributed by way of interim and final dividends among the holders of Ordinary Shares, subject to the payment of interest to the holders of Debenture Stock and Index Stock.

Capital entitlement:

After meeting the liabilities of the Company and the amounts due to Debenture and Index stockholders on a winding up, the surplus assets shall be paid to the holders of Ordinary Shares and distributed among such holders rateably according to the amounts paid up or credited as paid up on their shares.

Voting entitlement:

Each Ordinary Shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Share held.

Debenture Stock

At 30 September 2003 there were two tranches of Debenture Stock: £11,883,322 10³/₈ per cent. Debenture Stock 2011 and £15,000,000 8¹/₈ per cent. Debenture Stock 2023.

Income entitlement:

The holders of Debenture Stock are entitled to interest paid half-yearly at the rate of 10³/₈ per cent. and 8¹/₈ per cent, respectively, per annum (subject to income tax if applicable).

Capital entitlement:

The stockholders are entitled to repayment of principal and outstanding interest on the redemption date or, if earlier, on the occurrence of an event of default. The Debenture Stock is secured by a floating charge on all the assets of the Company. If the Company is liquidated the Debenture Stock is redeemable by the Company, in the case of the 10³/₈ per cent. Debenture Stock at a premium based on its market price and in the case of the 8¹/₈ per cent. Debenture Stock on the equivalent gilt yield. Had the Company been liquidated on 30 September 2003 such premiums would have amounted, in aggregate, to £9.8 million.

Capital Structure continued

Voting entitlement:

The holders of Debenture Stock have no right to attend or to vote at general meetings of the Company.

Equities Index Unsecured Loan Stock 2013 (“Index Stock”)

At 30 September 2003 there were 3,208,197 units of Index Stock in issue (2002: 3,428,997).

Investment characteristics:

Units of Index Stock entitle the holders to an income return that matches that of the FTSE All-Share Index (the ‘Index’) and, at maturity, a capital return that also matches that of the Index. Neither return is fixed and each moves up or down with the United Kingdom stock market.

Income entitlement:

Holders of the Index Stock receive interest paid quarterly. Interest is calculated by reference to the yield on the Index having regard to the movement in the ex-dividend adjustment factor during the relevant quarter as published in the Financial Times. The interest paid (gross of income tax) in the year to 30 September 2003 amounted to £68.56 per 1,000 units.

Capital entitlement:

The Company shall redeem the whole of the Index Stock on the tenth Stock Exchange dealing day after 31 March 2013, barring any circumstances which may lead to an earlier redemption, at its capital value. The capital value means, in respect of one unit of Index Stock, the higher of 10 per cent of its nominal amount of £1.74338 and the Index number at the date of calculation divided by 1,000 expressed in pounds and rounded up to five decimal places. If the Index Stock is redeemed by the Company early, payment will be effected at the capital value.

The capital value of the Index Stock as at 30 September 2003 amounted to £2.02772 per unit.

Voting entitlement:

The holders of Index Stock have no right to attend or to vote at general meetings of the Company.

Board of Directors



Iain Samuel Robertson CBE (left)

Status: Independent Non-Executive Chairman
Age: 57 *Length of Service:* 8 years, appointed Chairman on 19 December 2002

Experience: A Director of The Royal Bank of Scotland Group plc and Chairman of Corporate Banking and Financial Markets. Formerly a Director of Selective Assets Trust plc which was acquired by the Company in 1995

Last re-elected to the Board: 2002

Committee membership: Audit Committee, Management Engagement Committee (Chairman), Nomination Committee

Number of meetings attended in the year: 16/16

Remuneration: £22,500

Employment by the Manager: None

Other connections with the Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 25,000 Ordinary Shares

John Cannell Walton (left)

Status: Non-Independent Non-Executive Director

Age: 57 *Length of Service:* 19 years

Experience: Chairman and major shareholder of Asset Value Investors Limited, the Company's investment manager.

He has worked in investment management for 35 years

Last re-elected to the Board: 2002

Committee membership: Nomination Committee

Number of meetings attended in the year: 10/10

Employment by the Manager: Yes, an employee and major shareholder

Other connections with the Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 363,937 Ordinary Shares



Peter Richard Allen (below)

Status: Independent Non-Executive Director

Age: 60 *Length of Service:* 11 months

Experience: A Director of Lombard. Until recently Director and Chairman of the Audit Committee of Greenwich Capital, and Finance Director of Corporate Banking and Financial Markets at The Royal Bank of Scotland

Last re-elected to the Board: Up for election in 2003

Committee membership: Audit Committee (Chairman),

Nomination Committee

Number of meetings attended in the year: 8/10

Remuneration: £15,000

Employment by the Manager: None

Other connections with the Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 5,000 Ordinary Shares



Philip Strone Stewart Macpherson (left)

Status: Independent Non-Executive Director

Age: 55 *Length of Service:* 11 months

Experience: Chairman of JP Morgan Fleming Smaller Companies Investment Trust PLC, independent non-executive Director of AXA UK plc, and Close Brothers Group plc. Previously he had been a Director at Flemings and Executive Deputy Chairman of Misys plc.

Last re-elected to the Board: Up for election at the 2003

Annual General Meeting

Committee membership: Audit Committee, Management

Engagement Committee, Nomination Committee

Number of meetings attended during the year: 10/10

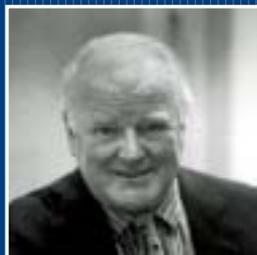
Remuneration: £15,000

Employment by the Manager: None

Other connections with the Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: Nil



Sir David Oliphant Kinloch (below)

Status: Non-Independent Non-Executive Director

Age: 61 *Length of Service:* 12 years

Experience: Deputy Chief Executive of Caledonia Investments plc and Chairman of ISIS Asset Management plc. He also serves as a Director of a number of other companies including JP Morgan Fleming Chinese Investment Trust and Amerindo Internet Fund PLC

Last re-elected to the Board: 2002

Committee membership: Nomination Committee

Number of meetings attended during the year: 14/14

Remuneration: £15,000

Employment by the Manager: None

Other connections with the Trust or Manager: Caledonia

Investments is the Company's largest Shareholder

Shared Directorships with any other Trust Directors: None

Shareholding in Company: Nil



Rosamund Blomfield-Smith (right)

Status: Independent Non-Executive Director

Age: 54 *Length of Service:* 11 months

Experience: A Director and Head of Corporate Finance at Arbutnot Latham Limited, an investment bank. Previously an Executive Director of N M Rothschild and Sons and a Director of the National Rivers Authority. Her earlier banking career included positions at Morgan Grenfell, Schroders and ING Barings

Last re-elected to the Board: Up for election at the 2003

Annual General Meeting

Committee membership: Audit Committee, Management

Engagement Committee, Nomination Committee

Number of meetings attended in the year: 9/10

Remuneration: £15,000

Employment by the Manager: None

Other connections with the Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: Nil



Report of the Directors

The Directors present their report and the audited financial statements for the year ended 30 September 2003.

Review of the Business

A review of the Company's activities is given in the Chairman's Statement on page 4 and the Investment Manager's Review on page 10.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

Results and Dividends

The income of the Group for the year amounted to £8,162,000. After expenses, interest and taxation, there remains a balance of £2,726,000 which the Directors have appropriated as follows:

	Company £'000	Group £'000
Revenue available for dividends	2,741	2,726
Interim dividend of 0.40p per Ordinary Share paid on 13 June 2003	(640)	(640)
Recommended final dividend of 1.15p per Ordinary Share to be paid on 9 January 2004 to Shareholders on the register on 5 December 2003	(1,841)	(1,841)
Transferred to revenue reserve	260	245

Principal Activity and Status

The Company is registered as a Public Limited Company in terms of the Companies Act 1985. The Company is an investment company under Section 266 of the Companies Act 1985.

Status

The Company is an investment trust company and a member of the Association of Investment Trust Companies.

The Company has been approved as an investment trust company under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30 September 2002. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 30 September 2003 so as to be able to obtain approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for that year.

The Company is a qualifying trust for the purposes of Personal Equity Plans and Individual Savings Accounts.

Subsidiary Companies

The Company owns one active dealing subsidiary, BEST Securities Limited. In the year to 30 September 2003, BEST Securities Limited made a loss before taxation of £26,703 (2002 - profit £50,111).

Directors

The present members of the Board are listed on page 23.

Mr W.G. Fossick and Mr C.M. Gilchrist retired as Directors at the conclusion of the Annual General Meeting on 19 December 2002.

Following their appointments to the Board on 19 December 2002, Mr P.R. Allen, and Mr P.S.S. Macpherson and Mrs R. Blomfield-Smith will retire at the Annual General Meeting and being eligible, offer themselves for election. The Board,

having reviewed these nominations, supports the election of these Directors on the grounds of the valuable contribution each of them has made to the Board's stewardship of the Company during their first year of appointment. Mr J.C. Walton and Sir David Kinloch will retire at the Annual General Meeting. Mr J.C. Walton being eligible, will offer himself for re-election at the Meeting. The Chairman sets out in his statement on page 6 the Board's rationale for supporting Mr J.C. Walton's re-election. After 12 years of service to the Company Sir David Kinloch has decided not to stand for re-election and so will therefore retire at the conclusion of the Meeting.

The interests of the current Directors and their families in the securities of the Company as at 30 September 2003 are set out below:

	Ordinary Shares 30/9/03	Ordinary Shares 1/10/02	Equities Index Unsecured Loan Stock 30/9/03	Equities Index Unsecured Loan Stock 1/10/02
I.S. Robertson	25,000	25,000	—	—
Sir David Kinloch	—	—	—	—
P. Allen	5,000	—	—	—
R. Blomfield-Smith	—	—	—	—
P.S.S. Macpherson	—	—	—	—
J.C. Walton	363,937*	354,241*	—	—

*Mr J C Walton's holding includes 249,000 Ordinary Shares (2002: 200,000) held for his benefit in the Asset Value Investors Limited Pension Scheme

Throughout the year ended 30 September 2003 the Manager operated under the terms of an agreement with the Company.

Sir David Kinloch is Deputy Chief Executive of Caledonia Investments plc which owns 19.9 per cent of the Ordinary Shares of the Company.

Mr J.C. Walton is Chairman and a shareholder of Asset Value Investors Limited ("AVI"), the Company's investment manager. Mr J.C. Walton has a service contract with AVI subject to twelve months' written notice of termination given by either party.

Save as aforesaid, no Director was a party to or had an interest in any contract or arrangement with the Company.

Substantial Interests in Share Capital

At 14 November 2003 the following holdings representing more than 3 per cent of the Company's issued share capital had been reported:

	Number of Shares held	Percentage Held
Caledonia Investment plc*	31,856,530	19.90
Scottish Widows	16,588,893	10.36
Funds under the management of Axa Investment Management	14,030,153	8.76
Legal and General	5,949,320	3.72
Millenium Partners LP	5,616,000	3.51
Funds under the management of ISIS Asset Management	5,561,739	3.47

* The Cayzer Trust Company Limited is deemed to be interested in a total of 32,556,530 Ordinary Shares (representing 20.34 per cent of the issued Ordinary Share capital) in consequence of its interest in Caledonia Investments plc.

Report of the Directors continued

The Investment Manager

AVI is the Company's appointed Investment Manager. Under the terms of an agreement dated 21 June 1991 (amended by a supplemental agreement dated 3 December 1998) the Investment Manager's remuneration is performance related and measured by the increase or decrease in the net asset value per Ordinary Share of the Company compared to the increase or decrease in the net asset index of investment trusts as published by Datastream International Limited. The resultant figure of such calculation determined the percentage rate (which ranges from 0.4 per cent. to 0.8 per cent.) and applied to the value of net assets of the Group attributable to the Shareholders plus long-term loan capital as shown by the audited Consolidated Balance Sheet of the Company as at the accounting reference date immediately preceding the period of management, but excluding the value of the Company's investment in funds managed by the Aberdeen Group (owner of AVI until 30 September 2003). The performance element of management costs (deemed to be the amount payable at a fee rate in excess of 0.4 per cent.) is wholly charged to capital reserves. During the year £1,373,000 (2002: £1,649,000) was charged to revenue and £709,000 (2002: £1,447,000) was charged to capital. The agreement can be terminated by either party giving not less than one year's prior notice.

As outlined in the Chairman's Statement, the Board is discussing a new agreement with AVI and will make any necessary announcement on the terms of such agreement following the conclusion of the Board's discussions with both AVI and the Company's advisors. We expect any such agreement to conform with the Investment Management Association's standards of best practice.

Corporate Governance

The Board consists of non-executive Directors the majority of whom are independent of the Company's Investment Manager. Arrangements to ensure the appropriate level of corporate governance have been put in place by the Board which it believes are appropriate to an investment trust and, taking account of the matters referred to below, enable the Company to comply with the Combined Code on Corporate Governance ('the Code'). The Board notes the Association of Investment Trust Companies' introduction of a code of corporate governance for investment trusts. The Board welcomes the contribution of this document and adheres to its principles and recommendations except where otherwise disclosed.

The investment management agreement between the Company and AVI sets out the matters over which the Investment Manager has authority and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors.

The Board receives full details of the Company's assets, liabilities and other relevant information in advance of Board meetings. The Board meets formally at least nine times a year, however, the Investment Manager and Company Secretary stay in more regular contact with Directors on a less formal basis. Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The Directors welcome the views of all Shareholders and place great importance on communications with Shareholders. Board representatives and the Investment Manager meet with the Company's major Shareholders throughout the year. The Board recommends that Shareholders attend the Company's Annual General Meeting on 15 December 2003 to use the opportunity to ask questions of their Board and the Investment Manager, either formally at the Meeting or informally at the subsequent buffet luncheon for Shareholders. At the Annual General Meeting the Investment Manager will make a presentation to Shareholders covering the investment performance and strategy of the Company. Owing to the short period of time between the Company's annual report and accounts becoming available and the calendar year end, the Company is unable to comply with the recommendation that the accounts be sent out at least 20 working days prior to the Annual General Meeting.

In relation to the use of the Company's voting rights in respect of investee companies, the Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights. The underlying aim of exercising such voting rights is to protect the return from an investment.

Since all Directors are non-executive, the Company is not required to comply with the principles of the Code in respect of executive Directors' remuneration. Instead, the Board has appointed a Management Engagement Committee which comprises three independent Directors, Mr I.S. Robertson (Chairman), Mrs R. Blomfield-Smith and Mr P.S.S. Macpherson. The function of this committee is to ensure that the Investment Manager complies with the terms of the Company's investment management agreement and the provisions of the agreement follow industry practice and remain competitive and in the best interests of Shareholders.

A senior non-executive Director has not been appointed as all the Directors are non-executive and the Board considers that each of the Directors has different qualities and areas of expertise on which they may lead.

The Nomination Committee comprises the full Board and is convened for the purpose of considering the appointment of additional replacement Directors. During the year the Board appointed three new independent non-executive Directors, Mr P. R. Allen, Mrs R. Blomfield-Smith and Mr P.S.S. Macpherson. The Nomination Committee engaged the services of an external recruitment agency to search and select suitable candidates that met the criteria set out by the committee following discussions with the Board. Following interviews with prospective candidates and recommendations from the Committee, the Board appointed the new Directors on 19 December 2002. All newly appointed Directors receive any necessary training and induction.

The Board considers that, in view of its non-executive nature, it is not appropriate for the Directors to be appointed for a specified term of no more than three years as recommended by the Code. The Articles of Association require that one third of the Directors retire by rotation at each Annual General Meeting and the Board intend to abide by the spirit of the Code and ensure that each Director stands for re-election at least once every three years. The Board is not of the view that serving as a Director for nine or more years automatically causes that Director to lose their independence. However, after nine years of service a Director will be subject to annual re-election.

The Audit Committee operates within clearly defined terms of reference and comprises Mr P.R. Allen (Chairman), Mrs R. Blomfield-Smith, Mr P.S.S. Macpherson and Mr I.S. Robertson. In summary the Audit Committee's main functions are:

Report of the Directors continued

- To review and monitor the internal financial control systems and risk management systems on which the Company is reliant.
- To consider annually whether there is a need for the Company to have its own internal audit function.
- To monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager and Administrator.
- To meet with the external Auditors to review their proposed audit programme of work and the findings of the Auditors. The Committee shall also use this as an opportunity to assess the effectiveness of the Audit process.
- To make recommendations to the Board in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor.
- To monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of 'Internal Control: Guidance for Directors on the Combined Code' (the Turnbull guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Accounts, and is regularly reviewed by the Board and accords with the guidance. The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial;
- operational;
- compliance; and
- risk management.

The key components designed to provide effective internal control are outlined below:

- The Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- The Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Investment Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- As a matter of course the Investment Manager's compliance department continually reviews the Investment Manager's operations.
- Written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers;
- The Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Investment Manager, has decided to place reliance on the Investment Manager's systems and internal audit procedures; and
- At its November meeting, the Audit Committee carried out an annual assessment of internal controls for the year

ended 30 September 2003 by considering documentation from the Investment Manager, including their internal audit and compliance functions and taking account of events since 30 September 2003. The results of the assessment were then reported to the Board at the next Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

Creditor Payment Policy

The Company's payment policy is to settle investment transactions in accordance with market practice and to ensure settlement of supplier invoices in accordance with stated terms. The Company did not have any trade creditors at the year end.

Special Business

Resolution 10 - Increase to limit on Directors' Fees

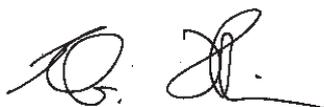
Please see the Directors' Remuneration Report on page 47 for the relevant explanation.

Resolution 11 - Directors' Authority to issue Shares

The Directors are seeking a limited authority to allot Shares. This authority will be limited to issues of new Shares up to an aggregate nominal amount of £800,400, being 5 per cent of the total capital in issue on 17 November 2003. The Directors would only issue new Shares pursuant to this authority if they believe it is advantageous to the Company's Shareholders to do so and in no circumstances would result in a dilution of net asset value per Share.

Resolution 12 - Share Buy-Back Facility

A resolution will be proposed to renew the Director's authority to make market purchases of the Company's Shares in accordance with the provisions contained in the Companies Act and the Listing Rules of the Financial Services Authority. Accordingly, the Company will seek authority to purchase up to a maximum of 23,996,005 Ordinary Shares (representing 14.99 per cent of the current issued Share capital) at a minimum price of not less than 10p per Share (being the nominal value) and a maximum price of not more than 5 per cent above the average market values of the Shares for the preceding five business days. The Directors do not intend to use this authority to purchase the Company's Shares unless to do so would result in an increase in the net assets per Share and would be in the best interests of Shareholders generally. The authority being sought would last until 31 January 2005 but the Board intends to seek a renewal of the authority at the Annual General Meeting in 2004.



By Order of the Board,
For and on behalf of Aberdeen Asset Management PLC
Secretary

One Bow Churchyard, London
18 November 2003

Statement of Total Return

of the Group for the year ended 30 September 2003

	Notes	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000	2002 Revenue £'000	2002 Capital £'000	2002 Total £'000
Gains/(losses) on investments	9	-	71,502	71,502	-	(22,307)	(22,307)
Realised exchange gains/(losses)		-	8	8	-	(281)	(281)
(Appreciation)/depreciation of loan stock		-	(740)	(740)	-	1,839	1,839
Income	2	8,162	1,003	9,165	10,241	-	10,241
Investment management fee (incl. irrecoverable VAT)	3	(1,373)	(709)	(2,082)	(1,649)	(1,447)	(3,096)
Other expenses (incl. irrecoverable VAT)	3	(1,002)	-	(1,002)	(909)	(121)	(1,030)
Net return before finance costs and taxation		5,787	71,064	76,851	7,683	(22,317)	(14,634)
Finance costs	5	(2,704)	(7)	(2,711)	(2,644)	(7)	(2,651)
Return on ordinary activities before taxation		3,083	71,057	74,140	5,039	(22,324)	(17,285)
Taxation on ordinary activities	6	(357)	(395)	(752)	(1,171)	434	(737)
Return attributable to equity shareholders		2,726	70,662	73,388	3,868	(21,890)	(18,022)
Dividend in respect of equity shares	7	(2,481)	-	(2,481)	(3,059)	-	(3,059)
Transfer to/(from) reserves	18	245	70,662	70,907	809	(21,890)	(21,081)
Return per Ordinary Share							
Basic	8	1.70p	44.14p	45.84p	2.29p	(12.94p)	(10.65p)

The revenue column of this statement represents the revenue account of the Group.

The accompanying notes form an integral part of this statement.

No operations were acquired or discontinued during the year.

Balance Sheets

As at 30 September 2003

	Notes	Company		Group	
		2003 £'000	2002 £'000	2003 £'000	2002 £'000
Fixed assets					
Investments - Securities	9	386,946	317,769	382,106	312,902
Current assets					
Investments held by dealing subsidiary	12	-	-	6	6
Debtors	13	1,435	1,771	1,435	1,771
Cash at bank and on deposit		1,158	3,918	1,159	3,918
		2,593	5,689	2,600	5,695
Creditors: amounts falling due within one year	14	(7,915)	(13,059)	(3,070)	(8,198)
Net current liabilities		(5,322)	(7,370)	(470)	(2,503)
Total assets less current liabilities		381,624	310,399	381,636	310,399
Creditors: amounts falling due after more than one year	15	(33,246)	(32,911)	(33,246)	(32,911)
Provision for liabilities and charges	16	(64)	(69)	(64)	(69)
Net assets		348,314	277,419	348,326	277,419
Capital and reserve					
Called-up share capital					
Ordinary shares	17	16,008	16,008	16,008	16,008
Reserves					
Capital redemption reserve	18	2,927	2,927	2,927	2,927
Share premium account	18	28,078	28,078	28,078	28,078
Capital reserve - realised	18	225,100	228,974	224,827	228,701
- unrealised	18	27,115	(47,394)	23,762	(50,774)
Merger reserve	18	41,406	41,406	41,406	41,406
Revenue reserve	18	7,680	7,420	11,318	11,073
Equity shareholders' funds	19	348,314	277,419	348,326	277,419
Net asset value per Share	19	217.59p	173.30p	217.59p	173.30p

The financial statements on pages 30 to 46 were approved by the Board of Directors on 18 November 2003 and were signed on its behalf by:



I.S. Robertson *Chairman*



J.C. Walton *Director*

The accompanying notes are an integral part of this balance sheet.

Consolidated Statement of Cash Flows

For the year ended 30 September 2003

	Notes	2003 £'000	2003 £'000	2002 £'000	2002 £'000
Net cash inflow from operating activities	20		3,931		5,494
Servicing of finance					
Interest paid		(2,707)		(2,701)	
Net cash outflow from returns on investment and servicing of finance			(2,707)	-	(2,701)
Taxation					
UK tax paid less recovered		-		(985)	
WHT recovered		110		117	
Tax recovered/(paid)			110		(868)
Capital expenditure and financial investment					
Purchase of investments		(140,795)		(205,062)	
Sale of investments		142,482		200,612	
Capital dividends		617		-	
Net cash inflow/(outflow) from investing activities			2,304		(4,450)
Acquisitions and disposals					
Sale of subsidiary		-		6,553	
Expenses paid on sale of subsidiary		-		(121)	
Net cash inflow from disposals			-		6,432
Equity dividends paid			(3,041)		(3,284)
Net cash inflow before financing			597		623
Financing					
Share buybacks		(2,189)		(25,281)	
Buyback of Index Stock		(412)		(313)	
Net cash outflow from financing			(2,601)		(25,594)
Decrease in cash	21		(2,004)		(24,971)
Reconciliation of net cash flow to movements in net debt					
Decrease in cash as above			(2,004)		(24,971)
Buyback of Index Stock			412		313
Changes in net debt resulting from cash flows			(1,592)		(24,658)
Currency gains/(losses)			8		(281)
Amortisation of Debenture issue expenses			(7)		(7)
(Increase)/decrease in value of Index Stock			(740)		1,839
Movement in net debt in year			(2,331)		(23,107)
Net debt at 1 October			(29,756)		(6,649)
Net debt at 30 September	22		(32,087)		(29,756)

The accompanying notes are an integral part of the financial statements.

Notes to the Accounts

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards. The particular policies are described below:

Accounting convention

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of fixed asset investments and investment properties. The Statement of Recommended Practice ("SORP") for Financial Statements of Investment Trust Companies (1995) has been adopted, except in relation to accounting for Index Stock as outlined below.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings for the financial year ended 30 September 2003. No profit and loss account is presented for the Company as permitted by Section 230 of the Companies Act 1985.

Investment income

Dividend income is recognised in the revenue account when declared 'ex-dividend' as appropriate. In accordance with FRS16, dividend income is now shown excluding any associated tax credit with a consequent reduction in the amount of the tax charges. Avoir Fiscal is treated as a tax credit and not withholding tax. As a result, dividend income is shown net of Avoir Fiscal where appropriate and Avoir Fiscal is shown as a deduction from the tax charge. Income from fixed interest securities is dealt with on an accruals basis. Enhanced scrip dividend income is accounted for by recognising the 'cash' element in the revenue account and the 'bonus' element in the capital reserve account.

Investments

UK listed investments have been valued at middle-market quotations ruling at the close of business on 30 September 2003 and foreign listed investments have been valued at market prices and exchange rates at the same date. Unlisted investments and investments in subsidiaries have been included at Directors' valuation. Any profits or losses arising from the disposal of investments are taken directly to capital reserves. Investments held by the dealing subsidiary undertakings are stated at the lower of cost and market value.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of settlement of the transaction. Foreign currency balances, including investments denominated in foreign currencies, are translated into sterling at the rate of exchange prevailing at the year end. Profits or losses on retranslation of investments at the year end are included within unrealised appreciation/depreciation of investments and are taken to capital reserves. All other profits and losses are dealt with through the revenue account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured without discounting on the basis of enacted tax rates.

Investment in subsidiary undertakings

The Company's investment in its subsidiaries is carried in the Company's accounts at net asset value attributable to equity Shareholders in the subsidiary undertakings.

Notes to the Accounts continued

Capital reserves

Capital reserves - realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised exchange differences of a capital nature;
- the 'bonus' element of the enhanced scrip dividend;
- the performance element of management costs (deemed to be the amount payable at a fee rate in excess of 0.4 per cent of assets) is charged wholly to capital reserve since it derives from the capital performance of the Group relative to the benchmark index.

Capital reserves - unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end;
- unrealised exchange differences of a capital nature;
- increases and decreases in the valuation of the Index Stock.

Index Stock

The Index Stock is valued at the capital value determined by reference to the level of the FTSE All-Share Index at the close of business on the relevant day. Any difference between the nominal value and capital value is reflected through capital reserves. Interest paid on the Index Stock is charged to revenue. This does not comply with the Statement of Recommended Practice for Financial Statements of Investment Trust Companies, which would require the finance costs of the Index Stock to be allocated between revenue and capital in line with the Board's expected long term split of returns and capital. However, the Directors consider that the treatment adopted, which is consistent with previous years, is the most appropriate given the nature of the Index Stock.

2. Income	2003 £'000	2002 £'000
Income from investments		
Listed investments	9,054	9,527
Scrip dividend	-	94
	9,054	9,621
Other income		
Deposit interest	110	384
Gain/(loss) from dealing activities of subsidiaries	1	(3)
Rental income	-	239
	111	620
Total income	9,165	10,241
Total income comprises:		
Dividends	7,696	5,262
Interest	1,468	4,743
Other income	1	236
	9,165	10,241
Income from investments:		
Equity securities	7,696	5,262
Fixed interest securities	1,358	4,359
	9,054	9,621

3. Management fee and other expenses

	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000	2002 Revenue £'000	2002 Capital £'000	2002 Total £'000
Management fee (incl. irrecoverable VAT)	1,373	-	1,373	1,649	-	1,649
Performance fee (incl. irrecoverable VAT)	-	709	709	-	1,447	1,447
	1,373	709	2,082	1,649	1,447	3,096
Other expenses:						
Directors' emoluments (Note 4) - fees	93	-	93	68	-	68
Auditors' remuneration for:						
- audit	26	-	26	16	-	16
- other services to the Group	41	-	41	13	10	23
Marketing costs	310	-	310	122	-	122
Other expenses including VAT	532	-	532	690	111	801
	1,002	-	1,002	909	121	1,030

Details of the management agreement and fees are contained in the Report of the Directors.

*Notes to the Accounts continued***4. Directors' fees**

The Chairman received Directors' fees of £22,500 (2002 - £17,500) and the other Directors received fees of £15,000 (2002 - £12,000 each). Mr J. C. Walton receives emoluments from AVI for his services to that entity whose revenues are significantly dependent on the investment management agreement with the Company. The details of the management fee are disclosed in the Report of the Directors.

5. Finance costs

	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000	2002 Revenue £'000	2002 Capital £'000	2002 Total £'000
Bank overdraft interest	28	-	28	15	-	15
On other loans	2,676	-	2,676	2,629	-	2,629
Amortisation of Debenture issue expenses	-	7	7	-	7	7
	2,704	7	2,711	2,644	7	2,651

6. Taxation on ordinary activities**(a) Analysis of charge in year**

	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000	2002 Revenue £'000	2002 Capital £'000	2002 Total £'000
Corporation tax	564	41	605	1,084	-	1,084
Double Taxation relief	(564)	(41)	(605)	(410)	-	(410)
	-	-	-	674	-	674
Transfer of Double Tax relief	86	(86)	-	-	-	-
Prior year adjustment	(38)	95	57	(24)	-	(24)
Foreign Withholding tax	661	386	1,047	717	-	717
Overseas tax reclaimable	(85)	-	(85)	(149)	-	(149)
Avoir Fiscal	(147)	-	(147)	(116)	-	(116)
Italian Preempt	(115)	-	(115)	-	-	-
Total current tax for period (see note 6(b))	362	395	757	1,102	-	1,102
Deferred tax	(5)	-	(5)	69	-	69
Deferred tax prior year adjustment	-	-	-	-	-	-
Total deferred tax for year	(5)	-	(5)	69	-	69
Total tax for year	357	395	752	1,171	-	1,171

(b) Factors affecting current tax charge for the period

The tax assessed for the period is the standard rate of corporation tax in the UK for a large company (30%).

	2003 £'000	2002 £'000
Net income before taxation	3,083	5,039
Corporation tax at 30%	925	1,512
Effects of:		
Non taxable UK dividends	(604)	(541)
Disallowed expenses	111	136
Excess expenses	115	-
Overseas tax written off	98	158
FRS16 Avoir Fiscal and Italian tax adjustment	(184)	(81)
Net effect of capitalised dividend	(2)	-
Prior year adjustment	(37)	(24)
Income taxable in different periods	(60)	(58)
Current tax charge for the period (note 6(a))	362	1,102

Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation and disposal of investments.

7. Dividends

	2003 £'000	2002 £'000
Dividends on Ordinary Shares:		
- ordinary - interim - paid 0.40p (2002 - 0.40p)	640	674
- prior year adjustment	-	(16)
- ordinary - final - proposed 1.15p (2002 - 1.10p)	1,841	1,761
- ordinary - special - 0.00p (2002 - 0.40p)	-	640
	2,481	3,059

8. Return per Ordinary Share

	2003 Revenue	2003 Capital	2003 Total	2002 Revenue	2002 Capital	2002 Total
Basic	1.70p	44.14p	45.84p	2.29p	(12.94p)	(10.65p)

Basic revenue return per Ordinary Share is based on Group revenue after taxation of £2,726,000 (2002: £3,868,000) and on 160,080,089 (2002: 169,144,747) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

Basic capital return per Ordinary Share is based on net gains for the financial year of £70,662,000 (2002: losses of £21,890,000) and on 160,080,089 (2002: 169,144,747) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

*Notes to the Accounts continued***9. Investments**

(a) Securities	Listed investments £'000	Unlisted investments £'000	Group total investments £'000	Subsidiaries £'000	Company total investments £'000
Opening book cost	360,523	1,192	361,715	907	362,622
Opening unrealised (depreciation)/appreciation	(49,036)	223	(48,813)	3,960	(44,853)
Opening valuation	311,487	1,415	312,902	4,867	317,769
Movements in the year:					
Purchases at cost	140,060	-	140,060	-	140,060
Sales - proceeds	(140,673)	(1,685)	(142,358)	-	(142,358)
- realised (losses)/gains on sales	(4,493)	657	(3,836)	-	(3,836)
Increase/(decrease) in unrealised appreciation	75,474	(136)	75,338	(27)	75,311
Closing valuation	381,855	251	382,106	4,840	386,946
Closing book cost	355,417	164	355,581	907	356,488
Closing unrealised (depreciation)/appreciation	26,438	87	26,525	3,933	30,458
Closing valuation	381,855	251	382,106	4,840	386,946

(b) Gains/(losses) on investments

	2003 Group £'000	2002 Group £'000
Realised (losses)/gains on sales of securities	(3,836)	2,410
Realised gain on sale of St. Andrew's Park, Norwich Limited	-	90
Increase/(decrease) in unrealised appreciation	75,338	(24,807)
	71,502	(22,307)

10. Subsidiary undertakings

Name of undertaking	Principal activity	Country of incorporation and operation	Description of shares held	Proportion of nominal value of issued shares and voting rights held by:	
				Company (%)	Group (%)
BEST Group Finance Limited	Non Trading	England	Ordinary	100	100
Kensington High Street Properties Limited	Non Trading	England	Ordinary	100	100
BEST Securities Limited	Dealing Subsidiary	England	Ordinary	100	100
Number One Securities Limited	Non Trading	Scotland	Ordinary	100	100
BEST Number 1 Limited	Non Trading	England	Ordinary	100	100
BEST Number 2 Limited	Non Trading	England	Ordinary	100	100
BEST Number 3 Limited	Non Trading	England	Ordinary	100	100
BEST Futures Limited	Non Trading	England	Ordinary	100	100

11. Significant interest and investment funds

(a) Significant interest

Details of investment in which the Company or Group has an investment of 20 per cent or more of nominal value of the allotted shares of any class, or the net assets, are as follows:

Name of undertaking	Country of incorporation and operation	Description of shares held	Proportion of class held Company and Group (%)
Hansa Trust plc	UK	'A' Non Voting	44.90

(b) Investment funds

Investment funds held, managed or advised by companies within the same group as Asset Value Investors Limited during the year are set out below. Arrangements are in place to avoid the double charging of fees. Following 30 September 2003 and the sale of Asset Value Investors Limited ('AVI') Aberdeen New Dawn Investment Trust PLC is no longer managed by a company within the same group as AVI.

Name of undertaking	Proportion of class held Company and Group (%)
Aberdeen New Dawn Investment Trust PLC	7.25
The European Asset Value Fund	22.00

*Notes to the Accounts continued***12. Investments held by dealing subsidiary**

	2003 £'000	Group 2002 £'000
Listed (at market value)	6	6

13. Debtors: amounts falling due within one year

	Company		Group	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Amounts due from brokers	-	124	-	124
Tax recoverable	399	417	399	417
Prepayments and accrued income	1,036	1,171	1,036	1,171
Other debtors	-	59	-	59
	1,435	1,771	1,435	1,771

14. Creditors: amounts falling due within one year

	Company		Group	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Amounts due to brokers	-	735	-	735
Bank overdraft	-	259	-	763
Tax payable	-	-	9	21
Dividends	1,841	2,401	1,841	2,401
Amounts owed to subsidiary undertakings	4,856	5,391	-	-
Other creditors	1,218	4,273	1,220	4,278
	7,915	13,059	3,070	8,198

15. Creditors: amounts falling due after more than one year

	Company		Group	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
10 ³ / ₈ per cent Debenture Stock 2011	11,883	11,883	11,883	11,883
8 ¹ / ₈ per cent Debenture Stock 2023	14,857	14,850	14,857	14,850
Index Stock	6,506	6,178	6,506	6,178
	33,246	32,911	33,246	32,911

The movement on the 8¹/₈ per cent Debenture Stock 2023 represents the amortisation of issue expenses. The combined market value of the two Debenture Stocks as at 30 September 2003 was £33.4 million (2002: £33.8 million). The effect on the net asset value of deducting Debenture Stocks at market value rather than par is disclosed in note 19.

The Debenture Stocks are secured by a floating charge over all the assets of the Company.

During the year, 220,800 units of Index Stock were bought back by the Company for cancellation, at an average price of 186p per unit, leaving 3,208,197 units in issue at the year end. The consideration paid was £411,700.

16. Provision for liabilities and charges

The amounts of deferred taxation provided in the financial statements are set out below:

	Group and Company	
	2003	2002
	£'000	£'000
Provided		
In respect of the origination and reversal of timing differences	(5)	69
The movement in the provision for deferred taxation is as follows:		
Opening balance	69	637
Transfer from revenue account on sale of St. Andrew's Park, Norwich Limited	-	(637)
Charge to revenue account	(5)	69
Closing balance	64	69

The deferred tax provision is made up as follows:

	2003	2002
	£'000	£'000
Income taxable in different periods	130	70
Excess expenses carried forward	(107)	-
Double tax relief on accrued dividends	(18)	(1)
Unrealised gain on offshore fund	59	-
	64	69

17. Called-up share capital

	2003	2002
	and 2002	and 2002
	Shares	£'000
Ordinary Shares of 10p each:		
Authorised	245,000,000	24,500
Allotted, called-up and fully paid:		
At 30 September 2003 and 30 September 2002	160,080,089	16,008

The Company did not buy back any of its Shares for cancellation in the year ended 30 September 2003 (2002 - 15,000,000 Shares for a total consideration of £27,470,000).

*Notes to the Accounts continued***18. Reserves**

	Capital redemption reserve £'000	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Merger reserve £'000	Revenue reserve £'000
Group						
At 30 September 2002	2,927	28,078	228,701	(50,774)	41,406	11,073
Exchange gains	-	-	8	-	-	-
Net loss on realisation of investments	-	-	(3,836)	-	-	-
Amortisation of Debenture issue expenses	-	-	(7)	-	-	-
Increase in unrealised appreciation of investments	-	-	-	75,338	-	-
Appreciation of Index Stock	-	-	62	(802)	-	-
Performance element of management fee	-	-	(709)	-	-	-
Dividends capitalised	-	-	1,003	-	-	-
Taxation capitalised	-	-	(395)	-	-	-
Retained net revenue for the year	-	-	-	-	-	245
At 30 September 2003	2,927	28,078	224,827	23,762	41,406	11,318

	Capital redemption reserve £'000	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Merger reserve £'000	Revenue reserve £'000
Company						
At 30 September 2002	2,927	28,078	228,974	(47,394)	41,406	7,420
Exchange gains	-	-	8	-	-	-
Net loss on realisation of investments	-	-	(3,836)	-	-	-
Amortisation of Debenture issue expenses	-	-	(7)	-	-	-
Increase in unrealised appreciation of investments	-	-	-	75,311	-	-
Appreciation of Index Stock	-	-	62	(802)	-	-
Performance element of management fee	-	-	(709)	-	-	-
Dividends capitalised	-	-	1,003	-	-	-
Taxation capitalised	-	-	(395)	-	-	-
Retained net revenue for the year	-	-	-	-	-	260
At 30 September 2003	2,927	28,078	225,100	27,115	41,406	7,680

19. Net asset value

The net asset value per share and the net asset value attributable to the Ordinary Shares at the year end are calculated in accordance with their entitlements in the Articles of Association and were as follows:

	Net asset value per share attributable (Company)		Net asset value per share attributable (Group)	
	2003	2002	2003	2002
	p	p	p	p
Ordinary Shares (basic)	217.59	173.30	217.59	173.30

	Net asset values attributable (Company)		Net asset values attributable (Group)	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Ordinary Shares (basic)	348,314	277,419	348,326	277,419

The movement during the year of the Group assets attributable to the Ordinary Shares were as follows:

	2003 Ordinary shares (basic) £'000	2002 Ordinary shares (basic) £'000
Total net assets attributable at beginning of year	277,419	325,970
Total recognised gains/(losses) for the year	73,388	(18,022)
Share buybacks made during the year	-	(27,470)
Dividends appropriated in the year	(2,481)	(3,059)
Net assets attributable at end of year	348,326	277,419

Basic net asset value per Ordinary Share is based on net assets and on 160,080,089 (2002: 160,080,089) Ordinary Shares being the number of Ordinary Shares in issue at the year end.

At the year end the net asset value per share adjusted to include the Debenture Stocks at market value rather than par was 213.42p (2002 - 168.89p).

20. Reconciliation of operating revenue to net cash inflow from operating activities

	Group	
	2003 £'000	2002 £'000
Net revenue before finance cost and taxation	5,787	7,683
Increase in stock of investments	-	3
Decrease in creditors	(866)	(910)
Decrease in investment income	130	857
Decrease/(increase) in other debtors	130	(119)
Performance fee charged to capital	(709)	(1,447)
Debtors and creditors sold on subsidiary	-	28
Tax on unfranked investment income	(541)	(601)
	3,931	5,494

*Notes to the Accounts continued***21. Analysis of changes in net funds**

	Group	
	2003 £'000	2002 £'000
Balance at 1 October	3,155	28,407
Net cash (outflow)/inflow	(2,004)	(24,971)
Exchange gains/(losses)	8	(281)
Balance at 30 September	1,159	3,155
Cash at bank and on deposit	1,159	3,155

22. Analysis of changes in net debt

	At 1 October 2002 £'000	Cash flow £'000	Exchange movement £'000	Other non-cash movement £'000	At 30 September 2003 £'000
Cash at bank and on deposit	3,155	(2,004)	8	-	1,159
Debt due after one year:					
10 ³ / ₈ per cent Debenture Stock 2011	(11,883)	-	-	-	(11,883)
8 ¹ / ₈ per cent Debenture Stock 2023	(14,850)	-	-	(7)	(14,857)
Index Stock	(6,178)	412	-	(740)	(6,506)
	(29,756)	(1,592)	8	(747)	(32,087)

23. Financial instruments

The Group's financial instruments comprise equity and fixed interest investments, cash balances and borrowings. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company makes use of borrowings to achieve improved performance in rising markets. The risk of borrowings may be reduced by raising the level of cash balances or fixed interest investments held.

Investments held (see note 9) are valued at middle market prices which equate to their fair values. The market value of the Company's Debenture Stocks is disclosed in note 15. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet. Short term debtors and creditors are excluded from disclosure as allowed by FRS 13, other than for currency disclosures.

24. Market price risk

The management of market price risk is part of the fund management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to shareholders. Further information on the investment portfolio is set out on pages 18 to 20. The Company has not used derivatives to date as part of its investment strategy but reserves the right to do so in the future.

25. Interest rate and liquidity risk

When the Company retains cash balances the majority of the cash is held in deposit accounts.

The benchmark rate which determines the interest payments received on cash balances held in sterling and foreign currencies is the bank base rate which was 3.75% at the balance sheet date.

	2003 £'000	2002 £'000
The Company had the following floating rate liability:		
Equities Index Unsecured Loan Stock 2013 ('Index Stock')	6,506	6,178

The interest and capital liabilities of the Index Stock move in accordance with movements in the income and capital returns of the FTSE All-Share Index. This exposure may be reduced by investing in fixed assets expected to perform in line with FTSE All-Share Index.

Fixed rate

The Company holds fixed interest and index-linked investments and has fixed interest liabilities.

At 30 September 2003, these were:

	2003 £'000	2003 Average interest rate %	2003 Average period until maturity	2002 £'000	2002 Average interest rate %	2002 Average period until maturity
Fixed interest investments:						
UK 6.5% 2003 and 8% loan 2002-2006 and 2.5% Index-linked 2003	-	-	-	56,008	3.41	1 year
UK Treasury 6.75% 2004 and 5% 2004	34,437	5.19	0.8 years	-	-	-
Fixed interest liabilities:						
10 ³ / ₈ and 8 ¹ / ₈ per cent Debenture Stocks 2011 and 2023	26,740	9.10	14 years	26,733	9.10	15 years

The Company is potentially exposed to payment of a penalty in the event that the Debenture Stock is repaid before maturity (see page 21).

In respect of liquidity risk, the Company's assets comprise mainly realisable securities. Short term flexibility is achieved by retaining cash and, where necessary, through the use of overdraft facilities.

*Notes to the Accounts continued***26. Foreign currency risk**

The Company invests in overseas securities and holds foreign currency cash balances which gives rise to currency risks. It is not the Company's policy to hedge this risk but reserves the right to do so in the future.

Foreign currency exposure by currency of denomination:

	2003 Investments £'000	2003 Cash £'000	2002 Investments £'000	2002 Cash £'000
Euros	83,985	15	75,234	(404)
US Dollars	62,275	378	46,380	865
Canadian Dollars	23,068	-	13,599	36
Swedish Kroner	16,965	-	5,822	-
Australian Dollar	8,277	-	4,327	14
Hungarian Forint	7,493	-	8,427	-
Japanese Yen	5,008	-	-	-
Hong Kong Dollar	4,340	-	-	31
Norwegian Kroner	3,615	-	6,154	-
South African Rand	2,930	2	7,343	2
Total	217,956	395	167,286	544

The Company owns shares in collective investment funds where the currency of denomination differs from the currency of underlying assets.

27. Contingencies, guarantees and financial commitments

At 30 September 2003 the Group had no contingent liability in respect of any investments carrying an obligation for future subscription or underwriting commitments (2002: £nil).

Directors' Remuneration Report

This Report is prepared in accordance with Schedule 7A of the Companies Act 1985, which applies to the Company for the first time this year. As the Board of Directors is comprised solely of Non-Executive Directors, it is exempt under the Listing Rules from appointing a Remuneration Committee. The determination of the Directors' fees is a matter dealt with by the whole Board.

It is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to Non-Executive Directors in the industry generally, the role that individual Directors fulfill in respect of Board and Committee responsibilities and the time committed to the Company's affairs. Following a review in 2002 of Directors' fees the basic annual fee paid to the Chairman and each Director were increased in line with the Company's peer group to £22,500 and £15,000 respectively from 1 October 2002. As a result the current annual aggregate limit on fees payable to the Board of Directors under the Company's Articles of Association of £100,000 needs to be raised. Consequently, Resolution 10 will be put to Shareholders at the Annual General Meeting to propose increasing the threshold for the maximum aggregate annual fees to £150,000.

No element of the Directors' remuneration is performance related and no Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors. The Directors' interests in contractual arrangements with the Company are as shown on page 25 of the financial statements. Subject to these exceptions, no other Directors were interested in contracts with the Company during the period or subsequently. None of the Directors have a service contract with the Company.

The Board requires that Directors shall not remain in office for longer than three years without submitting themselves for re-election.

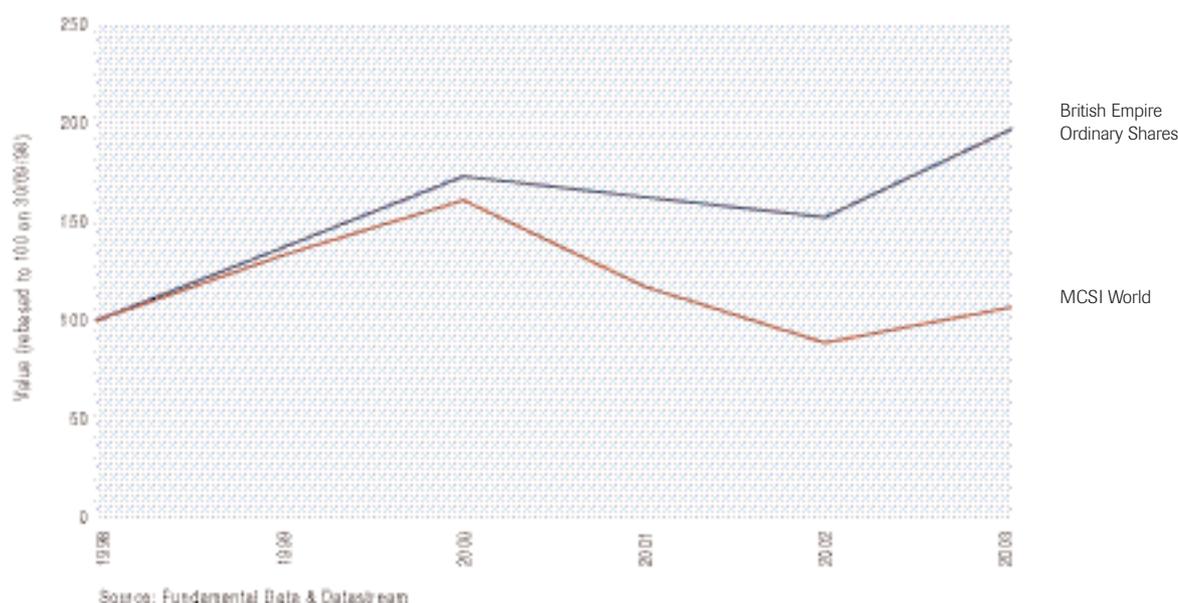
A resolution to receive and adopt the Directors' Remuneration Report will be proposed at the Annual General Meeting.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Total Shareholder return

The chart shown below illustrates the total Shareholder return for a holding in the Company's shares as compared to the Morgan Stanley Capital International World Index (£ adjusted capital return). The Board considers this to be the most appropriate index against which to measure the Company's performance.

Share Price total return vs MSCI World Index total return Five years to 30/09/03



Directors' Remuneration Report continued

Directors' emoluments (audited information)

The Directors who served in the year received the following emoluments in the form of fees:

	2003 £'000	2002 £'000
I.S. Robertson CBE *	20	12
P. Allen **	12	-
R. Blomfield-Smith **	12	-
J.C. Walton	15	12
Sir D.O. Kinloch Bt	15	12
P.S.S. Macpherson **	12	-
W.G. Fossick †	5	17
C.M. Gilchrist †	2	12
Sir C. Fraser ††	-	3
	93	68

* Appointed Chairman 19 December 2002

** Appointed Directors 19 December 2002

† Resigned as Director 19 December 2002

†† Resigned as Director 17 December 2001

Sums paid to Third Parties (audited information)

Of the fees disclosed above, £30,000 (2002 - £24,000) was payable to third parties in respect of making available the services of Directors. These fees were assigned £15,000 (2002 - £12,000) to Caledonia Group Services Limited (Sir D.O. Kinloch, Bt) and £15,000 (2002 - £12,000) to Asset Value Investors Limited (J.C. Walton).

18 November 2003

By order of the Board
Aberdeen Asset Management PLC
Secretary

Directors' Responsibility Statement and Independent Auditors' Report

to the Members of the British Empire Securities and General Trust p.l.c.

Directors' Responsibility Statement

The Directors are required by law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the revenue of the Group for that period.

They are also responsible for ensuring that adequate accounting records are maintained and that the assets of the Company and the Group are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements have been prepared on a going concern basis, appropriate accounting policies have been used and consistently applied and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements. Applicable UK accounting standards have been followed.

Independent Auditors' Report to the shareholders of British Empire Securities and General Trust p.l.c.

We have audited the Group's financial statements for the year ended 30 September 2003 which comprise the Statement of Total Return of the Group, Group Balance Sheet, Company Balance Sheet and Consolidated Statement of Cash Flows, and the related notes 1 to 27. 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors 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 Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the 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 Company Summary, Financial Highlights Statement, The Company's History, Historical Record, Investment Manager's Review, Investment Portfolio, Capital Structure, Board of Directors, unaudited part of the Directors'

Directors' Responsibility Statement and Independent Auditors' Report continued

Remuneration Report, Directors' Responsibility Statement, Shareholder Information, Notice of Annual General Meeting, and Company Information. 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 of the Group as at 30 September 2003 and of the profit of the Group for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

ERNST & YOUNG LLP

Registered Auditor

London

18 November 2003

Shareholder Information

Shareholders

At 30 September 2003 there were 4,510 Ordinary Shareholders in the Company (2002: 4,435 Ordinary Shareholders).

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Lloyds TSB Registrars, PO Box 28448, Finance House, Orchard Brae, Edinburgh EH3 5DE on request. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly into Shareholders' bank accounts, dividend tax vouchers are sent directly to Shareholders' registered addresses.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Trusts'. Prices are given daily in *The Financial Times*, *The Times*, *The Daily Telegraph*, *The Scotsman* and *The Evening Standard*.

Change of Address

Communications with Shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Lloyds TSB Registrars, under the signature of the registered holder.

Daily Net Asset Value

The net asset value of the Company's shares can be obtained by contacting Customer Services on 0500 00 0040 (from 1 January 2004 - 0870 600 9966) or via the website, www.british-empire.co.uk

Financial Calendar 2003/2004

15 December 2003	Annual General Meeting
January 2004	Final dividend paid on Ordinary Shares
May 2004	Announcement of interim results
May 2004	Posting of Interim Report
June 2004	Interim dividend paid on Ordinary Shares
November 2004	Announcement of annual results
November 2004	Posting of Annual Report
December 2004	Annual General Meeting

Notice of Annual General Meeting

Notice is hereby given that the One Hundred and Fourteenth Annual General Meeting of British Empire Securities and General Trust p.l.c. will be held at Grocers' Hall, Princes Street, London EC2R 8AD at 12 noon on Monday 15 December 2003 for the following purposes:

Ordinary Business

1. To receive and adopt the financial statements for the financial year ended 30 September 2003 together with the Reports of the Directors and Auditors thereon.
2. To approve the final dividend of 1.15 pence per Ordinary Share.
3. To elect Mr Peter Allen, a Director retiring by rotation under the Articles of Association.
4. To elect Mrs Rosamund Blomfeld-Smith, a Director retiring by rotation under the Articles of Association.
5. To elect Mr Strone Macpherson, a Director retiring by rotation under the Articles of Association.
6. To re-elect Mr John Walton, a Director retiring by rotation under the Articles of Association.
7. To re-appoint Ernst & Young LLP as the Company's Auditors.
8. To authorise the Directors to fix the Auditors' remuneration.
9. To receive the Directors' Remuneration Report.

Special Business

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

10. THAT, with effect from the year commencing 1 October 2003, the maximum aggregate annual fees payable to the Directors be increased to £150,000 per annum, pursuant to Article 75 of the Company's Articles of Association.

To consider and, if thought fit, pass the following as Special Resolutions:

11. THAT the Directors be and they are hereby generally and unconditionally authorised and empowered pursuant to Section 80 of the Companies Act 1985 (the 'Act') to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Act) and empowered pursuant to Section 95 of the Act as if Section 89(1) of the Act did not apply to allot equity securities (as defined in Section 94 of the Act) for cash provided that this authority and power shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or 31 January 2005 and shall be limited to:
 - (i) the allotment of any such securities having an aggregate nominal value not exceeding £800,400 (5 per cent of the equity share capital in issue on 17 November 2003); and
 - (ii) the allotment of equity securities at a price of not less than net asset value per share on the day preceding allotment or, if earlier, the agreement to allot,

except that such authority and power shall enable the Company to make offers or agreements which would or might require any such securities to be allotted after the expiry of such period and the Directors may allot any such securities in pursuance of any such offer or agreement as if the authority had not expired.

12. THAT the Company be and is hereby authorised in accordance with Section 166 of the Companies Act 1985 to make market purchases (within the meaning of Section 163 of the said Act) of the Ordinary shares of 10p each in the Company (the 'Shares') provided that:

- (i) the maximum number of Shares hereby authorised to be purchased is 23,996,005.
- (ii) the minimum price which may be paid for a Share shall be £0.10;
- (iii) the maximum price (exclusive of expenses) which may be paid for a Share shall be 5 per cent above the average of the mid market values of the Shares on the Official List of the London Stock Exchange for the 5 business days before the purchase is made; and
- (iv) unless reviewed, the authority hereby conferred shall expire on 31 January 2005 save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

By Order of the Board

For and on behalf of Aberdeen Asset Management PLC
 Secretary
 One Bow Churchyard
 Cheapside
 London EC4M 9HH
 18 November 2003

Notes

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him/her. A proxy need not also be a member of the Company.
2. A form of proxy is enclosed for use in connection with the business set out above. This form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney, to reach the Registrars at the address printed on the form of proxy not later than 12 noon on 13 December 2003.
3. The register of Directors' interests in the Ordinary Shares of the Company will be available for inspection at the registered office of the Company during normal business hours (Saturdays excepted) from the date of this notice until the date of the Annual General Meeting and at Grocers' Hall for fifteen minutes prior to and during the Meeting.
4. There are no service contracts between any of the Directors and the Company.

Company Information

Directors

Iain Robertson CBE (Chairman)
Peter Allen
Rosamund Blomfield-Smith
Sir David Kinloch Bt
Strone Macpherson
John Walton

Registered Office

One Bow Churchyard
Cheapside
London EC4M 9HH

Investment Manager

Asset Value Investors Limited
Bennet House
54 St James's Street
London SW1A 1JT

Registrars and Transfer Office

Lloyds TSB Registrars Limited
Finance House
Orchard Brae
Edinburgh EH3 5DE

Registrar's Shareholder Helpline
Tel. No. 0870 6015366

Registrar's Broker Helpline
Tel. No. 0906 5596025

Corporate Broker

Dresdner Kleinwort Wassertstein
20 Fenchurch Street
London EC3P 3DB

Secretary

Aberdeen Asset Management PLC

Auditors

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

Bankers and Custodian

JP Morgan Chase Bank
125 London Wall
London EC2Y 5AJ

Solicitors

Herbert Smith
Exchange Square
Primrose Street
London EC2A 2HS

**For further information
contact Customer Services
on 0500 00 00 40
until 31 December 2003
and from 1 January 2004
on 0870 600 9966**

