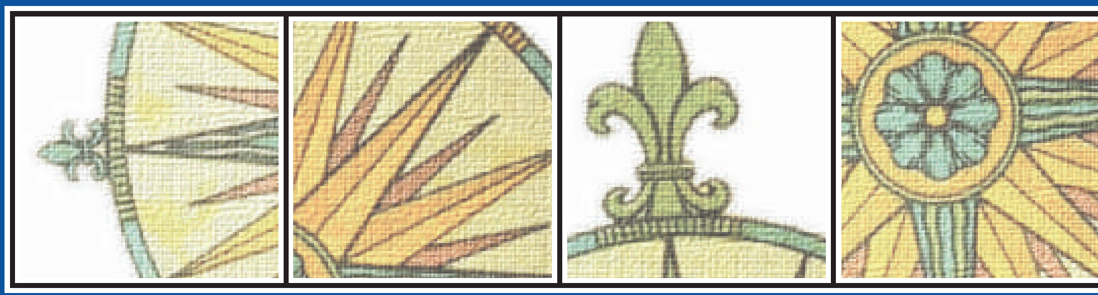

EP Global Opportunities Trust plc

Annual Report 31 December 2005

Edinburgh Partners

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COMPANY SUMMARY

Commencement	The Company was incorporated on 13 November 2003. It commenced operations on the admission of its shares to listing on the London Stock Exchange on 15 December 2003.
Investment objective and policy	The Company's objective is to provide shareholders with an attractive real long-term total return by investing globally in undervalued securities. The portfolio is managed without reference to the composition of any stockmarket index. The Company invests in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world, predominantly in quoted equities. The Company may also invest in unquoted securities, in other listed investment companies (including investment trusts) and in debt instruments, cash or short-term deposits where the Investment Manager believes it is appropriate in the prevailing market or economic conditions. It is intended that, from time to time, and when deemed appropriate, the Company will borrow for investment purposes up to the equivalent of 25 per cent of its total assets. By contrast, the Company's portfolio may from time to time have substantial holdings of debt instruments, cash or short-term deposits. The investment objective and policy are intended to distinguish the Company from other investment vehicles which have relatively narrow investment objectives and which are thus constrained in their decision making and asset allocation. The objective and policy allow the Company to be constrained in its investment selection only by valuation and to be pragmatic in portfolio construction by only investing in securities which Edinburgh Partners considers to be undervalued on an absolute basis.
Shareholders' funds	£52,241,000 at 31 December 2005
Market capitalisation	£51,671,000 at 31 December 2005
Capital structure	At 31 December 2005, the Company's authorised share capital comprised 150,000,000 ordinary shares of 1p each, of which 33,444,010 were issued and fully paid. As at the date of this report, the Company had 33,619,010 ordinary shares in issue. *Subsequent to the approval of this report, but prior to printing, the Company issued a further 229,170 ordinary shares, bringing the total number of ordinary shares in issue to 33,848,180.*
Savings plans	The Company's ordinary shares are fully eligible for inclusion in ISAs, PEPs and SIPPs. Savings plans, ISAs and PEP transfers are available through the Edinburgh Partners Investment Trust Savings Scheme, both for lump sum investments and regular contributions. Details may be obtained from Edinburgh Partners, as described on page 36.
AITC	The Company is a member of the Association of Investment Trust Companies.
Investment Manager	**Edinburgh Partners Limited** Edinburgh Partners was founded in 2003 as a specialist investment management firm focusing exclusively on achieving returns for investors based on global investment analysis of the highest quality. The founders of Edinburgh Partners include experienced investment professionals with strong investment performance records and who believe rigorous fundamental research allied to patience is the basis of long-term investment success. Edinburgh Partners is committed to investment trusts as flexible, long-term savings vehicles and intends that they should form the core of its business offering. Each of the investment professionals has specific responsibilities for sector and regional research in addition to his fund management role.

FINANCIAL SUMMARY

	31 December 2005	31 December 2004 (restated)*	% change
Results for year			
Shareholders' funds	**£52,241,000**	£26,130,000	99.9%
Net asset value per ordinary share	**156.2p**	116.4p	34.2%
Mid-market price per ordinary share	**154.5p**	110.5p	39.8%
Discount to NAV	**1.1%**	5.1%	
Revenue return per ordinary share**	**1.1p**	0.6p	83.3%
Dividend per ordinary share***	**0.8p**	0.4p	100.0%

	Ordinary share	Ordinary share
Year's high/low		
Share price – high	**154.5p**	111.5p
– low	**111.3p**	94.5p
NAV – high	**155.7p**	116.2p
– low	**115.4p**	96.7p
– opening 15 December 2003		97.0p
Share price premium/(discount) to NAV		
– high	**5.1%**	5.5%
– low	**(3.6)%**	(9.2)%
Cost of running the Company		
Total expense ratio	**1.5%**	1.7%

* The figures for 2004 have been restated to reflect the changes in accounting policies (see notes 1 and 17).

** Based on the weighted average number of shares in issue during the period.

*** Proposed dividend for the year.

CHAIRMAN'S STATEMENT

Results

This is the second Annual Report of EP Global Opportunities Trust and it is pleasing to be able to report another year of excellent performance, indeed an even better performance than was achieved in the first year. The net asset value per share increased by 34.2 per cent to 156.2p at the end of December 2005 from an adjusted 116.4p at the end of the previous year. The net asset value per share for the end of 2004 was adjusted due to accounting changes. These changes are a requirement to comply with new accounting standards and are explained in detail on page 25.

The share price increased by 39.8 per cent to 154.5p. The greater percentage increase in the share price resulted in it ending the year at a smaller discount to the net asset value per share than it had been at the end of 2004. The discount at the end of 2005 was slightly over one per cent while, at the end of 2004, the shares were quoted at a discount of approximately five per cent and at various times during the year the shares stood at a small premium to net asset value.

Investment performance

It was a good year for equity investment. The FTSE All-Share Index gained 18.1 per cent in 2005 (total return 22.0 per cent), while the FTSE All-World Index was up 22.2 per cent (total return 24.9 per cent). The Company does not have a benchmark based on these indices. They are mentioned for comparison purposes only.

It is an important feature of the Company that it does not have any benchmark. This permits Edinburgh Partners, our Investment Manager, the freedom to invest in those shares that in its view offer the best value, without any concern for the composition of an index. In 2005, this led to a portfolio with geographical weightings very different from those of the FTSE All-World Index.

The investment policy led to an emphasis on shares in Japan and Europe combined with only a small investment in the United States. This proved very beneficial. The best performing of the major equity markets was Japan, where the Topix Index rose 39.3 per cent, while the FTSE Europe ex UK Index gained 20.6 per cent, both in sterling terms. The poorest performing major market, for the second year running, was the US stock market, where the S & P Composite Index, measured in US dollars, was up only 3.0 per cent. However, one of the features of financial markets in 2005 was the strength of the US dollar. After declining steadily for three years, the US dollar rallied in 2005. As a result, when converted into sterling, the S & P Composite Index was up 15.2 per cent. This was still the poorest performing major market but the 15 per cent capital return demonstrates what an excellent year it was for equities generally.

Share price and discount

The share price at the end of 2005 was at a level of approximately one per cent below the net asset value per share. It is your Board's intention to buy-in shares in the open market and to issue shares to limit, as far as possible, the divergence of the share price from the net asset value per share. During the year, 816,741 new shares were issued in addition to the November share issue described below. A further 175,000 new shares have been issued since the end of the year. The new shares were only issued when demand was such that they could be issued at a small premium to the net asset value. It is also the Company's policy to buy-in shares if, in the Board's opinion, there is an excess supply of shares in the market place and such purchases would not dilute the net asset value per share of the remaining ordinary shares. No shares were bought-in during 2005. The current authority for the Company to make market purchases of its ordinary shares expires at the conclusion of this year's annual general meeting. A Special Resolution will be proposed at the annual general meeting to renew this authority.

Share issue

In November, we issued a prospectus for a placing and offer of new shares. Applications were received for 10,181,930 shares and this number of new shares was duly issued. This increased the number of shares in issue to 33,444,010. The new shares were priced at a three per cent premium to the net asset value. This premium was used to pay the expenses of the issue, which included fees paid to the placing agent and the sponsor of the issue. The small surplus that remained ensured that the issue of new shares did not dilute the asset value of the existing shares.

The benefit of the new issue has been to increase the size of the Company. At the year end the total net assets were £52.2 million. In the first two years, the small capitalisation of the Company has sometimes made it difficult for both buyers and sellers to complete their orders at a reasonable price. The lack of liquidity in the stock market for the shares resulted in the spread between the bid and offer price quoted in the stock market being relatively large compared to many larger trusts. Moreover, your Board was aware that a number of Independent Financial Advisers were recommending the shares for their clients but were frustrated by the size of the Company. In some cases the advisers had reached the limit of the percentage of the Company that their in-house rules permitted them to hold. Typically, advisers limit the percentage that they will hold for all their clients to below 10 per cent; above that level the reporting requirements become rather onerous.

A further benefit of increasing the size of the Company is to reduce the expense ratio. This is the annual cost of running the Company as a percentage of the total net assets. In the first year the expense ratio was 1.7 per cent. The expense ratio in 2005 was 1.5 per cent. Reducing the expense ratio is not a one-off benefit but is an ongoing benefit for each year in the future.

Dividend

The revenue account shows a considerable increase in income over the previous year. Net revenue after tax more than doubled to £273,000. This increase was almost entirely the result of investing in a number of higher yielding shares, rather than the result of the increase in the size of the Company in November. The greater number of shares at the year end does reduce the income per share for the year from what it would have been if there had been no share issue. However, existing shareholders were fully compensated for this in the price that the new shares were issued at, which included the amount of the accumulated income at the time of the issue. Despite the greater number of shares, the income per share is still greater than it was in 2004 and your Board is pleased to recommend a doubling of the annual dividend to 0.8p per share. Subject to shareholders' approval at the annual general meeting, the dividend will be paid on 5 May 2006.

Option in Edinburgh Partners

At its foundation your Company was given an option over 71,294 shares in Edinburgh Partners, our Investment Manager. No charge was made for this option in recognition of the Company's support in becoming Edinburgh Partners' first client. The option has a five year life from December 2003, is exercisable at £3 per share and, if exercised, would represent 1.8 per cent of the equity of Edinburgh Partners.

In order to calculate the net asset value per share for the November share issue, your Board applied a value to the option of £255,000, adding 1.1p per share to the Company's net asset value prior to the November 2005 placing and offer of new shares. There is no hard and fast rule as to how to value the shares of an unquoted investment management company. However, it is generally recognised that a percentage of funds under management is one of the key factors. In deciding the value, the Board considered the financial position of Edinburgh Partners, the level of funds under management, the type of funds under management and the growth rate in those funds under management.

Edinburgh Partners has made excellent progress since its foundation in 2003. By the end of 2005, funds under management had increased six-fold during the year to over £300 million. In July, Edinburgh Partners was awarded the mandate for a second investment trust, Anglo & Overseas plc, with assets of just under £100 million. With two strong years of performance, Edinburgh Partners is increasingly being asked to make presentations for potential new fund management contracts. It is important for your Company that our Investment Manager continues to thrive and its progress over the last twelve months has been very reassuring.

Outlook

While we started the year with an optimistic view for 2005, the overall result achieved was well ahead of expectations. It follows that shares in general are more fully priced than they were a year ago. There is the usual list of things to be concerned about that could cause equities to give back some of the strong gains of the last three years; foremost amongst these is a further rise in the oil price. That said, the economic outlook does not look unduly threatening for equity valuations. Despite the higher oil price, inflation remains relatively subdued and there appears to be less pressure for an increase in short-term interest rates, at least in the UK and US. The increase in rates in 2005 provides room for the central banks to reduce rates again if economic growth falters. Meanwhile, Asia is benefiting from the rapid growth being enjoyed by China and India, coupled with an improvement in the Japanese economy after a prolonged period of poor economic performance. Overall, we approach 2006 with a cautiously optimistic view of equity markets.

Teddy Tulloch
Chairman

28 February 2006

MANAGER'S REPORT AND PORTFOLIO ANALYSIS

The second year of investing the assets of EP Global Opportunities Trust proved as rewarding as the first with the net asset value per share growing by some 34.2 per cent. Many of the trends that we identified at the launch of the Company in December 2003 continued to be important through 2005. The most obvious of these was the end of deflation in Japan which has now correctly become the conventional wisdom with share prices reacting accordingly. Equally, the contrasting fortunes of Europe and the US persisted. In the US economic growth remained relatively robust with the consumer showing only few signs of retrenching. That the equity market provided such poor returns is explained by the fact that equities were already fully valued. In the case of Europe economic growth was subdued yet equity returns were generally very good. Again the explanation is simple, the starting valuations were low. Overlaid on this was the continued restructuring of many European companies accessing both lower cost labour in Eastern Europe and increasingly growing product demand.

At the beginning of the year the portfolio had no exposure to US equities, by the end of the year almost 10 per cent was invested there. Japan began the year accounting for over 25 per cent of the Company's assets; by the end of the year this had fallen to just under 20 per cent. The explanation for this is straightforward. The poor returns in US equities began to move companies back in to our valuation range. The high returns in Japanese equities made some of our holdings expensive and these were either sold or reduced. The valuation gap between the US and Japan has narrowed substantially and we expect this to continue. The natural reaction to this will be that as Japanese equity valuations rise we will reduce our exposure. This is not to say that we are negative on Japan. We continue to see opportunities as the cyclical recovery in domestic demand takes hold. It is just that with such a substantial move already in share prices the number of genuinely cheap stocks is correspondingly lower.

A related feature of the Company during 2005 was the high level of turnover. We would normally expect portfolio turnover to be in the 20–30 per cent range as we sell more expensive holdings to replace them with cheap ones. In 2005 we were double this range. The explanation for this is related to the points made above. The reason why we sell a holding is because it has become expensive. There are two routes to this happening. The first is the good one: the share price has risen so much it is no longer cheap. The second is the bad one: we got the analysis wrong, the prospects of the company have deteriorated and it is no longer cheap. Our goal is to have the former substantially exceed the latter. Of the stocks that were sold in 2005 there were only two where we felt that things were turning out differently from how we had originally anticipated. One of these was Medion which is discussed below. That the number of sales at a loss was so low is at least in part a reflection of the bull market we have been participating in.

Put otherwise, the returns we have been seeing are exceptional and, whilst we believe markets are only on the slightly expensive side of fair value, it is important that we do not fall into the trap of confusing strong market conditions with investment ability and ignoring risk.

As is normal when markets are strong, higher risk stocks have performed the strongest. As share prices have risen we feel it is prudent to gradually reduce the risk profile of the stocks we hold and/or reduce the size of existing holdings where the risk/reward balance has altered. We mentioned two companies in last year's report which had performed well but because of the valuation we had maintained our holdings. These were Pfleiderer, the German chipboard company, and Mizuho Financial, the Japanese bank. In both cases, after further substantial appreciation during 2005, we have sold a substantial proportion of our positions.

Leaving aside the returns from Pfleiderer and Mizuho Financial other major contributors to the performance of the Company during 2005 were Kookmin Bank, Mitsubishi Corp, and Electrolux.

Kookmin Bank is South Korea's largest bank. Dealing with crises has been a way of life for the Korean economy and the banks in particular. In the last 10 years there has been the Asian crisis, the Chaebol insolvency crisis and the credit card lending crisis amongst others. We purchased Kookmin in the midst of the credit card lending crisis on a very low valuation, reflecting many of the risks but little of the potential this dominant leader offered. After the stock had more than doubled we were left to reflect that the converse now prevailed. Namely the rewards had been achieved and the valuation was starting to assume that Kookmin Bank was risk free. It was time to sell.

Mitsubishi Corp is one of the large trading companies in Japan. The company is a hybrid: part bank, part middleman, part manufacturer, part investment company. Its fortunes depend upon domestic Japan but it is also geared to Asia and China in particular. We expected to see a rapid improvement in profitability as Japanese domestic demand improved. Overlaid on this was the exposure to Asia and in the near-term benefits from commodity prices through its partial ownership of both commodity and energy producing assets. The share price had doubled since our purchase resulting in it moving from a Buy to a Sell within a relatively short space of time.

Electrolux is a Swedish company which is one of the world's largest producers of indoor and outdoor consumer appliances with a 20 per cent market share in Europe. The company's shares had drifted down under the combined pressure of rising raw material prices and competition from low wage cost countries. The response from Electrolux was radical: the company announced in 2005 the splitting of the group into outdoor and indoor products with the former to become separately quoted; more audaciously the company announced a huge programme to transfer production from high wage cost countries in Europe and North America to low wage cost countries in Eastern Europe and Central America; it raised its R&D and marketing budgets sharply to improve the flow of new products to market. In early 2005 the market was still hesitant but as the year went on Electrolux was able to report progress and raise selling prices to offset margin pressure and the share price responded.

As mentioned above, there were a large number of sales made during 2005 as a consequence of the rise in share prices. If one had to pick common characteristics in our sales it would be that they fell into two main categories. As one can gather from the comments on some of the stocks above, one category was where we felt that we were no longer being rewarded for the associated risk.

The second category was the energy sector. We started the year with sizeable positions in both Repsol, the Spanish energy company, and ENI, its Italian equivalent. We subsequently added Petrobras, the Brazilian producing and refining company. After substantial appreciation our analysis suggested they were fully discounting current energy prices. To expect further share price appreciation demanded the expectation of a substantial rise in the oil price into the $70 range and above. Given the economics of incremental production from existing and alternative methods (such as oil sands) we believe that the risk/reward scenario favours a decline rather than a sustained increase. This left the share prices looking somewhat exposed and we have reduced the holdings in both Repsol and ENI whilst selling out of the higher risk Petrobras.

Perhaps rising markets have flattered our analysis but the only serious error that became apparent was in our investment in Medion. Medion is a German manufacturer of electronic consumer products. Its business model is based upon the low cost production of a small number of products distributed in bulk through the discount retailers. After a number of years of rapid growth it fell upon harder times and the share price sank. We initially believed that given its strong balance sheet there was no solvency threat to the company and that it would regain much of the margin it had once enjoyed. Sadly, our confidence began to ebb as the company repeatedly became the victim of a cut-throat retail environment. Eventually we came to the view that the company was unlikely to be anything other than a hostage to prevailing conditions for some considerable time and the risk/reward scenario had turned against it. As a consequence we took the loss and sold the stock.

We are pleased with the returns the portfolio has generated, both in the past year and since launch, and we continue to find attractive investment opportunities. However, we feel that such is the current enthusiasm in the market there is a danger that investors pay too little attention to risk and focus too much on reward. We expect to remain relatively fully invested during 2006, but will pay very close attention to the risk associated with each of our holdings.

Dr Sandy Nairn
Edinburgh Partners Limited

28 February 2006

PORTFOLIO OF INVESTMENTS
as at 31 December 2005

Company	Industrial Classification	Country	Valuation £'000
Vodafone	Mobile Telecommunications	United Kingdom	1,876
Belluna	General Retailers	Japan	1,688
Edinburgh Partners Japan Opportunities Fund	Investment Fund	Japan*	1,668
Deutsche Post	Industrial Transportation	Germany	1,657
KPN	Fixed Line Telecommunications	Netherlands	1,619
AGFA Gevaert	Electronic & Electrical Equipment	Belgium	1,587
Philippine Long Distance	Fixed Line Telecommunications	Philippines	1,560
Itochu	Support Services	Japan	1,482
Daiwa House Industry	Household Goods	Japan	1,465
Randstad	Support Services	Netherlands	1,461
Dell	Technology & Hardware Equipment	United States	1,429
GlaxoSmithKline	Pharmaceuticals & Biotechnology	United Kingdom	1,425
Nexity	Real Estate	France	1,419
Korea Electric Power	Electricity	Korea, Republic of	1,387
E.On	Gas, Water & Multi Utilities	Germany	1,384
Bradford & Bingley	Banks	United Kingdom	1,383
Bank Mandiri	Banks	Indonesia	1,381
Mizuho Financial	Banks	Japan	1,378
Pfizer	Pharmaceuticals & Biotechnology	United States	1,356
UBS	Banks	Switzerland	1,298
Total – 20 largest investments (57.2% of total net assets)			**29,903**
Portugal Telecom	Fixed Line Telecommunications	Portugal	1,292
Banco Popular	Banks	Spain	1,291
Centrica	Gas, Water & Multi Utilities	United Kingdom	1,287
Banque Cantonale Vaudoise	Banks	Switzerland	1,277
ACOM	General Financial	Japan	1,263
Bank Of America	Banks	United States	1,261
KDDI	Mobile Telecommunications	Japan	1,259
ENI	Oil & Gas Producers	Italy	1,258
Arcelik	Household Goods	Turkey	1,250
Royal Bank of Scotland	Banks	United Kingdom	1,229
Credit Agricole	Banks	France	1,227
Repsol	Oil & Gas Producers	Spain	1,223
Stagecoach	Travel & Leisure	United Kingdom	1,016
Electrolux	Household Goods	Sweden	999
Supervalu	Food & Drug Retailers	United States	988
Lloyds TSB	Banks	United Kingdom	796
Pfleiderer	Construction & Materials	Germany	738
Edinburgh Partners Ltd Option	Financials (unquoted)	United Kingdom	255
Total – 38 investments (95.3% of total net assets)			**49,812**
Cash and other net assets			2,429
Total net assets			**52,241**

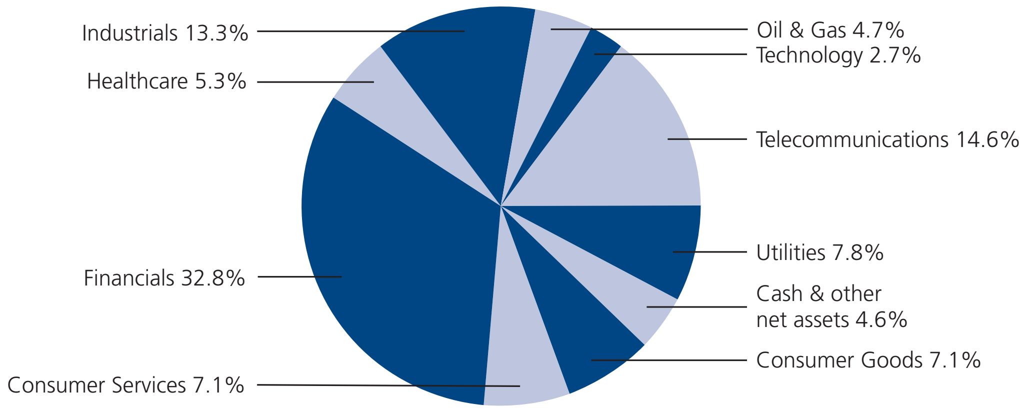
* Classified by country of investment.

DISTRIBUTION OF INVESTMENTS

as at 31 December 2005 (% of total net assets)

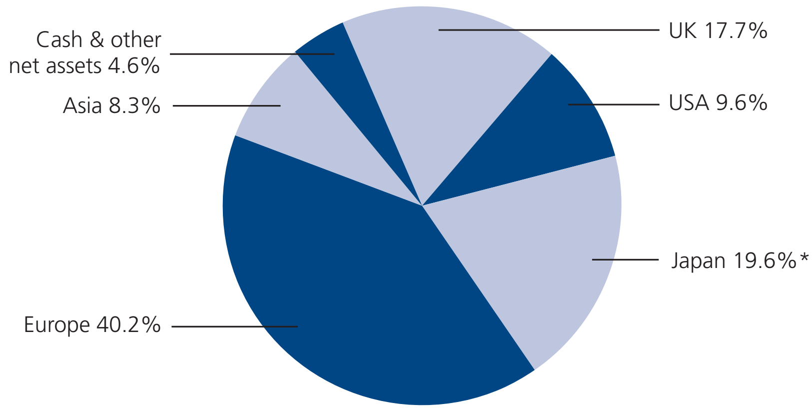
Sector distribution

as at 31 December 2005



Geographical distribution

as at 31 December 2005



* The 19.6% invested in Japan includes the Company's investment in Edinburgh Partners Japan Opportunities Fund.

INVESTMENT MANAGER

The Executive Directors of Edinburgh Partners are Dr Sandy Nairn, Graham Campbell and Kenneth Greig, who is also Company Secretary of the Company. The biographical details of the Investment Partners are as follows:

Sandy Nairn (45) BSc, PhD, ASIP, CFA Sandy is one of the founders, an Investment Partner and Chief Executive of Edinburgh Partners. He is responsible for researching the global sectors of energy and telecommunications and manages international and global equity portfolios. He has overall responsibility for the 'Pan Geography' team. Previously he was chief investment officer of Scottish Widows Investment Partnership and spent 10 years with Templeton Investment Management, latterly as director of global equity research.

Stephen Anderson (44) BSc Stephen is a founder and an Investment Partner of Edinburgh Partners. He researches the technology, auto and industrial sectors and is also responsible for overseeing the development of Edinburgh Partner's research and portfolio management infrastructure and the portfolio risk appraisal and control functions. From 2001 until 2003 he was head of the research analysis group at Scottish Widows Investment Partnership. Prior to 2001 Stephen held a variety of senior posts at Murray Johnstone.

Graham Campbell (45) BA, MBA, ASIP Graham is one of the founders, an Investment Partner and a Director of Edinburgh Partners. He is responsible for company research into the consumer goods and the service sectors and is lead manager of all UK equity portfolios. Graham was previously head of retail funds at Scottish Widows Investment Partnership (2001 to 2003). Prior to that Graham spent 10 years with Edinburgh Fund Managers as an investment director.

Ian Cormack (39) BA, ASIP Ian is an Investment Partner with Edinburgh Partners. He is responsible for oversight of Edinburgh Partners UK small cap research. He also covers the capital goods sectors and is a manager of UK portfolios. Ian was previously an investment director at Scottish Widows Investment Partnership from March 2002. Prior to that, Ian spent 13 years with Standard Life Investments. Ian has experience in managing both UK large cap and small cap portfolios.

Bob Forrest (57) MA, MSc, Dip M Bob is an Investment Partner with Edinburgh Partners and is responsible for research of global industrials and global consumer industries. He is a member of the team managing European, Global and EAFE portfolios. During his investment career he has had roles ranging from dedicated company analysis and portfolio management to supervision of investment management research teams.

Anthony Mather (39) BA, ASIP Tony is an Investment Partner with Edinburgh Partners. He is responsible for research of UK consumer goods, utilities, media and tobacco, is a member of the UK equity team and manager for UK equity income portfolios. He was a member of the UK equity team at Scottish Widows Investment Partnership where he was a senior investment manager responsible for several retail funds. Prior to that he worked for Edinburgh Fund Managers for six years as a fund manager and had responsibility for several income and growth retail funds.

Dale Robertson (35) BComm, CA, ASIP Dale is an Investment Partner with Edinburgh Partners. He has research responsibility for the global financial and healthcare sectors and manages Edinburgh Partners European portfolios and is a member of the 'Pan Geography' team. Previously he spent two years at Scottish Widows Investment Partnership where he managed European equity growth funds. Prior to that he worked for Edinburgh Fund Managers.

Robin Weir (39) BA (Hons) Robin is an Investment Partner with Edinburgh Partners and has responsibility for global and international portfolios and for researching the resource sectors. He was previously a European equity research manager at Scottish Widows Investment Partnership.

DIRECTORS AND CORPORATE INFORMATION

All of the Directors are non-executive and independent of the Investment Manager.

Teddy Tulloch (Chairman)
Teddy Tulloch, aged 59, was with Hoare Govett stockbrokers from 1968 until 1970. In 1972 he joined Stewart Ivory & Company and became a director in 1977. He was investment manager of The Scottish American Investment Company plc from 1987 to 1999. He is chairman of Amoebics Limited.

Richard Burns
Richard Burns, aged 59, became a partner of Baillie Gifford & Co in 1977 and joint senior partner of Baillie Gifford in 1999. He was the manager of Mid Wynd International Investment Trust plc from the time of its listing in 1981 until he became head of Baillie Gifford's Pension Fund Department in 1989. He has been the manager of Monks Investment Trust plc since 1999. He is a director of Mid Wynd and was a director of Scottish Life Assurance Company from 2000 to 2002. He has been a member of the Executive Committee of the Association of Investment Trust Companies since 1999 and is currently a director following the Association's incorporation.

David Hough
David Hough, aged 44, joined Laurence Keen in 1987, being a director from incorporation of Laurence Keen Holdings Limited in 1992 until 1999. He became a director of Rathbone Investment Management Limited on the acquisition of Laurence Keen by Rathbone Brothers in 1999.

Ian McBean
Ian McBean, aged 60, was an investment analyst with Wood, Mackenzie & Co. from 1967 to 1981 when he became deputy head of research. In 1986 he became head of research and in 1988, upon the sale of Wood, Mackenzie & Co to National Westminster Bank, head of UK equity research for County NatWest Securities. He was an investment manager with Templeton Investment Management between 1990 and 1991 and an investment adviser with Torrie & Co. from 1992 to 1999. He has served as a director of Wood, Mackenzie & Co, Hill Samuel & Co. and County NatWest Limited.

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DIRECTORS' REPORT

The Directors present their Report and Financial Statements for the year to 31 December 2005. The comparative period relates to 13 November 2003 to 31 December 2004.

Status of Company
The Company is registered as a public limited company under the Companies Act 1985 (as amended) and is an investment company within the terms of Section 266 of that Act. The Company has received approval from the Inland Revenue as an authorised investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the period from inception to 31 December 2004. In the opinion of the Directors, the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval and the Company will continue to seek approval under Section 842 each year.

Activities
The principal activity of the Company is to carry on business as an investment trust.

A review of the Company's activities is given in the Chairman's Statement on pages 3 and 4 and in the Manager's Report on pages 5 and 6.

Net asset valuation
The net asset value per ordinary share at 31 December 2005, after deducting the dividend paid in May 2005 for the period to 31 December 2004, was 156.2p.

Results
The results for the year are set out in the Income Statement on page 22 and the Reconciliation of Movements in Shareholders' Funds on page 24.

Dividends
The Directors recommend the payment of a final dividend of 0.8p per ordinary share, payable on 5 May 2006 to shareholders on the register at the close of business on 7 April 2006. The ex-dividend date will be 5 April 2006.

Purchase of own shares
At the annual general meeting held on 27 April 2005 the Directors were granted the authority to purchase up to 14.99% of the Company's ordinary shares being 3,409,526 shares. During the year no purchases of the Company's shares were made. Therefore, as at the date of this report, the Company may still purchase up to 3,409,526 shares under this authority. The Directors will seek to renew this authority at the forthcoming annual general meeting. The renewed authority will authorise the Company to make market purchases of up to 5,039,489 ordinary shares, being 14.99% of the Company's issued share capital as at the date of this report. The price paid for shares will be not less than 1p per ordinary share, and not more than 5% above the average middle market quotations of those shares as derived from the Daily Official List of the London Stock Exchange for the five business days before the shares are purchased.

Treasury shares
The Special Resolution seeking renewal of the Company's authority to purchase its own shares to be proposed at the annual general meeting will give the Directors the flexibility of either cancelling the purchased shares or holding them in treasury.

Share issues
On 14 January 2004 the Company applied for a block listing of 1,900,000 ordinary shares. At close on 31 December 2004 a remainder of 816,741 shares could be issued under this block listing. The last of these shares were issued on 21 September 2005 and on 11 October 2005 the Company applied for a further block listing of 1,300,000 shares.

The Company made a number of share issues during the year, including 10,181,930 shares on 17 November 2005 under the placing and offer for subscription. The shares issued during the year are shown in the table on the following page.

Date of issue	No. of shares issued	Resultant No. of shares in issue
09.02.05	200,000	22,645,339
17.02.05	100,000	22,745,339
25.05.05	220,000	22,965,339
27.05.05	100,000	23,065,339
21.09.05	196,741	23,262,080
17.11.05	10,181,930	33,444,010
Total	**10,998,671**	

The Company issued a further 125,000 shares on 17 January 2006 and 50,000 shares on 31 January 2006.

Prior to the placing and offer for subscription, Special Resolutions were passed at an EGM held on 26 October 2005 to increase the Company's authorised share capital to 150,000,000 and to enable it to allot up to 50,000,000 ordinary shares, otherwise than in connection with the placing and offer, without first having to offer these shares to existing shareholders. A total of 175,000 shares have been issued under this authority, therefore a further 49,825,000 shares may be issued. This authority covers both issues of new shares and issues of shares from treasury and will expire at the 2006 annual general meeting. Therefore, a Special Resolution to renew this authority will be put to shareholders at this meeting.

Management Agreement

The Company's investments are managed by Edinburgh Partners under an Investment Management Agreement dated 21 November 2003. The Investment Manager receives a management fee of 0.75% per annum of the market capitalisation of the issued ordinary shares, payable quarterly in arrears, plus an administration fee of £62,000 per annum, payable quarterly in arrears and adjusted annually in line with changes in the Retail Price Index. The Investment Management Agreement may be terminated by either party giving 12 months written notice. No additional compensation is payable to the Investment Manager on the termination of this agreement other than the fees payable during the 12 month notice period.

An option agreement exists between the Company and Edinburgh Partners, dated 21 November 2003, whereby the Investment Manager has granted to the Company an option to subscribe for 71,294 ordinary shares of the Investment Manager. The exercise price of the option is £3 per share and the option can be exercised at any time prior to 15 December 2008. No consideration was paid by the Company to Edinburgh Partners on the grant of the option.

In addition, the Company has invested in the Edinburgh Partners Japan Opportunities Fund, which is also managed by the Investment Manager.

Continuing appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under review. It is the opinion of the Directors that the continuing appointment of Edinburgh Partners is in the interests of shareholders as a whole. The reasons for this view are that the investment performance of the Company is satisfactory relative to that of the markets in which the Company invests and because the remuneration of the Investment Manager is reasonable both in absolute terms and compared to that of managers of comparable investment companies. The Directors continue to believe that by paying the Investment Management fee calculated on a market capitalisation basis, rather than a percentage of assets basis, the interests of the Investment Manager are more closely aligned with those of shareholders.

Directors
The Directors in office during the year and at the date of this Report are as shown below:

Teddy Tulloch
Richard Burns
David Hough
Ian McBean

The Chairman of the Company is Teddy Tulloch. He does not have any significant other commitments that would affect his Chairmanship of the Company. All of the Directors are non-executive and independent of the Investment Manager. Other than their letters of appointment as Directors, none of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year. These letters of appointment are available for inspection on request.

The Company's Articles require that one third of the Directors retire by rotation at each annual general meeting, and at least at every third annual general meeting which reflects the Combined Code requirement for all Directors to retire at least once every three years. The Board believes that the Articles provide an appropriate way of ensuring the Board's accountability to shareholders and independence from the Investment Manager. At the forthcoming annual general meeting, Teddy Tulloch will offer himself for re-election. The Board strongly recommends the re-election of Teddy Tulloch to shareholders on the basis of his individual expertise and experience in investment matters and his continuing effectiveness and commitment to the Company.

A process of performance evaluation has been undertaken by which the performance of the Chairman, each Director and the Board as a whole has been evaluated. This process consisted of a series of appraisal meetings and discussions between the Chairman and each of the other Directors. The performance of the Chairman was similarly evaluated by the other Directors.

The Directors of the Company meet formally at least four times a year to review (and receive reports from Edinburgh Partners on) a full range of relevant matters, including investments, marketing, administration and risks. During the calendar year 2005, four such scheduled meetings were held and each was attended by all members of the Board. In addition the Board met on a number of other occasions during the year to deal with specific matters, such as further issues of shares.

Directors' interests
The interests of the Directors and their families in the ordinary shares of the Company are set out below:

	31 December 2005 Beneficial	31 December 2004 Beneficial
Ordinary shares:		
Teddy Tulloch	**50,000**	50,000
Richard Burns	**327,000**	327,000
David Hough	**19,000**	19,000
Ian McBean	**100,000**	100,000

There have been no changes to these holdings between 31 December 2005 and the date of this report.

Substantial share interests
At the date of this report, the Directors have not been notified of any material substantial interests in the Company's shares.

Corporate governance
The Board has put in place arrangements which it considers appropriate for an investment trust to ensure proper corporate governance. During the year under review the Board considers that the Company has complied with the recommendations of the 2003 Combined Code on Corporate Governance (the "Combined Code") and the AITC Code on Corporate Governance (the "AITC Code"), except as disclosed in this report and subject to its special circumstances as an investment trust.

Board of Directors
The Chairman and each of the Directors is independent of the Investment Manager. Each member of the Board is non-executive.

The Board does not consider it necessary for a senior independent director to be appointed, as all of the Directors are independent. Further, given the number of Directors, the Board does not consider it necessary for the Company to establish separate audit, remuneration, nomination and management engagement committees. All of the matters that the Combined Code recommends be delegated to such committees are considered by the Board as a whole. The Board has agreed terms of reference for itself. These terms of reference, including those matters normally delegated to those committees, are available for inspection on request. The Board considers that the combined knowledge and experience of its members enables it to successfully fulfil the role of an audit committee.

The Board reviews the annual and interim accounts, the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to non-audit fees, plus the Auditor's terms of appointment and their remuneration.

The Company does not have a chief executive officer, but in appointing a management company, the roles of Chairman and chief executive officer are effectively separated. Brief biographical details of the Directors can be found on page 10.

Representatives from the Investment Manager attend Board meetings and provide reports on investments, marketing, operational and administrative matters.

The Directors have adopted a formal schedule of matters reserved for the Board that cannot be delegated to a committee or to any other party. These reserved matters include approval of annual and half-yearly reports and accounts, circulars and other shareholder communications, appointment and removal of Board members and officers of the Company, changes to the Company's objectives and accounting policies and any major investment decisions, the use of gearing and derivative instruments for investment purposes and matters relating to the Company's option over Edinburgh Partners' shares.

The Board delegates decisions regarding the day to day investment of the Company's portfolio to the Investment Manager. The Investment Manager is also authorised by the Board to exercise the Company's voting rights in respect of those companies held in its portfolio.

Independent professional advice and insurance
The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the expense of the Company. The Company also maintains directors' and officers' liability insurance to cover legal defence expenses.

Directors' remuneration
All Directors act in a non-executive capacity and the fees for their services are approved by the whole Board. Full details of Directors' remuneration are given in the Directors' Remuneration Report on pages 17 and 18. No Director is entitled to options to acquire shares in the Company.

Internal control review
The Directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness.

An ongoing process, in accordance with the guidance of the Turnbull Committee on internal controls, has been implemented for identifying, evaluating and managing risks faced by the Company. This process has been in place throughout the year and up to the date the financial statements were approved. Key procedures established with a view to providing effective financial control have also been in place for the full financial year and up to the date the financial statements were approved.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute assurance against material misstatement or loss.

Internal control assessment process
Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

Against this background, the Board has split the review of risk and associated controls into four sections reflecting the nature of the risks being addressed. These sections are as follows:

- Corporate strategy;
- Published information, compliance with laws and regulations;
- Relationship with service providers;
- Investment and business activities.

The Company has appointed agents (including Edinburgh Partners) to provide administrative services to the Company. In performing its functions, Edinburgh Partners delegates certain administrative tasks to third parties. The Company has obtained from Edinburgh Partners and the other service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- Details of the control environment in operation;
- Identification and evaluation of risks and control objectives;
- Assessment of communication procedures;
- Assessment of the control procedures;
- Details of the "whistle blowing" policy in place.

The key procedures which have been established to provide internal financial controls are as follows:

- Investment management is provided by Edinburgh Partners. The Board is responsible for setting the overall investment policy and monitors the actions of the Investment Manager at regular Board meetings;
- Administration and company secretarial duties for the Company are performed by Edinburgh Partners. Kenneth J Greig, a director of Edinburgh Partners, is the Company Secretary and Sinclair Henderson Limited provides certain accounting, administrative and secretarial support services to Edinburgh Partners;
- Custody of assets is undertaken by The Bank of New York;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- The Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- Mandates for authorisation of investment transactions and expense payments are set by the Board;
- The Board reviews financial information produced by the Investment Manager and Sinclair Henderson in detail on a regular basis.

The Company does not have an internal audit function. All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Edinburgh Partners. It is therefore felt that there is no need for the Company to have an internal audit function, however, this need is reviewed annually.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control during the year, as set out above.

The Company Secretary
The Board has direct access to the advice and services of the Company Secretary, who is responsible for ensuring that Board and Committee procedures are followed and that the applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and also for compliance with the statutory obligations of the Company.

Relations with shareholders
Communication with shareholders is given a high priority by both the Board and Investment Manager. The Directors have a policy of maintaining regular contact with major shareholders and are always available to enter into dialogue with shareholders in general. All shareholders are encouraged to attend and vote at the annual general meeting during which the Board and Investment Manager are available to discuss issues affecting the Company. The Annual Report for 2004 was dispatched to shareholders in accordance with the requirements of the Companies Acts, but later than the twenty working days recommendation of the Combined Code.

Going concern
After due consideration, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

Payment of suppliers
It is the Company's payment policy to obtain the best possible terms for all business and, therefore, there is no consistent policy as to terms used. The Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms.

There were no trade creditors at the year end.

Auditor
A resolution to re-appoint Ernst & Young LLP as Auditor to the Company will be put to shareholders at the forthcoming annual general meeting.

Special business at the annual general meeting
Resolution 6, as set out in the notice of meeting, if passed, will renew the Directors authority to purchase (either for cancellation or placing into treasury) 5,039,489 ordinary shares (being 14.99% of the issued share capital as at the date of this report).

Resolution 7, as set out in the notice of meeting, is passed, will renew the Directors authority to issue up to 50,000,000 ordinary shares (being approximately 150% of the issued share capital as at the date of this report) without first having to offer these shares to existing shareholders. This authority relates to either issues of new shares or shares from treasury.

By order of the Board
Kenneth J Greig
Secretary

28 February 2006

DIRECTORS' REMUNERATION REPORT

The Directors submit this Report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An Ordinary Resolution will be put to the members to approve this report at the forthcoming annual general meeting.

The law requires your Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 20 and 21.

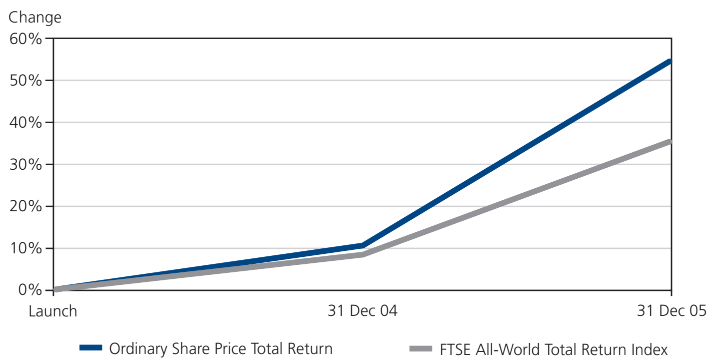
Remuneration Committee
It is not considered appropriate for the Company to establish a separate remuneration committee.

Policy on Directors' fees
The Company follows the recommendation of the AITC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. It is intended that this policy will continue for the year ending 31 December 2006 and for subsequent financial years.

The fees of the Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' service contracts
Other than letters of appointment governing their appointment as Directors, none of the Directors has a contract of service with the Company, nor has there been any contract or arrangement between the Company and any Director at any time during the year. The terms of their appointment provide that a Director shall retire and be subject to election at the first annual general meeting after his appointment and re-election at least every three years after that.

Your Company's performance
The graph below compares the total return (assuming all dividends are reinvested) to shareholders, compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the FTSE All-World Index is calculated. Although the Company has no formal benchmark, this index has been selected as it is considered to represent a broad equity market index against which the performance of the Company's assets may be adequately compared.



Directors' emoluments for the year (audited)
The Directors who served in the year received the following emoluments in the form of fees:

	1 January 2005 to 31 December 2005	19 November 2003* to 31 December 2004
	£	£
Teddy Tulloch (Chairman)	**14,000**	15,644
Richard Burns	**12,000**	13,414
David Hough	**12,000**	13,414
Ian McBean	**12,000**	13,414

* Date of appointment

There is no notice period and no provision for compensation upon early termination of appointment.

Fees in respect of the services of David Hough are paid to his principal employer, Rathbones plc.

Approval
The Directors' Remuneration Report was approved by the Board on 28 February 2006.

Teddy Tulloch
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its net return for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They also have responsibility for safeguarding the assets of the Company and for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT
to the members of EP Global Opportunities Trust plc

We have audited the Company's financial statements for the year ended 31 December 2005 which comprise the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Statement of Cash Flow and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. 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 regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Summary, Financial Summary, Chairman's Statement, Manager's Report and Portfolio Analysis, Portfolio of Investments, Distribution of Investments, Investment Manager, Directors and Corporate Information, Directors' Report, the unaudited part of the Directors' Remuneration Report, Glossary of Investment Trust Technical Terms, Shareholder Information and Notice of Annual General Meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

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

Opinion
In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2005 and of its net return 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
Edinburgh

28 February 2006

INCOME STATEMENT
for the year ended 31 December 2005

		2005			2004 (restated)*		
		Revenue	**Capital**	**Total**	Revenue	Capital	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments	9	**–**	**9,906**	**9,906**	–	4,237	4,237
Foreign exchange losses on capital items		**–**	**(94)**	**(94)**	–	(61)	(61)
Income	3	**824**	**–**	**824**	571	–	571
Investment management fee	4	**(241)**	**–**	**(241)**	(173)	–	(173)
Other expenses	5	**(242)**	**–**	**(242)**	(230)	–	(230)
Net return before taxation		**341**	**9,812**	**10,153**	168	4,176	4,344
Taxation	6	**(68)**	**–**	**(68)**	(37)	–	(37)
Net return after taxation		**273**	**9,812**	**10,085**	131	4,176	4,307
		pence	pence	pence	pence	pence	pence
Return per ordinary share**	8	**1.13**	**40.57**	**41.70**	0.59	18.67	19.26

All revenue and capital items in the above statement derive from continuing operations.

The total column of this statement is the profit and loss account of the Company.

A separate Statement of Total Recognised Gains and Losses has not been prepared as all such gains and losses are included in the Income Statement.

* For details of the restatement of the Company's comparative figures please refer to note 1.

** Based on the weighted average number of shares in issue during the period.

The notes on pages 25 to 34 form part of these financial statements.

BALANCE SHEET
as at 31 December 2005

	Note	2005 £'000	2004 (restated)* £'000
Fixed assets:			
Investments	9	**49,812**	25,389
Current assets:			
Debtors	11	**112**	60
Cash at bank		**2,479**	826
		2,591	886
Creditors – amounts falling due within one year	12	**162**	145
Net current assets		**2,429**	741
Net assets		**52,241**	26,130
Capital and reserves:			
Called-up share capital	15	**334**	224
Capital redemption reserve	16	**1**	1
Share premium account	16	**17,099**	1,092
Special reserve	16	**20,506**	20,506
Capital reserve – realised	16	**5,439**	393
– unrealised	16	**8,549**	3,783
Revenue reserve	16	**313**	131
Total shareholders' funds		**52,241**	26,130
		pence	pence
Net asset value per ordinary share	17	**156.2**	116.4

* For details of the restatement of the Company's comparative figures please refer to note 1.

These financial statements were approved by the Board of Directors on 28 February 2006.

Teddy Tulloch
Chairman

The notes on pages 25 to 34 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Opening shareholders' funds (as originally stated)	17	**26,077**	–
Restatements	17	**53**	–
Opening shareholders' funds (restated)	17	**26,130**	–
Issue of shares		**110**	225
Premium on issue of shares		**16,350**	22,322
Expenses of share issue		**(343)**	(646)
Purchase of shares for cancellation		**–**	(78)
Net return after taxation for the year		**10,085**	4,307
Dividends paid	7	**(91)**	–
Closing shareholders' funds		**52,241**	26,130

STATEMENT OF CASH FLOW
for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Operating activities:			
Investment income received		**648**	408
Bank deposit interest received		**36**	83
Investment management fees paid		**(202)**	(128)
Secretarial fees paid		**(62)**	(48)
Other cash payments		**(142)**	(162)
Net cash inflow from operating activities	18	**278**	153
Investing activities:			
Purchases of investments		**(32,538)**	(26,503)
Sales of investments		**17,975**	5,414
Exchange losses on settlement		**(94)**	(61)
Net cash outflow from investing activities		**(14,657)**	(21,150)
Net cash outflow before financing		**(14,379)**	(20,997)
Financing:			
Proceeds of share issues		**16,460**	22,547
Expenses of share issues		**(337)**	(646)
Purchase of shares for cancellation		**–**	(78)
Equity dividends paid		**(91)**	–
Net cash inflow from financing		**16,032**	21,823
Increase in cash	19	**1,653**	826

The notes on pages 25 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

1 Changes in accounting policies

This Annual Report has been prepared using new accounting standards which have been issued to converge UK accounting standards with International Financial Reporting Standards ("IFRS"). The small effect on the net asset value of these changes is laid out in the table in note 17. The first change, Financial Reporting Standard ("FRS") 21, is to recognise any dividend payable as a liability only after it has been declared rather than when proposed. The second, FRS 26, is to value the portfolio of investments at bid prices rather than at mid market prices.

2 Accounting policies

Accounting convention

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice revised in December 2005 regarding the financial statements of Investment Trust Companies.

Comparative figures relate to the period 13 November 2003 to 31 December 2004.

Income recognition

Dividend and other investment income is included as revenue when the investments concerned are quoted 'ex-dividend'. Income arising on holdings of fixed income securities is recognised on a time apportionment basis so as to reflect the effective interest rate on that security. Deposit interest and underwriting commission receivable is included on an accruals basis.

Management expenses and finance costs

All expenses are accounted for on an accruals basis. All operating expenses are charged through the revenue account in the Income Statement except costs that are incidental to the acquisition or disposal of investments, which are charged to the capital account.

Expenses related to the issue of new shares are charged to the Company's share premium account.

Investments

All investments held by the Company are classified as 'fair value through profit or loss'. Investments are initially recognised at cost, being the fair value of the consideration given. Interest accrued on fixed interest rate securities at the date of purchase or sale is accounted for separately as accrued income, so that the value or purchase price or sale proceeds is shown net of such items.

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the Income Statement and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset. Unlisted investments will be valued by the Directors at fair value. In valuing the Edinburgh Partners option, the Directors will have regard to the guidelines on valuation published by the British Venture Capital Association.

Foreign currency

Transactions denominated in foreign currencies are converted to sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rate of exchange at the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is of a capital or revenue nature.

2 Accounting policies – continued

Taxation

The charge for taxation is based on the net revenue for the period. In accordance with Financial Reporting Standard No.16: Current Tax, franked investment income is shown net of the associated tax credit, therefore no tax credits are included within the charge for taxation.

The charge for taxation takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not been reversed by the Balance Sheet date, unless such provision is not permitted by Financial Reporting Standard No. 19: Deferred Tax. 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 arising 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.

Dividends payable to shareholders

Dividends to shareholders are recognised as a liability in the period in which they have been declared. The annual dividend is proposed by the Board and is not declared until approved by the shareholders at the annual general meeting following the year end.

3 Income

	2005	2004
	£'000	£'000
Income from listed investments:		
UK dividend income	**247**	180
Overseas dividends	**541**	291
Dividends reinvested	**–**	17
	788	488
Other income:		
Bank interest receivable	**36**	83
	824	571
Total income comprises:		
Dividends	**788**	488
Interest	**36**	83
	824	571

4 Investment Management fee

	2005	2004
	Total	Total
	£'000	£'000
Investment Management fee	**241**	173

The Investment Management fee is paid quarterly in arrears, at the rate of 0.75% per annum (excluding VAT) of the market capitalisation of the Company. At 31 December 2005 there was £82,000 (excluding VAT) outstanding (2004: £43,000).

In addition the Investment Manager received an administration fee of £62,000 per annum (excluding VAT) (2004: £60,000).

5 Other expenses

	2005	2004
	£'000	£'000
Administration and Secretarial fees	**62**	63
Auditor's remuneration for:		
Audit	**14**	12
Non-audit services	**–**	3
Directors' remuneration	**50**	56
Other	**116**	96
	242	230

The Company's Auditor was also paid £7,000 (2004: £14,000) (including VAT) for services in connection with the admission of the Company's shares to listing pursuant to the placing and offer in November 2005. These expenses have been charged to the share premium account.

6 Taxation

a) Analysis of charge in year

	2005	2004
	£'000	£'000
Current tax:		
UK Corporation tax	**10**	–
Overseas tax suffered	**68**	37
Double taxation relief	**(10)**	–
	68	37
Deferred tax:		
Timing differences	**8**	–
Double taxation relief	**(8)**	–
	–	–
Taxation on ordinary activities	**68**	37

b) The current taxation charge for the year is lower than the standard rate of Corporation Tax in the UK (30%). The differences are explained below:

	2005	2004
	£'000	£'000
Revenue on ordinary activities before taxation	**341**	168
Theoretical tax at UK corporation tax rate of 30%	**102**	50
Effects of:		
– UK dividends that are not taxable	**(74)**	(54)
– Tax (losses)/gains	**(4)**	4
– Accrued income adjustment	**(8)**	–
– Overseas taxation not recoverable	**58**	37
– Marginal relief adjustment	**(6)**	–
	68	37

The tax charge has been reconciled to the revenue return rather than to the total return as the capital return is not subject to tax.

6 Taxation – continued

c) Factors that may affect future tax charges

After allowing for accrued taxable income at the year-end, the Company has eligible unrelieved foreign tax of £78,900 (2004: £37,300) that is available to offset against tax chargeable on future taxable overseas revenue. No deferred tax asset has been recognised in respect of these amounts as they will only be recoverable to the extent that there is sufficient future taxable overseas revenue, not relieved by future eligible foreign tax suffered.

7 Dividends	**2005**	2004
Declared and paid	£'000	£'000
2004 dividend of 0.40p per ordinary share*	**91**	–
	91	–
Proposed		
2005 dividend of 0.80p (2004: 0.40p) per ordinary share**	**268**	90
	268	90

* The Company issued a total of 300,000 ordinary shares prior to the record date for the final dividend for the period ended 31 December 2004 and therefore these shareholders were entitled to receive that dividend. The total amount paid by the Company was £1,000 higher than the original proposed dividend of £90,000.

** Between 31 December 2005 and the date of this report the Company issued a total of 175,000 shares. Being prior to the record date for the dividend for the year ended 31 December 2005 these shareholders are entitled to receive that dividend. Any further issues of shares up to 7 April 2006 will also receive the dividend payable for the year (details of further issues of shares subsequent to the date of this report are noted under 'Capital Structure' on page 1).

8 Return per ordinary share		**2005**			2004	
	Net return	**Ordinary shares*** **	**Per share**	Net return	Ordinary shares***	Per share
	£'000		pence	£'000		pence
Revenue return	**273**	**24,186,688**	**1.13**	131	22,365,329	0.59
Capital return	**9,812**	**24,186,688**	**40.57**	4,176	22,365,329	18.67
Total return			**41.70**			19.26

*** Weighted average number of ordinary shares in issue during the period.

9 Investments

	2005	2004 (restated)
	£'000	£'000
Listed investments	**49,557**	25,389
Unlisted investments	**255**	–
	49,812	25,389

	Unlisted	Listed	2005 Total	2004 Total
	£'000	£'000	£'000	£'000
Analysis of investment portfolio movements				
Opening book cost	–	21,606	**21,606**	–
Opening unrealised appreciation	–	3,783	**3,783**	–
Opening valuation	–	25,389	**25,389**	–
Movements in the period:				
Purchases at cost	–	32,492	**32,492**	27,491
Sales – proceeds	–	(17,975)	**(17,975)**	(6,339)
– realised gains on sales	–	5,140	**5,140**	454
Increase in unrealised appreciation	255	4,511	**4,766**	3,783
Closing valuation	255	49,557	**49,812**	25,389
Closing book cost	–	41,263	**41,263**	21,606
Closing unrealised appreciation	255	8,294	**8,549**	3,783
	255	49,557	**49,812**	25,389

	Unlisted	Listed	2005 Total	2004 Total
	£'000	£'000	£'000	£'000
Analysis of capital gains and losses				
Realised gains on sales	–	5,140	**5,140**	454
Increase in unrealised appreciation on investments	255	4,511	**4,766**	3,783
Gains on investments	255	9,651	**9,906**	4,237

Transaction costs

During the year the Company incurred transaction costs of £93,000 (2004: £100,000) and £35,000 (2004: £11,000) on purchases and sales of investments respectively. These amounts are included in gains on investments, as disclosed in the Income Statement.

10 Significant holdings

The Company had no holdings of 3% or more of the share capital of portfolio companies that are material in the context of the financial statements.

11 Debtors

	2005	2004
	£'000	£'000
Dividends receivable	**64**	7
Prepayments and accrued income	**13**	34
Taxation recoverable	**35**	19
	112	60

12 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Amounts due to brokers	**–**	46
Other creditors and accruals	**162**	99
	162	145

13 Provision for liabilities and charges

No provision for liabilities and charges is considered necessary at the Company's year end (2004: £nil). There were no amounts unprovided in respect of deferred taxation.

14 Contingent liabilities

At the year end there were no outstanding commitments in respect of investments carrying an obligation for future subscriptions (2004: £nil).

15 Share capital

	2005	2004
	£'000	£'000
Authorised:		
150,000,000 (2004: 90,000,000) ordinary shares of 1p each	**1,500**	900
Allotted, called up and fully paid:		
33,444,010 (2004: 22,445,339) ordinary shares of 1p each	**334**	224

On 9 February 2005, 200,000 ordinary shares of 1p were allotted and paid up in full at a price of 120.0p, ranking pari passu with the existing ordinary shares.

On 17 February 2005, a further 100,000 ordinary shares of 1p were allotted and paid up in full at a price of 122.5p, ranking pari passu with the existing ordinary shares.

On 25 May 2005, a further 220,000 ordinary shares of 1p were allotted and paid up in full at a price of 123.0p, ranking pari passu with the existing ordinary shares.

On 27 May 2005, a further 100,000 ordinary shares of 1p were allotted and paid up in full at a price of 124.0p, ranking pari passu with the existing ordinary shares.

On 21 September 2005, a further 196,741 ordinary shares of 1p were allotted and paid up in full at a price of 141.0p, ranking pari passu with the existing ordinary shares.

On 17 November 2005 following a Placing and Public Offer for Subscription, 10,181,930 ordinary shares of 1p each were issued, fully paid, at a price of 151.5p per ordinary share.

Details of share issues subsequent to the year end can be found in the Directors' Report. Details of further issues of shares subsequent to the date of this report are noted under 'Capital structure' on page 1.

Duration of the Company

The Company does not have a termination date nor the requirement for any periodic continuation votes.

16 Reserves

	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserve £'000
Opening balance at 13 November 2003	–	–	–	–	–	–
Premium on issue of shares	–	22,322	–	–	–	–
Expenses of share issue	–	(646)	–	–	–	–
Net gains on realisation of investments	–	–	–	454	–	–
Unrealised appreciation on investments	–	–	–	–	3,820	–
Exchange losses on capital items	–	–	–	(61)	–	–
Purchase of shares for cancellation	1	–	(78)	–	–	–
Transfer to special reserve	–	(20,584)	20,584	–	–	–
Net return after taxation for the period	–	–	–	–	–	41
Dividends paid	–	–	–	–	–	–
Balance at 31 December 2004 (as originally stated)	1	1,092	20,506	393	3,820	41
Restatements (note 17)	–	–	–	–	(37)	90
Balance at 31 December 2004 (restated)	1	1,092	20,506	393	3,783	131
Premium on issue of shares	–	16,350	–	–	–	–
Expenses of share issue	–	(343)	–	–	–	–
Net gains on realisation of investments	–	–	–	2,858	–	–
Transfer on disposal of investments	–	–	–	2,282	(2,282)	–
Unrealised appreciation on investments	–	–	–	–	7,048	–
Exchange losses on capital items	–	–	–	(94)	–	–
Net return after taxation for the year	–	–	–	–	–	273
Dividends paid	–	–	–	–	–	(91)
31 December 2005	**1**	**17,099**	**20,506**	**5,439**	**8,549**	**313**

The revenue reserve represents the amount of the Company's reserves distributable by way of dividends.

17 Net asset value per share

The net asset value per share, calculated in accordance with the Articles of Association, is as follows:

	2005	2004
	pence	pence
Ordinary share	**156.2**	116.4

The net asset value per ordinary share is based on net assets of £52,241,000 (2004: £26,130,000) and on 33,444,010 (2004: 22,445,339) ordinary shares being the number of ordinary shares in issue at the year end.

Reconciliation of changes to net asset value as at 31 December 2004 resulting from accounting policy changes:

	31 December 2004	
	£'000	pence
Net asset value (as originally stated)*	26,077	116.2
Increase due to dividend accounting change	90	0.4
Reduction due to using bid prices	(37)	(0.2)
Net assets per revised UK GAAP	26,130	116.4

* Including current period revenue

18 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2005	2004
	£'000	£'0000
Net return before finance costs and taxation	**10,153**	4,344
Net gains on investments	**(9,812)**	(4,176)
Dividends reinvested	**–**	(17)
Increase in creditors	**57**	99
Increase in debtors and accrued income	**(36)**	(41)
Tax deducted from investment income	**(84)**	(56)
Net cash inflow from operating activities	**278**	153

19 Reconciliation of net cash flow to movement in net funds

	2005	2004
	£'000	£'000
Increase in cash for the period	**1,653**	826
Net funds at 1 January 2005	**826**	–
Net funds at 31 December 2005	**2,479**	826

20 Analysis of financial assets and liabilities

The investment objective of the Company is to provide shareholders with an attractive real long-term total return by investing globally in undervalued securities.

The principal risks the Company faces through the holding of financial instruments are:

– Market price risk, i.e. the movements in value of investment holdings caused by factors other than currency movements;

– Foreign currency risk;

– Liquidity risk;

– Interest rate risk.

The Investment Manager monitors the financial risks affecting the Company on an ongoing basis within the policies and guidelines determined by the Board. The Directors receive financial information, which is used to identify and monitor risk, quarterly. The Company may enter into derivative contracts to manage risk but has not done so to date.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Investment Manager monitors the prices of financial instruments held by the Company on an ongoing basis.

Foreign currency risk

The base currency of the Company is sterling and, therefore, the Company's principal exposure to foreign currency risk comprises investments in securities priced in other currencies.

Liquidity risk

The Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

Securities listed on a recognised stock exchange have been valued at bid prices and exchange rates ruling at the close of business on 31 December 2005. In certain circumstances, the market prices at which investments are valued may not represent the realisable value of those investments, taking into account both the size of the Company's holding and the frequency with which such investments are traded.

20 Analysis of financial assets and liabilities – continued

Interest rate risk

The Company's assets and liabilities, excluding short-term debtors and creditors, may comprise financial instruments which include investments in fixed interest securities.

The interest rate profile of the Company's financial assets was:

		2005			2004 (restated)	
	Total	**Financial assets on which no interest is received**	**Floating rate financial assets – fair value**	Total	Financial assets on which no interest is received	Floating rate financial assets – fair value
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Equity shares						–
Euro	**16,156**	**16,156**	**–**	9,876	9,876	–
Sterling	**10,935**	**10,935**	**–**	6,651	6,651	–
Japanese yen	**8,536**	**8,536**	**–**	5,775	5,775	–
US dollar	**6,593**	**6,593**	**–**	–	–	–
Swiss franc	**2,575**	**2,575**	**–**	–	–	–
South Korean won	**1,387**	**1,387**	**–**	1,615	1,615	–
Indonesian rupiah	**1,381**	**1,381**	**–**	–	–	–
Turkish lira	**1,250**	**1,250**	**–**	–	–	–
Swedish kroner	**999**	**999**	**–**	784	784	–
Hong Kong dollars	**–**	**–**	**–**	688	688	–
Cash at bank						
Sterling	**2,479**	**–**	**2,479**	826	–	826
	52,291	**49,812**	**2,479**	26,215	25,389	826

At 31 December 2005 the Company had no financial liabilities other than short-term creditors.

Fair value of financial assets and liabilities

All financial assets and liabilities of the Company are held at fair value.

21 Related Parties

Information with respect to transactions with related parties is provided in the Directors' Report.

GLOSSARY OF INVESTMENT TRUST TECHNICAL TERMS

Discount
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Gearing
Gearing is the process whereby changes in the total assets of a company have an exaggerated effect on the net assets of that company's ordinary shares due to the presence of borrowings.

ISAs, PEPs and SIPPs
Individual Savings Accounts, Personal Equity Plans and Self-Invested Personal Pensions.

Net asset value ('NAV')
The NAV is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of a company's assets, at current market value, having deducted all prior charges at their par value (or at their market value).

Total assets
Total assets less current liabilities before deducting prior charges. Prior charges include all loans used for investment purposes.

Total expense ratio
The total operating expenses incurred by a company, including any charged to capital (excluding interest costs) as a percentage of average total shareholders' funds.

Total return
The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares of the trust at the time the shares go ex-dividend (the share price total return) or in the assets of the investment trust at its NAV per share (the NAV total return).

Treasury shares
Shares previously issued by a company that have been bought back from shareholders to be held by the company for potential re-issue at a later date.

SHAREHOLDER INFORMATION

Investing in the Company
The Company's ordinary shares are traded on the London Stock Exchange. You can buy or sell shares through your stockbroker, bank or other professional investment adviser. Shares in the Company may also be bought and held in an ISA, PEP or Share Plan through the Edinburgh Partners Investment Trust Savings Scheme. Further information is available on the Edinburgh Partners' website www.edinburghpartners.com or by telephone on 0845 850 0181.

Frequency of NAV publication
The Company's ordinary share net asset value is released weekly to the London Stock Exchange and published on the Edinburgh Partners' website (www.edinburghpartners.com).

Sources of further information
The Company's ordinary share price is quoted daily in the Financial Times under "Investment Companies". Previous day closing price, weekly net asset value and other portfolio information is published on the Edinburgh Partners' website (www.edinburghpartners.com). Other useful information on investment trusts, such as prices, net asset values and company announcements, can be found on the websites of the London Stock Exchange (www.londonstockexchange.com) and the AITC (www.aitc.co.uk).

Share register enquiries
The register for the ordinary shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0870 889 3101. Changes of name and/or address must be notified in writing to the Registrar, at the address shown on page 10.

Key dates

Company's year end	31 December
Final dividend paid	May
Annual results announced	February
Annual General Meeting	April
Company's half-year	30 June
Interim results announced	September

This document is not a recommendation, offer or invitation to buy, sell or hold shares of the Company. If you wish to deal in shares of the Company, you should contact an authorised professional investment adviser. The value of the Company's shares may fluctuate and investors may not get back the full value of their investment.

Registered in Scotland No. 259207
An investment company as defined under Section 266 of the Companies Act 1985

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at The Bonham Hotel, 35 Drumsheugh Gardens, Edinburgh EH3 7RN on Wednesday, 19 April 2006, at 12.00pm for the following purposes:

		Resolution on Form of Proxy
Ordinary business		
1	To receive and, if thought fit, to accept the Reports of the Directors and Auditor and the audited financial statements for the year ended 31 December 2005.	Resolution 1
2	To receive and approve the Directors' Remuneration Report for the year ended 31 December 2005.	Resolution 2
3	To reappoint Ernst & Young LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.	Resolution 3
4	To re-elect Teddy Tulloch as a Director of the Company.	Resolution 4
5	To declare a dividend of 0.8p per ordinary share for the year ended 31 December 2005.	Resolution 5
Special business		
6	To consider and, if thought fit, pass the following resolution as a Special Resolution:	Resolution 6

THAT the Company be and is generally and unconditionally authorised for the purposes of section 166 of the Companies Act 1985 (as amended) (the "Act") to make one or more market purchases (within the meaning of section 163(3) of the Act) on the London Stock Exchange of ordinary shares of 1 pence each ("Shares") in the capital of the Company provided that:

(a) the maximum aggregate number of Shares hereby authorised to be purchased is 5,039,489 Shares;

(b) the minimum price which may be paid for such shares is 1 pence per Share;

(c) the maximum price which may be paid for a Share shall not be more than 5 per cent above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the relevant share for the five business days immediately preceding the date on which the relevant share is purchased;

(d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Company's next annual general meeting to be held in 2007 or, if earlier, fifteen months from the passing of this resolution, save that the Company may prior to such expiry, enter into a contract or arrangement to purchase Shares under such authority after such expiry which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Shares pursuant to any such contract or arrangement as if the authority conferred hereby had not expired.

7 To consider and, if thought fit, pass the following resolution as a Special Resolution: Resolution 7

THAT in substitution for any existing power under section 95 of the Companies Act 1985 (as amended) (the "Act") but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) wholly for cash pursuant to any existing authority given in accordance with section 80 of the Act as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of such securities by way of rights to holders of ordinary shares of 1 pence each ("Shares") in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings of such Shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems arising in connection with the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £500,000,

and shall expire at the conclusion of the Company's next annual general meeting to be held in 2007 or, if earlier, fifteen months from the passing of this resolution, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offers or agreements notwithstanding that the power conferred by this resolution has expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this Resolution 7 the words "pursuant to any existing authority given in accordance with section 80 of the Act" were omitted.

By order of the Board:
Kenneth J Greig,
Secretary
Registered Office: 16 Charlotte Square, Edinburgh EH2 4DF

28 February 2006

A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of him or her. A proxy need not also be a member of the Company. To be effective, forms of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1941 of that power or authority must be lodged with the Company's Registrar, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Lodgement of the form of proxy will not preclude a shareholder from attending the meeting and voting in person.

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6pm on 17 April 2006 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of the adjourned meeting, shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6pm on 17 April 2006 (or in the event that the meeting is adjourned, 48 hours before the time of the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting notwithstanding any provisions in any enactment, the Articles of Association of the Company or any other instrument to the contrary.

Shareholders (and any proxy or representatives they appoint) agree, by attending the meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting.

Note: The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays, Sundays and Public Holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting:

a) A statement of all transactions of each Director and of their family interests in the share capital of the Company.

b) The Articles of Association.

c) The Directors' letters of appointment.

NOTES