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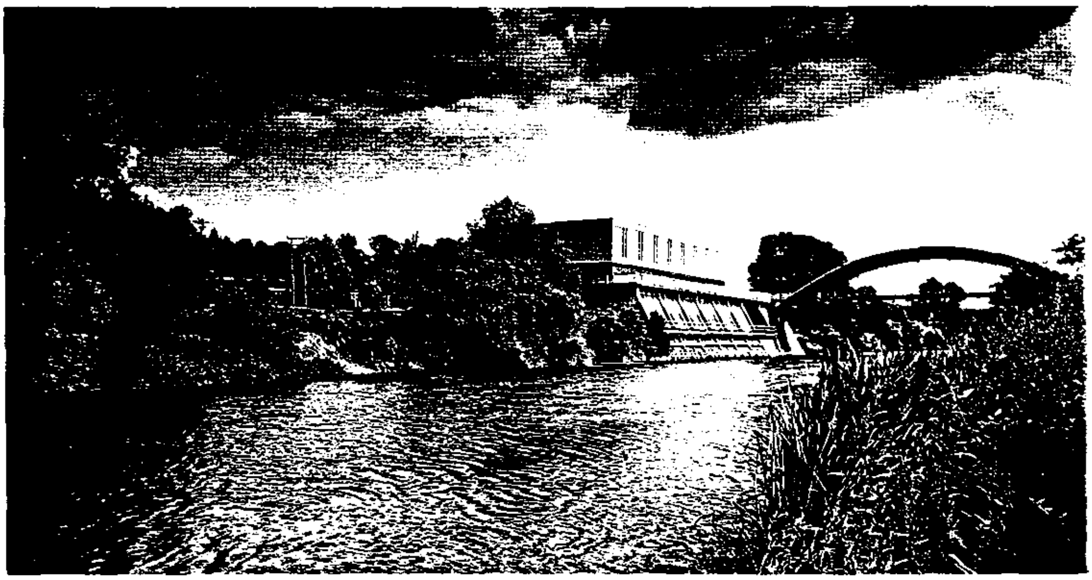

Foreign & Colonial Special Utilities Investment Trust PLC

Report & Accounts 1999

Foreign & Colonial

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Funds Managed by the Hypo Foreign & Colonial Group	Inside back cover

Cover photograph: Pipe bridge over the River Severn
at Hampton Loade - South Staffordshire Water.

To provide a secure and growing dividend combined with capital appreciation by investing in utility and related companies.

Summary of Results

		Split Capital Pool			'S' Pool
		Income shares	Capital shares	Package shares	Ordinary shares
Net assets per share/unit	1999	60.49p	143.44p	203.93p	175.54p
	1998	60.30p	122.40p	182.70p	143.48p
	change	0.32%	17.19%	11.62%	22.34%
Earnings per share/unit	1999	5.89p	–	5.89p	3.48p
	1998	5.35p	–	5.35p	3.17p
	change	10.09%	–	10.09%	9.78%
Dividends per share/unit	1999	5.70p	–	5.70p	3.42p
	1998	5.42p	–	5.42p	3.26p
	change	5.17%	–	5.17%	4.91%
Share/unit price	1999	70.00p	120.75p	192.50p	158.50p
	1998	75.75p	85.00p	155.50p	106.50p
	change	– 7.59%	+ 42.06%	+ 23.79%	+ 48.83%

1 The diluted net asset value per 'S' share at 30 September 1999 was 163.74p (1998:141.78p)

2 The 'S' pool warrant price at 30 September 1999 was 68.50p (1998:35.50p)

Financial Calendar

Annual General Meeting	21 December 1999
Final dividend payable	4 January 2000
Interim results for 1999/2000 announced	May 2000
Interim dividend payable	July 2000
Final results for 1999/2000 announced	November 2000

Company Registration Number: 2829844

Chairman's Statement

Dear Shareholder

I am pleased to report a sixth successive year of growth in both asset value and dividend for your Company.

During the year, the net asset value of the Split Capital Pool grew by 11.6% with the net asset value attributable to the Capital shares in the Split Capital Pool growing by 17.2%.

The net asset value of the 'S' Share Pool increased by 22.3%.

The dividend on the Income shares in the Split Capital Pool is being increased from 5.42p to 5.70p, an uplift of 5.2%. This compares with growth in net dividends on the FTSE All-Share Index of 2.1%. We therefore continue to outperform our benchmark for dividend growth.

The dividend on the 'S' shares is being increased from 3.26p to 3.42p, an increase of 4.9%.

I am also pleased to report two initiatives that your Board has taken this year to enhance shareholder value. We now have authority to buy back the Company's shares and we are also in the process of reviewing the investment management agreement which should result in material cost savings for your Company.

Background to the year

When I wrote to you in June with the Company's interim results for the six months ended 31 March 1999, I reported that stockmarkets had exerted a positive influence on the Company's net asset value in the half year. However, in the second half of the financial year, most of the the stockmarkets in which your Company invests were slightly down and this was reflected in your Company's investment performance, with the net asset value of the Split Capital Pool marginally down in the second half and that of the 'S' Share Pool unchanged.

The currencies to which we have the largest exposure, the US$, Euro, A$ and NZ$ weakened against sterling in the second half with the exception of the A$. The overall currency impact on the portfolio was therefore negative although the Managers mitigated this by hedging most of the exposure to the NZ$ by forward foreign exchange contracts and borrowing in NZ$.

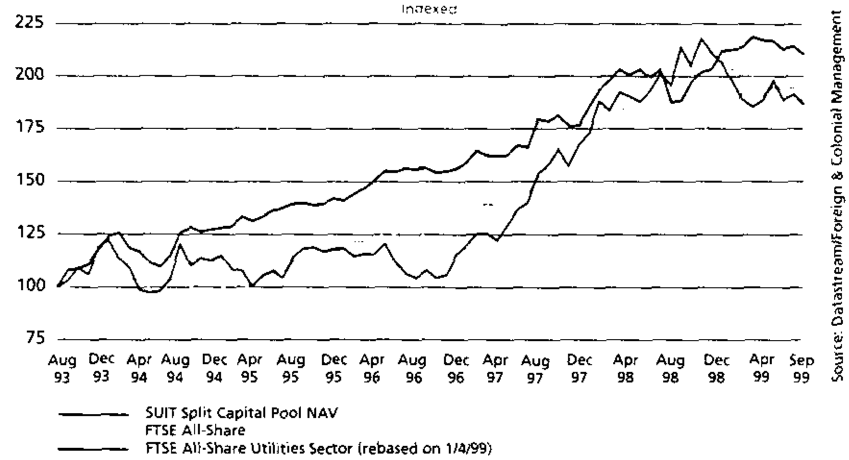
The US and UK stockmarkets, the two markets which have the most impact on your Company's portfolio, the former because of its pre eminent influence on all other stockmarkets and the latter because the UK remains our largest exposure, are still trading at very high levels historically. It must be a possibility that we will see a further correction within the next 6 months, especially in the US, where the stockmarket is more expensive than in the UK.

Split Capital Pool

The increase of 11.6% in net asset value of the Split Capital Pool and the increase of 17.2% attributable to the Capital shares compares with a decrease in the FTSE Utilities Index of 12.8%. The graph below shows the extent to which we have outperformed the FTSE Utilities Index since inception of trading in your Company's shares in August 1993.

Foreign & Colonial Special Utilities Investment Trust PLC

Net Asset Value Performance (Package Units) from inception to 30 September 1999



At 30 September 1999, some 64.2% of the portfolio of the Split Capital Pool was invested in overseas utilities. The comparable figure at 30 September 1998 was 51.9% so that we continue, as planned, to increase our overseas exposure although the extent has been exacerbated this year by the weak performance of our small water only stocks discussed further below.

Shareholders will remember that one of our goals was to shift the emphasis of the portfolio from the UK as UK regulatory regimes tightened to a predominantly international portfolio, where we believed utility regulation would be more benign. It is very pleasing to be able to report that not only have we shifted the emphasis of the portfolio but also that we have achieved this while meeting Income shareholders' expectations of dividend increases in excess of those on the FTSE All-Share Index.

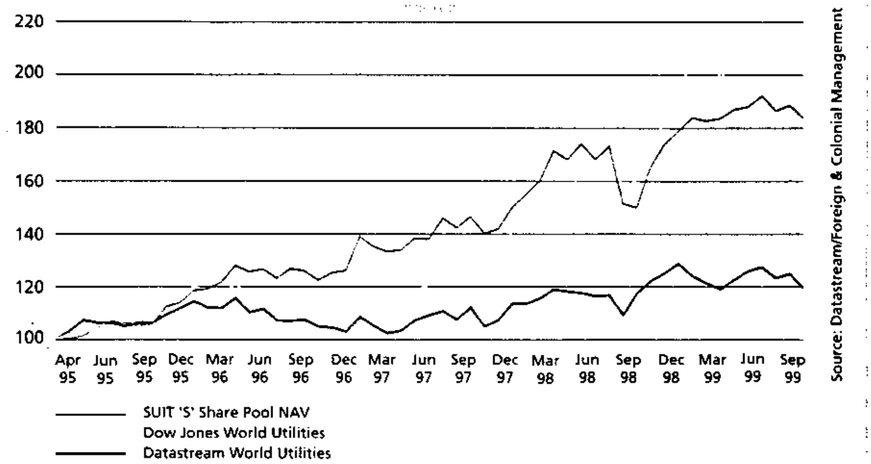
The proportion of the portfolio invested in the small water only UK utilities at the year end was 32.2%, while the comparable figure at 30 September 1998 was 42.8%. We made some disposals during the year, the largest being the sale of our holding of voting Ordinary shares in Cambridge Water, where we realised a gain of £850,000. Even after taking account of the gains on disposals, our small water only portfolio declined in value over the year by 12.4%.

With a significant part of the portfolio underperforming in this way, the overall increase in net asset value of 11.6% has been achieved by outperformance in other sectors and, in particular, the telecoms sector. Over the year, the Managers increased the exposure to telecoms to a level of 20.7% at 30 September 1999 from 15.5% one year earlier and the overall performance of the telecoms portfolio was very strong. The sector offers high growth. It is also a large and varied sector, dynamic and subject to rapid technological and regulatory change. There is undoubted potential for outperformance but the best results will only be achieved by those who are prepared to carry out thorough and detailed research and analysis. Your Company's current policy is to maintain a significant exposure to telecoms. Further information on the telecoms sector is contained in the Investment Managers' Report.

Proposed price limits for the five years beginning 1 April 2000 covering the UK water utilities, both the large water service companies and the small water only utilities, were published by OFWAT in July. The proposed price limits were no better overall than anticipated by the market and for some companies, including East Surrey Holdings, the price limits were harsher than expected. The sector has underperformed the UK market since the limits were announced in July, contributing to the underperformance of the small water only stocks held by your Company. Final price limits will be announced in November at which point the Managers will need to review whether the UK water industry will continue to offer sufficient growth opportunities over the long term.

Foreign & Colonial Special Utilities Investment Trust PLC

Net Asset Value Performance ('S' Shares) from inception to 30 September 1999



'S' Share Pool

The increase in net asset value for the year of 22.3% compares with sterling adjusted increases in the Dow Jones World Utilities Index of 25.5% and in the Datastream World Utilities Index of 1.6%. The variation in performance between these two Indices is largely driven by the different weightings in telecoms, with the Dow Jones World Utilities Index having a telecoms weighting of more than 50% and the Datastream World Utilities Index having a zero weighting in telecoms.

As with the Split Capital Pool, the 'S' Share Pool's performance was positively impacted by the strong performance of its telecoms portfolio which accounted for almost 29% of the portfolio at 30 September 1999. As with the Split Capital Pool, the current policy is to maintain a significant exposure.

Authority to buy back shares

Following the Extraordinary General Meeting and the Separate Class Meetings in the summer, the Company now has authority to buy back all classes of its shares and warrants. While your Board is not likely to exercise these powers at current levels of discount to net asset value, the Board regards it as essential that these powers are in place so that shareholders interests' can be protected if the discount(s) should widen to unacceptable levels.

Based on share prices at 15 November 1999 and the most recently published net asset values, the Package Units were trading at a discount of 13.7% to net asset value and the 'S' shares were trading at a 6.8% discount to diluted asset value.

Management Agreement

Your Board is currently reviewing with Foreign & Colonial Management Limited the terms of the Management Agreement originally entered into in August 1993. I am hopeful that I shall be able to advise you before the end of the year that the review has been completed and that it will result in a material cost saving for your Company.

Your Board will continue to be mindful of opportunities to enhance shareholder value over and above its principal goal of empowering the managers to produce superior investment returns.

The year ahead

One month ago the US and UK stockmarkets had corrected some 10% from their highs, most of which has now been retraced. However, concern remains about the long-term direction of interest rates and the level of the US dollar and trade deficit. While economic growth is more robust than forecast, our concern is that this could give rise to inflationary pressures with consequential knock-on effects on interest rates.

As I indicated above, a further stockmarket correction in the US is a possibility with potential consequential impact on other markets, but longer term we remain positive on the US and equities markets in general.

We will continue to look for utility and related investments that are capable of significant outperformance over the longer term, and to dispose of any existing investments which no longer meet this criterion. In this regard, we shall maintain our focus on the telecoms sector and will review our holdings in the UK water sector as appropriate. Notwithstanding how world stockmarkets may perform over the coming 6-12 months, I believe this approach, coupled with further selective use of hedging instruments to manage downside risk, will deliver attractive investment returns over the long term.

Alan Wheatley

Alan Wheatley,
November 1999

Investment Manager's Report

Split Capital Pool

We are pleased to report that in our sixth year of operation, net assets have continued to grow. The appreciation in net asset value of the package units was 11.6% and of the Capital shares was 17.2%.The graph on page 3 shows that since inception in August 1993, the net asset value of the package units has appreciated by 110.2%

In addition, we have increased the dividend on the Income shares by 5.2%.

At our year end, 30 September 1999, the Pool's investment portfolio had increased to £115.0 million. Our gross exposure by utility sector can be summarised as follows:

Utility Sector	%
Telecommunications	18.5
Electricity	13.0
Water	38.0
Gas distribution	5.7
Transportation	6.2
Fixed Interest	6.3
Other	12.3
	100.0

Our gross exposure is held through a combination of:

	%
Shares	90.2
Convertible securities/warrants	3.3
Fixed income	6.3
Derivatives (net position)	0.2
	100.0

Our exposure by currency is as follows:

	%
£ Sterling	44.1
US$/US$ linked	17.8
Other	38.1
	100.0

'S' Share Pool

We are pleased to report that in its fourth full year of operation, net asset value of the 'S' Share Pool grew by 22.3%. The graph on page 4 shows that since inception in April 1995, the net asset value of the 'S' Shares has appreciated by 84.0%.

In addition we have increased the dividend on the 'S' Shares by 4.9%.

At our year end, 30 September 1999, the Pool's investment portfolio had increased to £40.3 million. The gross exposure by utility sector can be summarised as follows:

Utility Sector	%
Telecommunications	25.6
Electricity	16.0
Water	21.4
Gas distribution	3.9
Transportation	11.9
Fixed Interest	6.9
Other	14.3
	100.0

Our gross exposure is held through a combination of:

	%
Shares	88.6
Convertible securities/warrants	4.3
Fixed income	6.9
Derivatives (net position)	0.2
	100.0

Our exposure by currency is as follows:

	%
£ Sterling	27.7
US$/US$ linked	19.4
Other	52.9
	100.0

This year we are reviewing some key aspects of the telecommunications industry, which represents the second largest exposure in the Company's portfolio after the water sector.

Every four years, the world's largest telecommunications exhibition and conference takes place in Geneva and provides regular staging posts to reflect the transformation of the industry. *Telecom 99*, the most recent, was held last month and a comparison of its principal themes with those of its immediate predecessor illustrates the unprecedented transformation that has taken place since 1995.

In 1995, the principal themes were the shift to liberalisation, privatisation and globalisation from a world where most telecoms markets remained closed, most operators remained state-owned and there was little merger and acquisition activity. Now with most markets open to competition, most formerly state owned operators privatised, a host of new entrants and mergers and acquisitions proceeding at a dizzy pace, the emphasis has changed.

At *Telecom 99*, it was the startling surge in the mobile phone sector and the growth in data transmission that were major talking points. The huge increase since 1995 in the uses to which the global telecoms network can be put was another theme. An example is "web hosting", which allows computer software to be delivered on demand over the network. This can take usage of the network to new levels with implications not only for capacity but also for the shape of the industry; will we see a convergence of the telecoms, computing and media industries? Then there was the ongoing debate about capacity; will there be a fibre glut or will new bandwidth hungry applications for which customers are willing to pay, such as "web hosting", continue to be devised.

These themes concerning the mobile sector, the huge growth in data transmission, convergence and capacity are the themes we will try to review in this Report along with a summary of our investment strategy.

British Gas service engineers are equipped with mobile phones, forming one of the largest user groups of mobile data services.
Photo: Vodafone Group Plc.

The surge in mobile

If anything exemplifies the unprecedented transformation of the industry in recent years, it is the explosion in the mobile sector. Currently, the second largest company by market capitalisation in the FTSE is Vodafone Airtouch at £ 89 billion. Orange, floated with a value of some £2 billion in 1996 is currently the subject of a £20bn takeover offer from Mannesman. Orange has yet to report annual profits. By 2003, it is estimated there will be around 1 billion mobile subscribers worldwide. The same estimates have fixed line subscribers at around 1.1 billion in 2003 so that within 3 years, mobile subscribers will almost have overtaken the number of fixed line subscribers. Another estimate has it that within 10 years, 50% of the world's voice calls will be made over mobile phones.

While mobile's potentially predominant position in voice telephony is generally accepted, attention is turning in a major way to mobile's potential in data and broadband. Existing GSM technology is already being used to receive and send e-mails directly on a mobile phone, using SMS (the short message service). However it is third generation mobile technology (3G) that will bring high speed internet and full motion video via broadband to a wide range of mobile devices. This will be expensive to roll out, with some estimates of $4 -6 billion for a 3G network, and it may be some years before the networks are operational as licences have not yet been awarded and with network roll out costs so high, roll out will likely be spread over several years. In the UK for example, there will be an auction in the first half of 2000 for five 3G licences. In the meantime, some mobile operators will be introducing intermediate technologies such as High-Speed Circuit Switched Data (HSCSD), General Packet Radio Service (GPRS) and EDGE (Enhanced GPRS) so that they can offer faster mobile data sooner. While existing GSM technology would take 90 seconds to download one page from the internet, the intermediate technologies will take from 28 seconds (HSCSD) to 2 seconds (EDGE). With 3G, the time will be down to 0.2 seconds. Introducing these intermediate technologies, which are clearly cheaper to introduce than 3G, will also give operators the opportunity to assess just how much customer demand there really is for high speed data and video over mobile and what the problems are. It should help them assess how much a 3G licence is worth and how rapidly they should roll out the new networks.

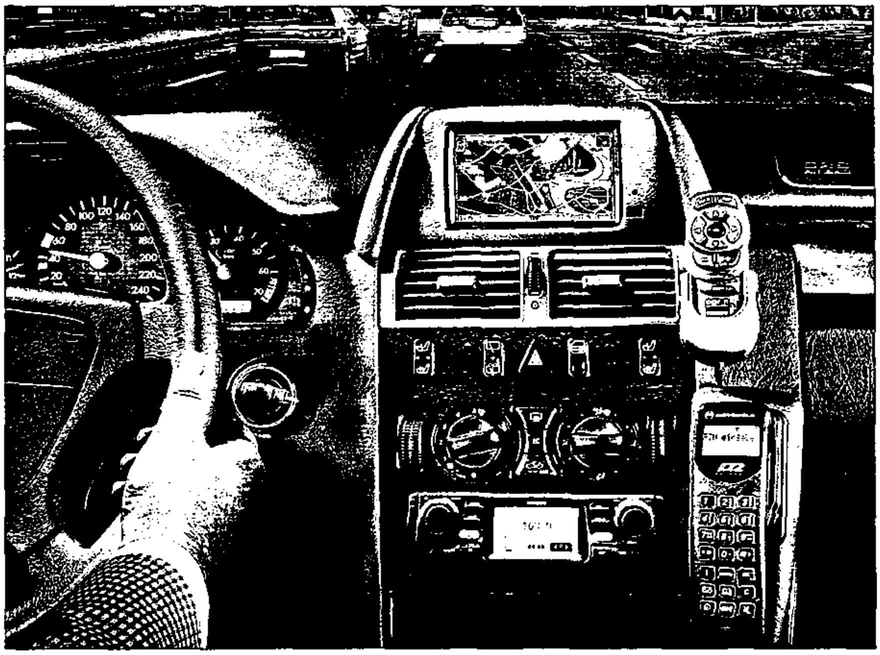
The limited display capabilities of a mobile phone will also influence direct usage of mobile for data and video. How practical is it to read a page of text on the display of a mobile phone? Some content on the web will not be suitable to the mobile phone. Other content like news headlines, stock prices, sports scores and data within defined parameters like a list of restaurants in a specific locality, will be very suitable. But some of these are already available to pagers and phones that incorporate pager functionality.

With the short message service, D2 MessagePlus, Mannesmann Mobilefunk subscribers can send and receive e-mails worldwide directly on their mobile.
Photo: Mannesman AG

We believe the transformation of mobile from a purely voice medium to a voice and data/broadband medium is underway although the speed at which 3G networks will be rolled out is less clear and it may be further down the road than the market is currently projecting.

Will mobile phones go even further and ultimately usurp personal computers? Microsoft's President recently said that it was no longer Microsoft's goal to put a computer on every desk and in every home but rather "to empower people with great software any time, any place with any device". At the least, this suggests something fundamental may be changing in the information technology industry and that computers may be usurped by other devices as the main platform for information accessing and processing applications. One of the most likely candidates is reckoned to be the mobile phone whose already powerful inbuilt computer can be put to other tasks than setting up and managing phone calls. A Nokia spokesman recently said that of the estimated 1 billion mobile subscribers by 2003, 150 million will be using phones that support mobile multi-media capabilities and that within 18 months these browser phones will outsell portable computers. A number of key developments are underlying this trend. Both Epoc (Symbian of the UK) and Windows CE (Microsoft) will provide applications supporting operating systems and familiar user environments for mobile phones just as Windows has for desktop computers. Bluetooth will provide a transparent interface between devices. Mobile phone operators realise the need for content to be relevant. They may need to provide different packages for different user groups. One of the benefits of a cellular system is its potential to detect the position of a handset via the identity of the base stations supporting the link. New technology can pinpoint a handset's position within 125 metres which gives mobile the potential to offer applications to customers that are not only very useful but also unique to mobile.

There will be overlap between mobile phones and computers but can we reasonably expect to generate a 25 page spreadsheet or a PowerPoint presentation using a mobile phone? As long as people still want keyboards, mobile phones will not finally usurp portable computers. While voice activated control might ultimately provide the keyboard function for mobile phones, accuracy rates are still too low for mobile phones to become the dominant force in mobile computing just yet.



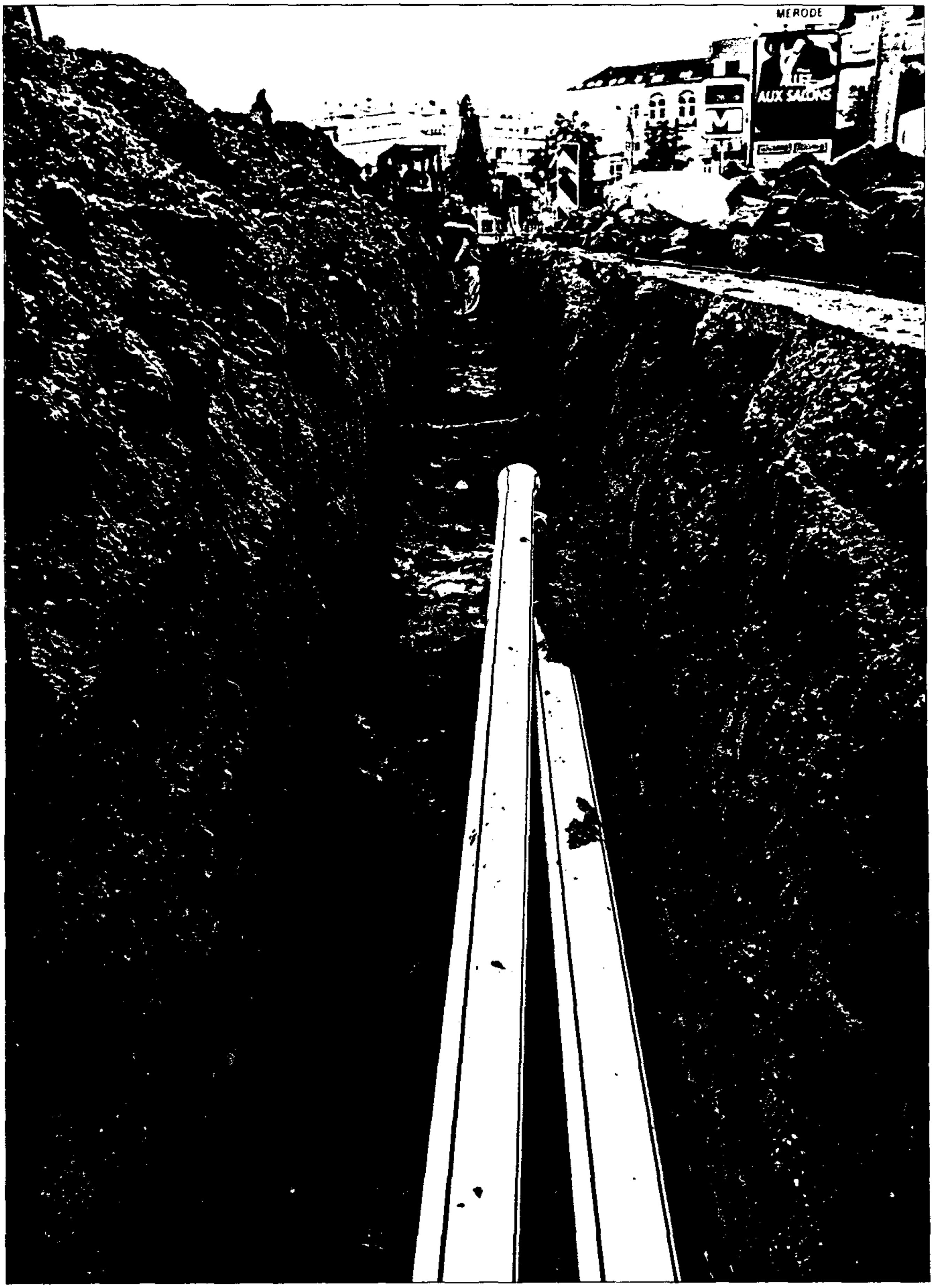
VDO Car Communication's dynamic navigation system CARiN 522 integrates current traffic reports finding the quickest route to the driver's destination. Photo: Mannesmann AG

The explosion in data

The growth in the transmission of data has been as phenomenal as the surge in the mobile phone sector. Fuelled by the internet and its applications including e-commerce, corporate intranets, business websites etc, and other data hungry services like video conferencing, some operators, including BT, believe that data volumes already exceed voice traffic volumes on some of their networks. This is having far reaching implications.

Firstly, there has been huge infrastructure investment, which is continuing. This is necessary to accommodate the exponential increase in traffic volumes and to increase transmission speeds. Accessing the internet via the local telephone network achieves speeds of around 56 kilobits/second (2.2 minutes to download a 300 page book) , whereas an ADSL network, for example, will offer download speeds of 2 megabits / second (3.8 seconds to download a 300 page book). This investment is building backbone networks on land and undersea, using fibre optic cable. Investment is also taking place in the local network or local loop. While carriers have built fibre into the offices and buildings of larger businesses, this is not the case for smaller businesses and homes. Here the principal competition to the incumbent telephone company is coming from cable TV companies who already have high-speed cable connections into millions of homes and businesses which can provide the desired speeds for internet access and other interactive services. They are also able to bundle a telephony offering with cable TV, capable of producing a more attractive and cheaper package than the pure telephony offering of an incumbent. The other likely competition in the local loop for the custom of small and medium sized businesses and homes is ADSL technology. ADSL has a material cost advantage over fibre optic cable, which is still too expensive for the small business and home markets, and over broadband wireless local loop technology where the technology is also further away from commercial application. ADSL does not involve building a new connection into the business or home but utilises the existing copper wire in the local loop with the addition of some electronics/software at the switch which has the effect of increasing transmission speeds significantly as indicated above. Competitors of the incumbents will require regulatory assistance to utilise ADSL technology in the shape of regulators allowing competitors to deliver their services using the incumbent's local loop, known as local loop unbundling. This has already happened in the US and in Hong Kong. As against cable, pricing to the customer is a factor since cable is "always on" and ADSL providers will need to offer flat-rate in place of time-based pricing to compete. Speeds are similar and ADSL can offer video on demand but cable has the great advantage of being able to bundle telephony with TV and some analysts believe that customers won't pay the extra for a service that only provides faster internet. ADSL providers, whether incumbents like BT and France Telecom, who are starting to offer ADSL services, or competitors may therefore need to develop partnerships with content providers.

Secondly, a lot of older equipment owned by the incumbents and based on analogue/circuit switch technology is becoming obsolete in the face of newer digital/packet switch technology. IP (Internet Protocol) networks are based on packet switch technology. Cable & Wireless PLC recently wrote down the value of equipment by £1.3 billion (£0.8 billion after minority interests) due to regulatory and technological changes including equipment that could not support internet related data traffic. The incumbent telephone companies face the hard decision of having to introduce new services and equipment which will cannibalise their existing services and equipment.



Building Europe's IP Network: Colt Telecom Group plc.

Thirdly, the huge growth in traffic coupled with liberalisation of telecoms markets world wide is encouraging a host of new entrants who are competing with the incumbents and themselves. We are seeing new entrants in every sector: fixed line and mobile, retail and wholesale, in backbone networks and the local loop. Worldcom, Qwest, Global Crossing, Mannesman, Equant and Orange are a few of the names that come to mind.

Fourthly, the new technologies are dramatically reducing the cost of transmitting traffic and, in combination with the more competitive environment following liberalisation, are producing major reductions in prices. This in turn is feeding the increase in traffic.

Fifthly, as price competition becomes fiercer, the major players are pursuing scale almost as an article of faith. This is particularly evident in the US but is happening in Europe as well and is evident in the spate of mergers and acquisitions we are seeing. The major players believe that without scale it is not possible to support the provisioning and billing systems and other infrastructure needed to run a network in an environment of fast falling prices. Instances of recent merger and acquisition activity include Bell Atlantic and GTE, SBC Communications and Ameritech, MCI and Sprint, Vodafone and AirTouch and others.

Convergence between telecoms, computing and media

Telstra is the largest internet service provider in Australia.
Photo: Telstra Corporation Limited

The capability of fibre optic cable, co-axial cable (used to deliver cable TV), ADSL etc for the transmission of entertainment, computer software and interactive services like online shopping as well as telecoms traffic is drawing non-telecoms players into the industry and encouraging telecoms companies to expand into areas outside telecoms. The possibility that computer software will in future be available on the telecoms network to be drawn off free of charge on demand and not stored on personal computers has helped catalyse Microsoft to convert itself into a content provider of high speed internet and broadband services, like WebTV. To ensure distribution channels for its new services, Microsoft has invested in a number of telecoms operators including Comcast, NTL, UPC, Portugal Telecom, Nextel. Microsoft has also seen the opportunity to develop the software which will extend the delivery platform for broadband services to the telephone and television, the 'set top box'. At the same time, incumbent telecoms operators like BT are linking up with TV distributors like BSkyB to provide telecoms and entertainment packages comparable to those on offer from the cable TV companies, like NTL. Telecoms operators are also going into the internet service provider business.

Fibre glut or fibre famine

Not surprisingly, it is the carriers building the new fibre networks who claim there will not be a bandwidth glut. They see continuing development of new applications and the high elasticity of demand for bandwidth driving volumes ever upwards as prices continue to come down. For example, high speed local loop technologies like cable TV and ADSL could increase the bandwidth capacity available to households by a factor of 10. This will put major pressure on current backbone networks. Recent history in the telecoms industry provides support for the carriers' optimism.

Technological developments will increase the potential for a fibre glut as it becomes possible to transmit more and more capacity on even less and less fibre. At the least, technology has the potential to render whole networks obsolete in short periods of time with serious financial implications for owners of obsolete networks.

Probably if and when faced with a fibre glut, the industry will rationalise in one way or another. In the meantime, investors may find it worthwhile to look for areas where there may be a bottle neck in transmission. Undersea cable is thought to be one such where it is much more difficult and expensive to build capacity.

Telstra has centralised operational management of its core networks by establishing a single global operations centre.
Photo: Telstra Corporation Limited

Investment Strategy for telecommunications

Telecommunications is a large industry with many companies, which operate in a number of different sectors or segments within the industry. It is one of the most dynamic industries in terms of growth and change, driven principally by technology but also by regulation. A successful investment strategy has to be based on an understanding of the industrial, technological and regulatory aspects of telecommunications and not just on financial analysis.

An important part of the strategy is to recognise the different sectors and segments within the industry and their specific investment dynamics; eg incumbent operators and new entrants (often known as alternative telcos), carriers' carriers and carriers with end customers, mobile operators and fixed line operators.

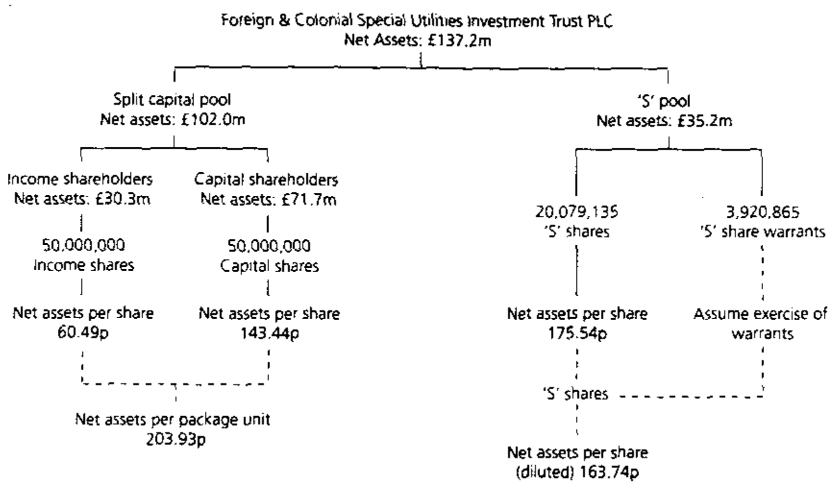
Our strategy is to look for companies with a competitive advantage that should give them superior growth in profits. For example , this could be because they will enjoy monopoly type status for a number of years, possibly in a smaller or emerging economy, or because they are first mover in a dynamic segment of the market, possibly because of technological advantage. Alternatively, their size may give them a dominant position in a sector which gives them economies of scale and the ability to provide a seamless service.

The alternative telcos, often the fastest growing companies, raise particular issues. They are unlikely to be making profits or achieving positive EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation), so that we cannot rely on traditional Price: Earnings or Enterprise Value: EBITDA ratios and need to use other methods of financial analysis like discounted cash flow. The latter is dependent on estimates of future sales and cash flows which is one reason why it is necessary to have an understanding of the industry and technology. These companies are generally building a network(s), so it is essential to look at their existing net cash/gearing position to see whether they could deliver their business plans should equity and debt markets become effectively closed to them.
The nature of alternative telcos tends to make their share prices more volatile and an investment strategy which includes these companies has to accept that potentially faster growth comes with a higher degree of share price volatility.

Last but not least, we look for good management. We like to see a proven management record either with the particular company or in the industry. We also take encouragement where the mangers have an equity stake in the company.

Capital Structure

at 30 September 1999



Company History

Foreign & Colonial Special Utilities Investment Trust PLC (SUIT) commenced operations on 23 August 1993 as a split capital trust comprising 50m income shares and 50m capital shares. Its purpose was to invest in utilities with special attractions. The original portfolio included several large holdings in water only companies.

On 4 April 1995 the Company issued 20m 'S' ordinary shares with 4m warrants attached. The proceeds from this issue have been used to form a separate pool of assets, with its own income, expenses and capital transactions.

Entitlements

Split Capital Pool

- Income shareholders are entitled to all the revenue profits attributable to the split-capital pool. On a winding up, they are entitled to 60p per income share plus any undistributed revenue profits of the Company attributable to the split capital pool.

- Capital shareholders have no entitlement to income. On a winding up, they are entitled to all the surplus assets of the Company attributable to the split capital pool, after payment has been made to the income shareholders.

- Package units are available, consisting of one income share and one capital share. These package units are separately traded on the London Stock Exchange and are separately listed in the Daily Official List.

'S' Pool

- 'S' shareholders are entitled to all the income available for distribution from the 'S' pool and, on a winding up, to all the surplus capital of that pool.

- 'S' warrant holders are entitled to subscribe for 'S' shares at £1 each.

Relationship between the Split Capital Pool and the 'S' Pool

at 30 September 1999

The costs of managing and administering the two pools are borne by each of the pools separately. Where expenses are not specifically attributable to the split capital pool or the 'S' pool, each pool will generally bear a proportion of such expenses calculated by reference to the respective gross assets of each pool.

Each pool will, subject to the availability of funds, generally participate in new investment opportunities in proportion to the gross assets of the pool as shown in its latest monthly valuation (subject to adjustment for any material realisation, acquisition or revaluation). However, the Directors will have discretion to allocate the investment participations between the split capital and 'S' pools on a different basis where considered appropriate. Where one pool does not invest, the other pool may invest and take up all or any part of the first pool's proportion.

The two pools will remain separate and will be managed for the exclusive benefit of the relevant class or classes of shareholders save that the Directors may adjust the allocation of assets between the two pools to compensate for or reflect the contribution of each pool to the overall tax position of the Company. Hedging or other derivative arrangements may not limit the counterparty's recourse to the pool for which the derivative is acquired. Any borrowings to fund acquisitions for the split capital pool or the 'S' pool will be attributed to that pool and, if secured, will be secured only on the assets of that pool. In addition the Directors will seek to ensure that borrowings to fund acquisitions for a particular pool are made on the basis that the lender has recourse only to the assets of that pool. The Directors will ensure that the affairs of the two pools are managed, in particular in relation to borrowings, so as to minimise the risk of a revenue or capital deficit arising in either pool.

If, in exceptional circumstances, a revenue deficit were to arise in one of the pools, this could reduce the amount of profits which would otherwise be available for distribution to the shareholders of the other pool. If the corporation tax paid by the Company in any year is reduced or increased by reference to the revenue account or the nature of the investments of one pool, the other pool may retain a tax benefit as a result of that reduction or suffer a tax liability as a result of that increase.

Unless they have agreed otherwise, creditors and counterparties of SUIT can have recourse to all the assets of SUIT in satisfaction of their claims and would not be limited to recourse against one or other of the asset pools.

Twenty Largest Investments (Split Capital Pool)

at 30 September 1999

	% of Pool investments
1 (2) DEE VALLEY (UK) Water only company supplying an area of North Wales.	12.8
2 (1) EAST SURREY HOLDINGS (UK) Water only company supplying East Surrey and parts of Kent, Sussex and the London Borough of Croydon.	11.7
3 (5) INFRASTRUCTURE & UTILITIES NZ (NEW ZEALAND) Closed end fund investing in securities issued by entities in the New Zealand infrastructure and utilities sectors.	7.4
4 (13) LANG CORPORATION (AUSTRALIA) Owns one of the two main stevedoring companies in Australia.	4.3
5 (3) INTERNATIONAL ENERGY GROUP (GUERNSEY) Sole distributor of gas in Guernsey, Jersey and Isle of Man.	3.8
6 (4) BROCKHAMPTON HOLDINGS (UK) Water only company supplying an area of Hampshire and West Sussex.	3.6
7 (6) KEYTECH LTD (BERMUDA) The Bermudian domestic telecommunications utility.	3.3
8 (8) CARIBBEAN UTILITIES (GRAND CAYMAN) The electricity utility of Grand Cayman.	3.2
9 (9) JERSEY ELECTRICITY (JERSEY) The Jersey electricity utility.	3.0
10 (7) BELCO HOLDINGS (BERMUDA) The Bermudian electricity utility.	2.8
11 (-) STENTOR (EIRE) Irish provider of telecoms and e-commerce services.	2.8
12 (10) AGUAS DE BARCELONA (SPAIN) The largest private sector water utility in Spain.	2.5
13 (15) TELECOM CORPORATION OF NEW ZEALAND (NEW ZEALAND) The New Zealand telecommunications utility.	2.4
14 (-) UNITED GLOBAL COM (USA) Holding company for subsidiaries in Europe, Australasia and Latin America, providing Cable TV, telephony and internet services	1.9
15 (16) INFRATIL AUSTRALIA (AUSTRALIA) Closed end fund investing in securities issued by entities in the Australian infrastructure and utilities sectors.	1.9
16 (14) AMERICAN WATER WORKS (USA) The leading investor-owned US water utility.	1.7
17 (12) PRISM RAIL (UK) Train operating company with four franchises.	1.7
18 (11) CAMBRIDGE WATER (UK) Water only company supplying an area centred on the City of Cambridge.	1.6
19 (18) OCEAN WILSONS HOLDINGS (BRAZIL) A leading supplier of maritime services and a port operator in Brazil.	1.6
20 (19) EQUANT (FRANCE) Global data network services provider.	1.2

The value of the twenty largest equity holdings represents 75.2% (1998: 73.9%) of the Split Capital Pool's total investments. The figures in brackets denote the position at the previous year-end.

Statement of Total Return (Split Capital Pool)

(incorporating the Revenue Account) for the year ended 30 September

	Revenue £'000s	Capital £'000s	1999 Total £'000s	Revenue £'000s	Capital £'000s	1998 Total £'000s
Gains and losses on investments	–	10,867	10,867	–	3,404	3,404
Exchange gains and losses on currency balances	(2)	(14)	(16)	–	419	419
Income	4,904	–	4,904	4,505	–	4,505
Management and advisory fees	(516)	(344)	(860)	(492)	(328)	(820)
Other expenses	(207)	(138)	(345)	(172)	(115)	(287)
Net return before finance costs and taxation	4,179	10,371	14,550	3,841	3,380	7,221
Interest payable and similar charges	(583)	–	(583)	(354)	–	(354)
Return on ordinary activities before taxation	3,596	10,371	13,967	3,487	3,380	6,867
Taxation on ordinary activities	(649)	145	(504)	(810)	90	(720)
Return attributable to shareholders	2,947	10,516	13,463	2,677	3,470	6,147
Dividends	(2,850)	–	(2,850)	(2,710)	–	(2,710)
Amount transferred to/(from) reserves	97	10,516	10,613	(33)	3,470	3,437
Return per income share – pence	5.89	–	5.89	5.35	–	5.35
Return per capital share – pence	–	21.03	21.03	–	6.94	6.94
Return per package unit – pence	5.89	21.03	26.92	5.35	6.94	12.29

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

Balance Sheet (Split Capital Pool)

at 30 September

	£'000s	1999 £'000s	£'000s	1998 £'000s
Investments				
Listed in Great Britain	49,461		43,891	
Listed outside Great Britain	60,757		49,484	
	110,218		93,375	
Unlisted at Directors' valuation	4,786		5,473	
		115,004		98,848
Current assets				
Debtors	2,154		2,232	
Taxation recoverable	168		233	
Cash at bank and short-term deposits	193		133	
	2,515		2,598	
Current liabilities				
Creditors: amounts falling due within one year				
Loans	(12,063)		(5,326)	
Other	(3,407)		(4,730)	
	(15,470)		(10,056)	
Net current liabilities		(12,955)		(7,458)
Total assets less current liabilities		102,049		91,390
Provision for liabilities and charges		(85)		(39)
Net assets		101,964		91,351
Capital and reserves				
Called up share capital		1,000		1,000
Share premium	47,500		47,500	
Capital reserves	53,215		42,699	
Revenue reserve	249		152	
		100,964		90,351
Shareholders' funds – non-equity		101,964		91,351

Approved by the board on 9 November 1999

Alan Wheatley

Twenty Largest Investments ('S' Pool)

at 30 September 1999

	% of Pool investments
1 (9) INFRASTRUCTURE & UTILITIES NZ (NEW ZEALAND) Closed end fund investing in securities issued by entities in the New Zealand infrastructure and utilities sectors.	9.2
2 (5) BROCKHAMPTON HOLDINGS (UK) Water only company supplying an area of Hampshire and West Sussex.	5.2
3 (2) TELECOM ITALIA MOBILE (ITALY) The leading Italian mobile telecommunications company.	4.5
4 (-) LANG CORPORATION (AUSTRALIA) Owns one of the two main stevedoring companies in Australia.	4.1
5 (1) PRISM RAIL (UK) Train operating company with four franchises.	3.8
6 (-) STENTOR (EIRE) Irish provider of telecoms and e-commerce services.	3.6
7 (3) AMERICAN WATER WORKS (USA) The leading investor-owned US water utility.	3.3
8 (12) CARIBBEAN UTILITIES (GRAND CAYMAN) The electricity utility of Grand Cayman.	3.1
9 (-) TELECOM ITALIA SPA RISP (ITALY) The leading Italian telecommunications utility.	3.1
10 (11) KEYTECH (BERMUDA) The Bermudian domestic telecommunications utility.	3.1
11 (13) JERSEY ELECTRICITY (JERSEY) The Jersey electricity utility.	3.0
12 (10) BELCO HOLDINGS (BERMUDA) The Bermudian electricity utility.	2.8
13 (7) AUMAR (SPAIN) Spanish road toll utility.	2.7
14 (17) AGUAS DE BARCELONA (SPAIN) The largest private sector water utility in Spain.	2.6
15 (8) CAMBRIDGE WATER (UK) Water only company supplying an area centred on the City of Cambridge.	2.5
16 (-) TELECOM CORPORATION OF NEW ZEALAND (NEW ZEALAND) The New Zealand telecommunications utility.	2.4
17 (16) INFRATIL AUSTRALIA (AUSTRALIA) Closed end fund investing in securities issued by entities in the Australian infrastructure and utilities sectors.	2.2
18 (-) EQUANT (FRANCE) Global data network services provider.	2.0
19 (-) DEE VALLEY GROUP (UK) Water only company supplying an area of North Wales..	1.9
20 (-) POWERGEN (UK) UK electricity generator.	1.9

The value of the twenty largest equity holdings represents 67.0% (1998: 73.9%) of the 'S' Pool's total investments. The figures in brackets denote the position at the previous year-end.

Statement of Total Return ('S' Pool)

(incorporating the Revenue Account) for the year ended 30 September

	Revenue £'000s	Capital £'000s	1999 Total £'000s	Revenue £'000s	Capital £'000s	1998 Total £'000s
Gains and losses on investments	–	6,833	6,833	–	677	677
Exchange gains and losses on currency balances	(2)	(275)	(277)	–	145	145
Income	1,415	–	1,415	1,275	–	1,275
Management and advisory fees	(181)	(121)	(302)	(161)	(107)	(268)
Other expenses	(77)	(52)	(129)	(75)	(50)	(125)
Net return before finance costs and taxation	1,155	6,385	7,540	1,039	665	1,704
Interest payable and similar charges	(226)	–	(226)	(192)	–	(192)
Return on ordinary activities before taxation	929	6,385	7,314	847	665	1,512
Taxation on ordinary activities	(231)	52	(179)	(212)	16	(196)
Return attributable to shareholders	698	6,437	7,135	635	681	1,316
Dividends	(686)	–	(686)	(654)	–	(654)
Amount transferred to/(from) reserves	12	6,437	6,449	(19)	681	662
Return per 'S' share – pence	3.48	32.08	35.56	3.17	3.39	6.56
Return per 'S' share (diluted) – pence	3.28	30.20	33.48	3.04	3.26	6.30

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

Balance Sheet ('S' Pool)

at 30 September

	£'000s	1999 £'000s	£'000s	1998 £'000s
Investments				
Listed in Great Britain	10,193		6,511	
Listed outside Great Britain	28,041		25,161	
	38,234		31,672	
Unlisted at Directors' valuation	2,018		1,198	
		40,252		32,870
Current assets				
Debtors	2,045		2,184	
Taxation recoverable	122		98	
Cash at bank and short-term deposits	254		65	
	2,421		2,347	
Current liabilities				
Creditors: amounts falling due within one year				
Loans	(4,821)		(3,678)	
Other	(2,553)		(2,751)	
	(7,374)		(6,429)	
Net current liabilities		(4,953)		(4,082)
Total assets less current liabilities		35,299		28,788
Provision for liabilities and charges		(52)		(20)
Net assets		35,247		28,768
Capital and reserves				
Called up share capital		201		200
Share premium	17,530		17,490	
Warrant reserve	1,449		1,460	
Capital reserves	15,995		9,558	
Revenue reserve	72		60	
		35,046		28,568
Shareholders' funds – non-equity		35,247		28,768

Approved by the board on 9 November 1999

Alan Wheatley   Alan Wheatley

Alan Wheatley

Auditors' Report on the Memorandum Pool Accounts

To the directors of Foreign & Colonial Special Utilities Investment Trust PLC

As requested we have reviewed the 'Memorandum Pool Accounts' on pages 18, 19, 21 and 22 of the 1999 Report and Accounts of Foreign & Colonial Special Utilities Investment Trust PLC (the 'Company').

On the basis of our review we report that in our opinion the 'Memorandum Pool Accounts' have been properly prepared from the Company's books and records on a basis consistent with the accounting policies set out in note 2 on the Financial Statements on pages 37 and 38.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Chartered Accountants
9 November 1999

Southwark Towers
32 London Bridge Street
London SE1 9SY

Directors

Alan Wheatley †§ **FCA** Chairman

He is a non-executive director of Babcock International Group PLC, Five Arrows Holdings Limited, Legal & General Group Plc, and Deputy Chairman of Ashtead Group PLC.

John Kay †§

He is a director of London Economics Limited and Halifax plc. He has written and consulted on the privatisation and regulation of utilities.

Duncan Saville FCA, B. Com (Hons), B.Sc (Hons)

He is investment adviser to SUIT and is a non-executive director of two licensed water only companies, East Surrey Holdings PLC, Dee Valley Water PLC and Infrastructure and Utilities NZ. He has been an adviser on privatisation and corporatisation.

Peter Spiller †§

He is a partner with Cazenove & Company and a director of Capital Gearing Trust PLC.

Roger Urwin †§ **Ph.D., MIEE**

He is Managing Director, Transmission, at The National Grid Company plc. He has had many years experience in the UK electricity industry, and played a major role in its restructuring and privatisation.

† These directors constitute the Audit Committee.
§ Members of the Remuneration Committee.

Management

Tony Edwards Manager

Through his company, Utilities Investment Research Limited (UIRL), he carries out analysis and research and provides investment advice to the Company on a day-to-day basis. He is an alternate director of the Company.

Paul Cameron

Assists Tony Edwards in the day-to-day analysis and research and the provision of investment advice to the Company. He joined UIRL in 1997.

James Smith

Assists Tony Edwards in the day-to-day analysis and research and the provision of investment advice to the Company. He joined UIRL in 1999.

Management (continued)

Robert Dowdall

Director of Finance at Foreign & Colonial Management Limited. He joined the Group in 1990.

David Harding

Carries out the company secretarial duties of the Company on behalf of Foreign & Colonial Management Limited. He joined the Group in 1973.

Nick Pitt-Lewis

Director of Compliance at Foreign & Colonial Management Limited. He joined the Group in 1992.

Secretary and Registered Office

Foreign & Colonial Management Limited, Exchange House, Primrose Street,
London EC2A 2NY.
Regulated by Investment Management Regulatory Organisation Limited (IMRO) and the Personal Investment Authority (PIA).
Registered in England.

Telephone:	020 7628 8000
Facsimile:	020 7628 8818
Website:	www.fandc.co.uk
email:	info@fandc.co.uk

Bankers

The Royal Bank of Scotland PLC, Chase Manhattan Bank NA.

Registrars

Computershare Services PLC, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR. Telephone: 0870 702 0010

Auditors

PricewaterhouseCoopers, Southwark Towers, 32 London Bridge Street, London SE1 9SY

AI TC *Member of The Association of Investment Trust Companies*

Report of the Directors

The directors present their report and the financial statements of the Company for the year ended 30 September 1999.

Status of Company

The Company is an investment company as defined by Section 266 of the Companies Act 1985.

During the year under review the Company carried on the business of an investment trust and has since conducted its affairs so as to continue to qualify as such under the provisions of Section 842 of the Income and Corporation Taxes Act 1988. The last accounting period for which the Company has been treated as approved by the Inland Revenue was the year ended 30 September 1998.

From 6 April 1999, although no new contributions to Personal Equity Plans (PEPs) may be made, the Company's shares continued to be eligible for holding within existing PEPs. In addition, they became eligible for inclusion in the PEP replacement, the Individual Savings Account (ISA).

The accounting policies adopted are stated in note 2 on the accounts.

Results and Dividends

Split Capital Pool	£'000s	£'000s
Net revenue available for distribution on income shares		2,947
Dividends paid or payable		
Interim of 1.81p per share paid 12 July 1999	(905)	
Proposed final of 3.89p per share payable 4 January 2000	(1,945)	(2,850)
Amount transferred to reserve		97

The final dividend now recommended of 3.89p per income share makes a total dividend of 5.70p per income share for the year ended 30 September 1999.

'S' Pool	£'000s	£'000s
Net revenue available for distribution on 'S' ordinary shares		698
Interim of 1.09p per share paid 12 July 1999.	(219)	
Proposed final of 2.33p per share payable 4 January 2000.	(467)	(686)
Amount transferred to reserve		12

The final dividend now recommended of 2.33p per 'S' ordinary share makes a total dividend of 3.42p per 'S' ordinary share for the year ended 30 September 1999.

Review of the Business

A review of the Company's activities is given in the Chairman's Statement on pages 2 to 5 and in the Investment Manager's Report on pages 6 to 14.

Share Capital

On 31 January 1999, 30 holders of warrants to subscribe for 'S' ordinary shares exercised their right to subscribe for a total of 29,435 'S' ordinary shares at the fixed subscription price of 100p per share.

A notice reminding warrant holders of their subscription rights will be sent out towards the end of December.

At an extraordinary general meeting held on 1 September 1999 and separate class meetings of shareholders and warrantholders which took place on 1 and 8 September 1999 resolutions authorising the Company to make market purchases of up to 7,495,000 Capital Shares, 7,495,000 Income Shares and 3,009,862 'S' ordinary shares for cancellation were approved.

Substantial Share Interests

At 9 November 1999 the following notifications of holdings of 3% and over in various classes of the Company's share capital had been received.

	Income shares of 1p each	Capital shares of 1p each	"S" ordinary shares of 1p each
Aegon UK plc		2,275,000	
BFS Income & Growth Trust Plc	2,675,000		
Exeter Asset Management Limited (The Income Shareholding includes holdings of Dartmoor Investment Trust 3,600,000 Exeter Enhanced Income Fund 1,750,000 and Exeter High Income Unit Trust 1,550,000)	7,100,000	1,995,000	
Foreign & Colonial Investment Trust PLC			5,000,000
Foreign & Colonial PEP (Henderson Nominees)			2,277,731
Geared Income Investment Trust PLC	2,700,000		
General Provincial Life Pension Fund Limited		27,264,000	3,850,500
Martin Currie Investment Management Limited	4,475,000		
NPI		1,513,250	
Quantum Partners LDC			3,600,000

Directors

The directors of the Company are listed on page 24 and all held office throughout the year under review. In accordance with the Company's articles of association, Professor J.A. Kay and Mr. R.P.A. Spiller retire at the annual general meeting and, being eligible, offer themselves for re-election.

Management

Note 4 on the accounts provides details of the Company's various management, investment advisory and service agreements. As indicated in last year's annual report and accounts, the notice period under the terms of these agreements was reduced from two years to one year with effect from 16 February 1999.

The Foreign & Colonial Group has arrangements under which stockbrokers pay for various investment services used by the Group in return for stated amounts of commission. The Manager's policy is that this commission should be within the range of 10% to 15% of total commissions paid by clients of the Foreign & Colonial Group in any one year.

It is the Company's policy to exercise its voting rights at shareholders' meetings of investee companies.

Decisions on contested take-over bids are always referred to the board of directors.

Duration of the Company

In accordance with the Company's Articles of Association, the period fixed for the duration of the Company will expire on 24 August 2003 and a resolution will be proposed requiring the Company to be wound up voluntarily unless a special resolution releasing the Board from its obligation to do so has been passed not earlier than 24 August 2002. If the Directors are not released from their obligation to propose a winding up resolution in 2003, the holders of the 'S' ordinary shares will be offered the opportunity to approve arrangements to enable them to continue to participate in the pool of assets attributable to the 'S' ordinary shares through a successor fund having a similar investment policy and objective and a planned life until 2008.

Policy on payment of suppliers

The Company's principal suppliers are Foreign & Colonial Management Limited, Ingot Capital Management PTY Limited and Utilities Investment Research Limited. Each of these companies provide investment management or advisory services and are paid in the month following the end of each calendar quarter in accordance with the terms of the respective agreements. Other suppliers are paid in accordance with the individual payment terms agreed with each supplier. At 30 September 1999, there were no outstanding trade creditors.

Corporate Governance

The Company is committed to high standards of corporate governance. Save for the exceptions referred to below, the Company complied throughout the year under review with the Code provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange.

The Board regularly reviews the independence of its members and is currently comprised of five directors the majority of which, having due regard to the definitions and guidelines on independence, are independent of the management or advisory companies.

Dr. R.J. Urwin is the senior independent director of the Company. There is no Chief Executive position within the Company. With the exception of Mr. D.P. Saville, all of the directors of the Company are resident in the UK and their biographical details on page 24 of this report demonstrate the wide range of skills and experience that they bring to the Board. New appointees to the Board are given a preliminary briefing on the workings of the Company by the Chairman, the manager and other appropriate persons.

It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs. Strategic issues and all operational matters of a material nature are determined by the board. In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information. The board meets regularly and at each meeting reviews investment performance and financial reports. It monitors compliance with the Company's objectives and is directly responsible for investment strategy, asset allocation and gearing.

The board has established a procedure whereby directors, wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense. One of the requirements contained in the Company's new articles of association is that all directors are required to submit themselves for re-election at least once every three years.

The exceptions referred to above concern those provisions of the Code which require the notice of the annual general meeting and related papers to be sent to shareholders at least twenty working days before the meeting and an indication to be given at the meeting of the proxy votes lodged on each resolution. The board will comply with these requirements this year and will continue to do so in the future.

Nominations Committee

The board does not operate a nominations committee. Appointments of directors are made on a formalised basis by reference to selection criteria agreed by the full board.

Internal Financial Control and Audit Committee

As permitted by the London Stock Exchange, the Company has complied with Code provision D2.1 on internal controls by reporting on internal financial control in accordance with the guidelines for directors on internal control and financial reporting that was issued in December 1994.

The directors have overall responsibility for the Company's systems of internal financial controls. These aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. The systems of internal financial controls are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The board has contractually delegated responsibility for management of the portfolio, the arrangement of custodial services and the provision of accounting and company secretarial services to the Manager. Details of the terms of its agreement with the Manager as set out in note 4 on the accounts, are reviewed periodically by the Company's Audit Committee.

The Manager has set out in a Statement of Internal Corporate Governance its control policies and procedures with respect to management of its clients' investments. The effectiveness of these controls is monitored by the Manager's group audit committee, which receives regular reports from the Manager's compliance and internal audit functions and the Statement contains an audit report from the Manager's external auditors.

The Audit Committee of the Company operates within written terms of reference clearly setting out its authority and duties. The four directors constituting the Committee are detailed on page 24. The primary role of the Committee is to review the Company's accounting policies, the contents of its annual financial statements, the adequacy and scope of the external audit and compliance with regulatory and financial reporting requirements.The Committee has direct access to the auditors, PricewaterhouseCoopers and to the compliance and internal audit directors of the Manager and to the Manager's group audit committee.

The Company's Audit Committee has received and reviewed a report from the Manager's group audit committee on the effectiveness of the internal financial controls maintained on behalf of the Company, together with a copy of the Manager's Statement of Internal Corporate Governance.

By means of the procedures set out above the directors have reviewed the effectiveness of the internal financial controls systems for the period.

Going Concern

The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities which are readily realisable.

Statement on Remuneration

The Company's Remuneration Committee is comprised of Mr.A.E.Wheatley (Chairman) Professor J.A. Kay, Mr. R.P.A. Spiller and Dr. R.J. Urwin.The remuneration for individual directors is given in notes 4 and 7 on the accounts.

Mr D.P. Saville is the only executive director of the Company and has been employed as such since the Company was established in 1993. His remuneration package was agreed in 1993 and has not changed (apart from the payees). Mr Saville's service agreement with the Company, with effect from 16 February 1999, is subject to one year's notice of termination. Should the agreement be terminated by the Company, without notice and in the absence of specific grounds, compensation based on his remuneration may be payable to Mr Saville.

None of the other directors has a service agreement with the Company.

The board has agreed that additional remuneration of 0.00975% per quarter in arrears of the Company's funds under management should be paid to Mr.A.E. Wheatley in view of special duties performed by him outside his ordinary duties as a director.This agreement is subject to regular review by the Remuneration Committee excluding Mr. Wheatley.The board consider Mr Wheatley to be an independent non-executive director and in framing its remuneration policy, the board confirms that it has complied with the Combined Code.

Investor Relations

Communications with shareholders are given a high priority. In addition to the information provided in the annual and interim accounts, updated information is available on the Foreign & Colonial website at www.fandc.co.uk.A regular dialogue is maintained with the Company's institutional investors and, at the Annual General Meeting, all investors have the opportunity to question the Chairman and the Board.

Year 2000

The principal risks faced by the Company in respect of Year 2000 compliance centre around the ability of the Manager, to whom the Board has contractually delegated responsibility for the arrangement of custodial services and the provision of all accounting secretarial and administrative duties, to address and correct problems that may cause systems not to function as they are intended to as a result of Year 2000 issues. Accordingly, the Company does not itself face exposure to costs resulting from ensuring Year 2000 compliance. The Manager had, by 31 October 1999, completed its compliance programme. The Manager has confirmed to the Company that from July 1999 all changes by the Manager to services, systems and software require approval by a committee appointed by the Manager and from 23 September 1999 a complete freeze on all changes will be imposed until the end of January 2000.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their re-appointment and authorising the directors to fix their remuneration will be proposed at the annual general meeting.

Special Business at the Annual General Meeting

Shareholders will find on pages 51 and 52 the notice of the forthcoming annual general meeting of the Company to be held on 21 December 1999. In addition to the ordinary business of the meeting, resolution number 5 is proposed as special business.

Authority of directors to allot shares

Resolution 5 is similar to the authorities given to the directors at previous annual general meetings. By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings. Resolution 5 gives the directors, the necessary authority to allot securities up to an aggregate nominal amount of £60,000, which is equivalent to approximately 5 per cent. of the issued share capital of the Company, and empowers the directors to allot such securities for cash otherwise than to existing shareholders on a pro-rata basis. Such authority expires at the conclusion of the annual general meeting in 2000.

This authority provides the directors with a degree of flexibility to increase the assets of the Company by the issue of new shares, should any favourable opportunities arise to the advantage of shareholders. The directors can, if necessary, use this authority to satisfy demand from participants in the Foreign & Colonial Private Investor and Pension Savings Plans and from holders of Foreign & Colonial Individual Savings Accounts when they believe it is advantageous to such persons and the Company's shareholders to do so. Under no circumstances would the directors use the authority to issue shares at a price which would result in a dilution of net asset value per ordinary share.

By order of the Board
Foreign & Colonial Management Limited, Secretary
9 November 1999

For and on behalf of
FOREIGN & COLONIAL MANAGEMENT LIMITED
.... SECRETARY

Directors' Statement of Responsibilities

As required by company law, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company as at 30 September 1999 and of the results for the year then ended. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements are prepared in accordance with applicable accounting standards and on a going concern basis. The Directors are also responsible for ensuring that adequate accounting records are maintained and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors' Report

To the Members of Foreign & Colonial Special Utilities Investment Trust PLC

We have audited the financial statements on pages 34 to 48.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 32 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 28 to 30 reflects the Company's compliance with those provisions of the Combined Code specified for our review by the London Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the Company's corporate governance procedures or its internal controls.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company at 30 September 1999 and of its total return and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
9 November 1999

Southwark Towers
32 London Bridge Street
London SE1 9SY

Statement of Total Return of the Company

(incorporating the Revenue Account*) for the year ended 30 September

Revenue notes	Capital notes		1999 Revenue £'000s	1999 Capital £'000s	1999 Total £'000s	1998 Revenue £'000s	1998 Capital £'000s	1998 Total £'000s
	11	Gains and losses on investments	–	17,700	17,700	–	4,081	4,081
	20	Exchange gains and losses on currency balances	(4)	(289)	(293)	–	564	564
3		Income	6,319	–	6,319	5,780	–	5,780
4		Management and advisory fees	(697)	(465)	(1,162)	(653)	(435)	(1,088)
5	20	Other expenses	(284)	(190)	(474)	(247)	(165)	(412)
		Net return before finance costs and taxation	5,334	16,756	22,090	4,880	4,045	8,925
6		Interest payable and similar charges	(809)	–	(809)	(546)	–	(546)
		Return on ordinary activities before taxation	4,525	16,756	21,281	4,334	4,045	8,379
8		Taxation on ordinary activities	(880)	197	(683)	(1,022)	106	(916)
		Return attributable to equity shareholders	3,645	16,953	20,598	3,312	4,151	7,463
10		Dividends	(3,536)	–	(3,536)	(3,364)	–	(3,364)
20	20	Amount transferred to/(from) reserves	109	16,953	17,062	(52)	4,151	4,099
		Split Capital Pool:						
9	9	Return per income share – pence	5.89	–	5.89	5.35	–	5.35
9	9	Return per capital share – pence	–	21.03	21.03	–	6.94	6.94
9	9	Return per package unit – pence	5.89	21.03	26.92	5.35	6.94	12.29
		'S' Pool:						
9	9	Return per 'S' share – pence	3.48	32.08	35.56	3.17	3.39	6.56
9	9	Return per 'S' share (diluted) – pence	3.28	30.20	33.48	3.04	3.26	6.30

** The Revenue column of this statement is the profit and loss account of the Company.*
All revenue and capital items in the above statement derive from continuing operations.

Balance Sheet of the Company

at 30 September

Notes		£'000s	1999 £'000s	£'000s	1998 £'000s
	Investments				
	Listed in Great Britain	59,654		50,402	
	Listed outside Great Britain	88,798		74,645	
11		148,452		125,047	
11	Unlisted at directors' valuation	6,804		6,671	
			155,256		131,718
	Current assets				
12	Debtors	1,970		760	
	Taxation recoverable	290		331	
	Cash at bank and short-term deposits	447		198	
		2,707		1,289	
	Current liabilities				
	Creditors: amounts falling due within one year:				
13	Foreign currency and sterling loans	(16,884)		(9,004)	
14	Other	(3,731)		(3,825)	
		(20,615)		(12,829)	
	Net current liabilities		(17,908)		(11,540)
	Total assets less current liabilities		137,348		120,178
16	Provision for liabilities and charges		(137)		(59)
	Net assets		137,211		120,119
	Capital and reserves				
17	Called up share capital		1,201		1,200
18	Share premium	65,030		64,990	
19	Warrant reserve	1,449		1,460	
20	Capital reserves	69,210		52,257	
20	Revenue reserve	321		212	
			136,010		118,919
	Shareholders' funds - non equity		137,211		120,119

Approved by the board on 9 November 1999

Alan Wheatley   Alan Wheatley.

Alan Wheatley

Cash Flow Statement of the Company

for the year ended 30 September

Notes		1999 £'000s	1999 £'000s	1998 £'000s	1998 £'000s
	Operating activities				
	Investment income received	5,473		5,239	
	Fee paid to management company	(1,214)		(1,025)	
	Cash paid to and on behalf of directors	(208)		(171)	
	Other cash payments	(333)		(297)	
24	Net cash inflow from operating activities		3,718		3,746
	Servicing of finance				
	Interest paid	(723)		(534)	
	Dividends paid on non-equity shares	(3,416)		(3,318)	
	Net cash outflow from the servicing of finance		(4,139)		(3,852)
	Taxation				
	UK tax repaid/(paid)	40		(96)	
	Overseas tax paid	(224)		(145)	
	Total tax paid		(184)		(241)
	Financial investment				
	Purchases of equities and other investments	(51,079)		(55,129)	
	Sales of equities and other investments	44,314		44,623	
	Net cash outflow from financial investment	(6,765)		(10,506)	
	Financing				
	Net loans raised	7,520		7,347	
	Share capital raised	29		23	
	Net cash inflow from financing		7,549		7,370
25	Increase/(decrease) in cash		179		(3,483)

Notes on the Accounts

1 POOL ACCOUNTS

The statutory accounts of the Company are shown on pages 34 to 36 and the notes are presented below. A separate Statement of Total Return and Balance Sheet for the Split Capital Pool and the 'S' Pool are given on pages 18,19,21 and 22 respectively.

2 ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include fixed asset investments at valuation and prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (SORP). The Company was in existence as a Split Capital Investment Trust prior to 1 January 1996, and, as permitted by the SORP, the Company has not changed any of its accounting policies that would have affected the financial benefits or rights attaching to each class of its share capital.

(b) Valuation of investments

As an investment trust, the Company treats all transactions on the realisation and revaluation of investments held as fixed assets as transactions on the capital account. These items, whether profits or losses, are not part of, and are not reflected in, the revenue account but are credited or charged to capital reserves. Listed investments are shown at middle-market value and unlisted investments at directors' valuation.

(c) Foreign currency

Foreign currency assets and liabilities are expressed in sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to capital reserves except where they relate to revenue items.

(d) Income

Dividends receivable are brought into the revenue account (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Interest on investments is recognised on a time apportionment basis so as to reflect the effective yield on the investment.

Franked investment income includes the imputed tax credit attaching to dividends credited and this tax has been written off within the taxation charge.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in capital reserves.

Foreign income dividends are included in the revenue account without the related notional income tax credit.

(e) Expenses

All expenses are accounted for on an accruals basis. Where expenses of the Company are not specifically attributable to the Split Capital Pool or the 'S' Pool, each pool will generally bear a proportion of such expenses calculated by reference to the respective gross assets of each pool. Management fees and administration charges, together with any associated tax relief, are allocated 60 per cent against the revenue account and 40 per cent against the capital account.

(f) Finance costs

Finance costs are accounted for on an accruals basis and are charged through the revenue account.

2 ACCOUNTING POLICIES (CONTINUED)

(g) Taxation

Deferred tax is provided in full on any material timing differences expected to crystallise in the foreseeable future. The tax effect of different items of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.

(h) Capital reserves

Capital reserve – realised

The following are accounted for in this reserve:

- *gains and losses on the realisation of investments*
- realised exchange differences of a capital nature
- expenses allocated in accordance with note 2(e) together with any associated tax relief.

Capital reserve – unrealised

The following are accounted for in this reserve:

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

3 INCOME

	1999 £'000s	1998 £'000s
Income from investments		
Franked dividends	2,798	3,031
Overseas dividends	2,749	2,180
Overseas and UK interest	561	455
	6,108	5,666
Other income		
Interest on cash and short-term deposits	210	89
Underwriting commission	1	25
	211	114
	6,319	5,780
Total income comprises:		
Dividends	5,547	5,211
Interest	561	455
Other	211	114
	6,319	5,780
Income from investments comprises:		
Listed	5,899	5,502
Unlisted	209	164
Total income from investments	*6,108*	5,666

4 MANAGEMENT AND ADVISORY FEES

	1999 £'000s	1998 £'000s
Payable to:		
Foreign & Colonial Management Limited (FCM)	618	537
Utilities Investment Research Limited (UIR)	240	180
Ingot Capital Management Pty Limited (Ingot)	267	259
	1,125	976
Irrecoverable VAT thereon	37	112
	1,162	1,088
Charged to capital reserves	(465)	(435)
	697	653

The Manager, FCM, provides investment management and general administrative services to the Company for a quarterly management fee payable in arrears equal to 0.1% of the funds under management. From February 1999, the notice period on the management agreement was reduced from two years to one year.

Fees payable to Ingot, a company controlled by Mr Saville, have been taken into account in providing the detailed disclosures on directors' remuneration in note 7(a).

UIR is a company controlled by Mr A. H. Edwards, an alternate director of the Company.

With effect from 1 April 1997 the Company entered into investment advisory agreements with Ingot and UIR where the total quarterly amount payable by the Company amounts to 0.1% of the value of the funds under management. This is broken down as: a directors' fee to Mr Saville (currently £2,000 per quarter); remuneration payable to Mr Saville under the service agreement quarterly in arrears equal to 0.01675% of the value of funds under management; a quarterly advisory fee of £45,000, increased with effect from 1 January 1999 to £65,000, payable to UIR, a company not related to Mr Saville, and; an advisory fee, representing the balance payable, to Ingot.

From February 1999 the notice period between Ingot and the Company, and between UIR and the Company, was reduced from two years to one year.

5 OTHER EXPENSES

	1999 £'000s	1998 £'000s
Directors' emoluments (see note 7(a))	204	182
General expenses	245	205
Auditors' remuneration:		
for audit services	21	21
for other services	4	4
	474	412
Charged to capital reserves	(190)	(165)
	284	247

6 INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £'000s	1998 £'000s
On bank loans and overdrafts repayable within 5 years, not by instalments	809	546

7 DIRECTORS' REMUNERATION AND CONTRACTS

(a) Remuneration from the Company

Mr D.P. Saville is an executive director of the Company. The Company had no other employees during the year. The amounts paid by the Company to the directors were as follows:

	A.E. Wheatley (Chairman)* £'000s	J.A. Kay* £'000s	D.P. Saville £'000s	R.P.A. Spiller* £'000s	R.J. Unwin* £'000s	Total £'000s
Fees	8	8	8	8	8	40
Remuneration	60	–	104	–	–	164
	68	8	112	8	8	204
Remuneration payable to a company controlled by Mr Saville	–	–	267	–	–	267
1999 Totals	68	8	379	8	8	471
1998 Totals	60	8	357	8	8	441

* Members of the Audit Committee and Remuneration Committee.

Remuneration to Mr A.E. Wheatley is payable quarterly in arrears equal to 0.00975% of funds under management. The basis of remuneration paid to Mr D.P. Saville is detailed in note 4 above.

(b) Directors' interests in shares

The interests of directors in the ordinary shares of the Company were as follows:

	30 September 1999				30 September 1998			
			'S' Pool				'S' Pool	
	Income shares	Capital shares	ordinary shares	warrants	Income shares	Capital shares	ordinary shares	warrants
Beneficial								
J.A. Kay	41,000	56,000	20,000	2,000	71,000	56,000	20,000	2,000
D.P. Saville*	50,000	50,000	50,000	10,000	50,000	50,000	50,000	10,000
R.P.A. Spiller	5,000	5,000	5,000	–	5,000	5,000	5,000	–
R.J. Urwin	52,000	52,000	12,000	2,400	52,000	52,000	12,000	2,400
A.E. Wheatley	110,000	425,000	20,000	4,000	110,000	425,000	20,000	4,000

*In addition, 27,264,000 capital shares (1998 – 28,764,000), 3,850,500 'S' ordinary shares (1998 – 8,450,500) and 1,815,100 'S' shares warrants (1998 – 1,690,100) are held by General Provincial Life Pension Fund Limited, a company associated with Mr Saville.

No director had any interest in the share capital of the Company, beneficial or otherwise, other than that shown above. There have been no changes in the interests of directors in the shares of the Company between 30 September 1999 and 9 November 1999.

(c) Directors' interests in contracts with the Company

Contracts which subsisted during the year between Mr D. P. Saville and the Company are set out in note 4.

8 TAXATION ON ORDINARY ACTIVITIES

	1999 £'000s	1998 £'000s
Corporation tax at 30.5% (1998: 31%)	236	195
Relief for overseas taxation	(236)	(183)
	–	12
Overseas taxation	243	212
Imputed tax credit on franked income	379	595
Deferred tax	78	26
Prior year adjustments	(17)	5
	683	850
Tax relief on expenses charged to capital	197	172
Tax charged to the revenue account	880	1,022
Capital Account		
Tax relief on expenses charged to capital	197	172
Tax charge on dividends transferred to capital	–	(66)
Tax relief credited to the capital account	197	106

9 RETURN PER SHARE

Revenue return

The basic revenue return per income share is based on the revenue return attributable to income shareholders of £2,947,000 (1998: £2,677,000). The basic revenue return per 'S' share is based on the revenue return attributable to 'S' shareholders of £698,000 (1998: £635,000).

Capital return

The basic capital return per capital share is based on the capital return attributable to capital shareholders of £10,516,000 (1998: £3,470,000).

The basic capital return per 'S' share is based on the capital return attributable to 'S' shareholders of £6,437,000 (1998: £681,000).

The capital and revenue returns per share are based on the following weighted number of shares in issue during the year:

50,000,000 income shares (1998: same)
50,000,000 capital shares (1998: same)
20,069,055 'S' shares (1998: 20,041,854)

9 RETURN PER SHARE (continued)

Diluted total return 'S' Pool

Diluted return per ordinary share have been calculated in accordance with FRS14, under which the Company's outstanding warrants are considered dilutive only if the exercise price is lower than the market price of the ordinary shares at the period end or period average respectively. The dilution is calculated by reference to the additional number of ordinary shares which warrantholders would have received on exercise as compared with the number of ordinary shares which the subscription proceeds would have purchased in the open market. Prior period figures have been restated accordingly.

	30 Sept 1999 £'000s	30 Sept. 1998 £'000s
Weighted average number of 'S' shares in issue during the period for total return calculation	20,069,055	20,041,854
Dilutive potential shares	1,247,244	859,057
Weighted average number of 'S' shares for diluted total return calculation	21,316,299	20,900,911

10 DIVIDENDS

	1999 £'000s	1998 £'000s
Income Shares		
Interim paid of 1.81p (1998: 1.73p)	905	865
Proposed final of 3.89p (1998: 3.69p)	1,945	1,845
'S' Shares		
Interim paid of 1.09p (1998: 1.03p)	219	207
Proposed final of 2.33p (1998: 2.23p)	467	447
	3,536	3,364

11 INVESTMENTS

	Listed £'000s	Unlisted £'000s	Total £'000s
Cost at 1 October 1998	100,423	6,684	107,107
Unrealised appreciation/(depreciation) at 1 October 1998	24,624	(13)	24,611
Valuation at 1 October 1998	125,047	6,671	131,718
Movements in the year:			
Purchases at cost	48,183	1,047	49,230
Sales - proceeds	(42,867)	(525)	(43,392)
realised net gains on sales	9,311	67	9,378
Increase in unrealised appreciation/(depreciation)	8,778	(456)	8,322
Valuation at 30 September 1999	148,452	6,804	155,256
Cost at 30 September 1999	115,991	6,998	122,989
Unrealised appreciation/(depreciation) at 30 September 1999	32,461	(194)	32,267
	148,452	6,804	155,256

Gains on investments	1999 £'000s	1998 £'000s
Realised gains based on historical cost	10,044	8,135
Less: amounts recognised as unrealised in previous years	(666)	(3,404)
Realised gains based on carrying value at previous balance sheet date	9,378	4,731
Increase/(decrease) in unrealised appreciation	8,322	(650)
Gains on investments	17,700	4,081

11 INVESTMENTS (continued)

Subsidiary undertaking

Utilities Dealing Limited, a wholly owned subsidiary, was formed in 1996 with an injection of £100 share capital. Since formation, the company has remained dormant and has passed a special resolution providing exemption from the requirement of an annual audit, in accordance with Section 250 of the Companies Act 1985. The company has not prepared group accounts since, in accordance with Section 229 of the Companies Act 1985, the consolidation of the subsidiary undertaking is not material for the purpose of giving a true and fair view.

Associated undertaking

At 30 September 1999 the Company had the following associated undertaking:

Company	Country of registration, incorporation and operations	Percentage equity holding %	Share of net assets £'000s	Share of profit before tax £'000s	Share of taxation charge £'000s	Share of retained profits £'000s
Dee Valley Water plc	England & Wales	24.6	7,704	2,499	682	1,085

The information given is based on the latest published accounts of Dee Valley Water plc. for the year ended 31 March 1999.

At 30 September 1999, the Company held 2,512,906 ordinary shares and 876,680 ordinary non-voting shares. The Company's holdings in Dee Valley represent 20.4% of the voting rights and 24.6% of the assets on a winding-up.

The income from the associated undertaking included within the revenue account is as follows:

	Year to 30 Sept 1999 £'000s	Year to 30 Sept 1998 £'000s
Franked income	847	**838**
Imputed tax credit	(115)	**(168)**
	732	**670**

The interest in associated undertaking is included in the balance sheet at its mid-market valuation of £15.5m (1998 £15.8m).

Mr D. P Saville is a non-executive director of Dee Valley Water plc.

Significant interests

At 30 September 1999 the Company held more than 10% of any class of the share capital of the following undertakings held as investments, none of which represented a participating interest:

Company	Class of shares held	% of class of shares held
Brockhampton Holdings	ordinary shares	14.7
	'A' ordinary shares	12.7
Cambridge Water	'A' ordinary shares	10.9
East Surrey Holdings	ordinary shares	11.5
	warrants	100.0
Infrastructure & Utilities NZ	bonds	27.9
	warrants	35.6
Jersey Electricity	'A' ordinary shares	23.0
Keytech	ordinary shares	13.0
South Staffordshire Water Holdings	9% redeemable pref. shares	40.7
Stentor	warrants	24.1

All of the above companies are incorporated and registered in England and Wales, with the exception of Jersey Electricity which is incorporated and registered in Jersey. Mr D. P. Saville is a non-executive director of East Surrey Holdings.

In addition to the above, the Company has a holding of 3% or more of any class of share capital of the following investments, which are material in the context of the financial statements:

Company	Class of shares held	% of class of shares held
BELCO Holdings	ordinary shares	7.2
Infrastructure & Utilities NZ	ordinary shares	6.0
International Energy Group	ordinary shares	3.6
Ocean Wilson Holdings	ordinary shares	6.0
Prism Rail	ordinary shares	4.4
Stentor	preference shares	9.4
	ordinary shares	5.8

Mr D. P. Saville is a non-executive director of Infrastructure & Utilities NZ.

12 DEBTORS

	1999 £'000s	1998 £'000s
Investment debtors	498	8
Forward currency deals	542	207
Prepayments and accrued income	930	545
	1,970	760

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Loans

	1999 £'000s	1998 £'000s
£2.09m repaid 4 October 1999	2,090	–
£5.0m repayable 3 February 2000	5,000	–
IEP £2.935m repaid 12 October 1999	2,410	–
A$2.265 repayable 14 January 2000	898	–
NZ$10.409m repaid 15 October 1999	3,289	–
US$5.265m repaid 9 November 1999	3,197	–
US$5.050m repaid October 1998	–	2,972
IEP£2.935m repaid October 1998	–	2,581
£1.33m repaid October 1998	–	1,330
A$3.805m repaid October 1998	–	1,326
NZ$2.7m repaid October 1998	–	795
	16,884	9,004

14 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

Other

	1999 £'000s	1998 £'000s
Investment creditors	824	1,086
Proposed dividends	2,358	2,292
Accruals and other creditors	549	447
	3,731	3,825

15 GEOGRAPHICAL AND INDUSTRIAL CLASSIFICATION :

Total assets less current liabilities (excluding loans)

	UK %	EC %	Other Europe %	Pan American %	Others %	1999 Total %	1998 Total %
Assets							
Equities, convertibles and options							
Telecommunications	–	8.9	0.6	4.5	6.3	20.3	14.4
Electricity	1.3	4.9	0.1	6.5	1.0	13.8	13.2
Water	27.0	3.4	–	3.5	–	33.9	42.7
Gas Distribution	–	4.7	–	0.6	–	5.3	6.6
Transportation	3.4	1.7	–	0.5	2.0	7.6	6.0
Other	–	0.9	–	4.3	7.6	12.8	14.1
Total	31.7	24.5	0.7	19.9	16.9	93.7	97.0
Fixed Interest	0.4	1.2	–	1.0	4.4	7.0	5.1
Total investments	32.1	25.7	0.7	20.9	21.3	100.7	102.1
Net current (liabilities)/assets	9.7	(0.1)	–	0.3	(10.6)	(0.7)	(2.1)
Total assets less current liabilities (excl. loans)	41.8	25.6	0.7	21.2	10.7	100.0	
1998 totals	47.9	13.4	5.6	14.7	18.4		100.0

Note : Geographical classification for the investments held as fixed assets is determined by the location of the major part of the investee companies' business.

16 PROVISION FOR LIABILITIES AND CHARGES

	1999 £'000s	1998 £'000s
Deferred taxation attributable to short-term timing differences		
Balance brought forward	59	33
Movement in the period	78	26
Balance carried forward	137	59

17 SHARE CAPITAL (NON-EQUITY)

Authorised	Authorised Nominal Number	Authorised £'000s	Issued, allotted and paid up Nominal Number	Issued, allotted and paid up £'000s
Income Shares of 1p each				
Balance brought forward and carried forward	77,500,000	775	50,000,000	500
Capital Shares of 1p each				
Balance brought forward and carried forward	77,500,000	775	50,000,000	500
'S' shares of 1p each				
Balance brought forward	77,000,000	770	20,049,700	200
Issued during the year on exercise of warrants	–	–	29,435	1
Balance carried forward	77,000,000	770	20,079,135	201

On 31 January 1999, 29,435 (1998: 22,850) 'S' warrants were exercised.

Under Financial Reporting Standard No.4 (FRS4), each class of the Company's share capital falls under the description "non-equity". The definitions in FRS4 do not have practical implications for shareholders.

The respective rights attaching to different classes of shareholders on a winding-up are set out on page 15.

Voting rights

At the general meeting of the Company on a poll each income share will carry three votes, each capital share will carry two votes and each 'S' share will carry five votes. The Directors will propose separate resolutions to approve the declaration of a dividend payable from the split capital pool to holders of income shares and from the 'S' pool to holders of 'S' shares. Holders of capital shares and 'S' shares will not be entitled to vote on a resolution for the payment of a dividend on the income shares. Holders of capital shares and income shares will not be entitled to vote on a resolution for the payment of a dividend on the 'S' shares.

Separate class meetings of holders of the income shares, capital shares and 'S' shares will be required to approve certain actions, including those concerning the duration of the Company.

18 SHARE PREMIUM

	1999 £'000s	1998 £'000s
Balance brought forward	64,990	64,959
Premium received from shares issued on exercise of warrants	29	23
Transfer from warrant reserve on exercise of warrants	11	8
Balance carried forward	65,030	64,990

19 WARRANT RESERVE

	1999 £'000s	1998 £'000s
Balance brought forward	1,460	1,468
Transfer to share premium on exercise of warrants	(11)	(8)
Balance carried forward	1,449	1,460

At 30 September 1999 there were 3,920,865 (30 September 1998: 3,950,300) warrants outstanding.

Holders have the right to subscribe for one 'S' share per warrant at £1 in cash on 31 January in any of the years 2000 to 2008 (subject to any alterations in accordance with the Deed Poll of the Company dated 24 January 1995 – the "Warrant Instrument").

20 OTHER RESERVES

	Capital reserve – realised £'000s	Capital reserve – unrealised £'000s	Capital reserves – total £'000s	Revenue reserve £'000s
Gains on investments	9,378	8,322	17,700	–
Transfer on disposal of investments	666	(666)	–	–
Exchange (losses)/gains on currency balances	(1,095)	806	(289)	–
Management and advisory fees charged to capital	(465)	–	(465)	–
Other capital charges and credits	(190)	–	(190)	–
Tax effect of capital items	197	–	197	–
Amount transferred to revenue account	–	–	–	109
	8,491	8,462	16,953	109
Balance brought forward	27,572	24,685	52,257	212
Balance carried forward	36,063	33,147	69,210	321

21 NET ASSET VALUE PER SHARE

	30 September 1999 Pence per share		30 September 1998 Pence per share	
	Undiluted	Diluted	Undiluted	Diluted
Split capital pool				
Income shares	60.49p	–	60.30p	–
Capital shares	143.44p	–	122.40p	–
Package units	203.93p	–	182.70p	–
'S' pool				
'S' shares	175.54p	163.74p	143.48p	141.78p

Net assets per share are calculated on the basis of rights applying on a return of assets, in accordance with the Articles of Association.

Income shares

Net assets per income share are calculated on the basis of net assets of £30,249,000 (1998: £30,152,000), and on 50,000,000 (1998: same) income shares in issue at the year end.

Capital shares

Net assets per capital share are calculated on the basis of net assets of £71,715,000 (1998 - £61,199,000), and on 50,000,000 (1998 - same) capital shares in issue at the year end.

Package units

Net assets per package unit are calculated as the aggregate of net assets per income share and net assets per capital share.

'S' shares

Net assets per 'S' share are calculated on the basis of net assets of £35,247,000 (1998: £28,768,000), and on 20,079,135 (1998: 20,049,700) 'S' shares in issue at the year end. The diluted net assets per 'S' share assumes the exercise of 3,920,865 (1998: 3,950,300) warrants outstanding at the year end at £1 per warrant.

	1999 £'000s	1998 £'000s
'S' shares in issue at the year-end	20,079,135	20,049,700
Dilutive potential shares at the year-end	1,447,133	241,098
Number of shares in issue for diluted NAV calculation	21,526,268	20,290,798
'S' warrants in issue at the year-end	3,920,865	3,950,300

On 31 January 1999, 29,435 (1998 – 22,850) 'S' warrants were exercised. Warrant holders have the right to subscribe for one 'S' share per warrant at £1 in cash on 31 January in any of the years up to 2008.

21 NET ASSET VALUE PER SHARE (continued)

The movements in the year attributable to each class of share were as follows:

	Split capital pool		'S' Pool	
	Capital shares £'000s	Income shares £'000s	'S' shares £'000s	Total £'000s
Total net assets attributable at 1 October 1998	61,199	30,152	28,768	120,119
Total recognised gains and losses for the year	10,516	2,947	7,135	20,598
Dividends	–	(2,850)	(686)	(3,536)
New share capital subscribed, less issue expenses	–	–	30	30
Total net assets attributable at 30 September 1999	71,715	30,249	35,247	137,211

22 ANALYSIS OF SHARE CAPITAL AND RESERVES

Attributable to:	Capital shareholders £'000s	Income shareholders £'000s	'S' shareholders £'000s	Total £'000s
Share capital	500	500	201	1,201
Share premium	18,000	29,500	17,530	65,030
Warrant reserve	–	–	1,449	1,449
Capital reserves	53,215	–	15,995	69,210
Revenue reserve	–	249	72	321
	71,715	30,249	35,247	137,211

23 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999 £'000s	1998 £'000s
Revenue return available for shareholders	3,645	3,312
Capital return for the year	16,953	4,151
New share capital subscribed, less issue expenses	30	23
Net addition to shareholders' funds	20,628	7,486
Dividends on non-equity shares	(3,536)	(3,364)
Shareholders' funds brought forward	120,119	115,997
Shareholders' funds carried forward	137,211	120,119

24 RECONCILIATION OF NET REVENUE RETURN BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACITVITIES

	1999 £'000s	1998 £'000s
Net return before finance costs and taxation	5,334	4,880
Exchange profits and losses of a revenue nature	4	–
Investment management and advisory fees charged to capital	(546)	(435)
Other expenses charged to capital	(108)	(165)
(Increase)/decrease in accrued income	(463)	52
(Decrease)/increase in creditors	(121)	9
Tax on franked investment income included within income from UK companies	(382)	(595)
Net cash inflow from operating activities	3,718	3,746

25 RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET (DEBT)/CASH

	1999 £'000s	1998 £'000s
(Decrease)/increase in cash	179	(3,483)
(Decrease)/increase in short-term loans	(7,520)	(7,347)
Change in net debt resulting from cash flows	(7,341)	(10,830)
Exchange movement	(289)	564
Movement in net debt	(7,630)	(10,266)
Net cash/(debt) brought forward	(8,807)	1,459
Net (debt)/cash carried forward	(16,437)	(8,807)

	Balance at 1 October 1998 £'000s	Cash flow £'000s	Exchange movement £'000s	Balance at 30 Sept 1999 £'000s
Represented by:				
Cash at bank	197	180	70	447
Bank loans	(9,004)	(7,521)	(359)	(16,884)
	(8,807)	(7,341)	(289)	(16,437)

26 FUND RISK PROFILE

The Company is an investment company as defined by Section 266 of the Companies Act 1985 and conducts its affairs so as to qualify as an investment trust under the provisions of Section 842 of the Income and Corporation Taxes Act 1988.

The Company's investment objective is to provide a secure and growing dividend combined with capital appreciation by investing in utility and related companies. The Company seeks to meet its investment objective by investing principally in a diversified portfolio of both listed and unlisted companies. The Company has the power to take out borrowings.

The sections of the Chairman's Statement entitled "Background to Year", "Split Capital Pool" and "S Share Pool" on pages 2,3 and 4 summarises the capital performance for the year.

In pursuing its investment objectives, the Company faces risks to both assets and revenue. These risks, and the directors' approach to the management of the risks, are as follows:-

	Risk	Management of Risk
Credit	Failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered.	Virtually all transactions are settled on the basis of delivery against payment. All counterparties to derivative instruments are approved by the Board.
Liquidity	Difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments.	The Company's investments are principally quoted equities and fixed interest stocks and are readily realisable. The Company has the power to take out borrowings,but operates within a ratio of Net Debt to Net Assets of no more than 15%.
Market Price	The Company's assets consist principally of quoted equities and fixed interest stocks, the values of which are determined by market forces.	The Company's risk is managed through investment in a diversity of stocks, most of which are listed on recognised stock exchanges. The Board manages the market price risks inherent in the Company's portfolio by ensuring full and timely access to relevant information. The Board meets regularly and at each meeting reviews investment performance and financial results. Equity and Index derivatives are used on a selective basis to hedge market risk.
Currency	Certain of the Company's assets and liabilities are denominated in currencies other than sterling. As a result movements in exchange rates may affect the sterling value of the portfolio, cash, investment purchases and sales and income.	Forward foreign exchange contracts are used on a selective basis to hedge currency risk. Income denominated in foreign currencies is converted to sterling on receipt. At the year-end the manager has hedged the exposure of the Company to the extent of £16m of forward foreign exchange contracts.

	Risk	Management of Risk
Revenue Cash Flow	Insufficient net revenue to meet the Company's dividend objective.	The Board receives regular revenue account forecasts from the Manager through which it monitors dividend paying capacity.

Financial Assets

The interest rate profile of the Company's financial assets (excluding short-term debtors) at 30 September 1999 was:

Currency	Floating rate financial assets £'000s	Fixed rate financial assets £'000s	Weighted average interest rate %	Weighted average period for which rate is fixed
Sterling	251	85	5.00	16 years
Euro	2,108	–	–	–
US Dollar	21	2,176	6.62	4 years
Australian Dollar	64	–	–	–
New Zealand Dollar	–	5,389	6.90	5 years
Bermuda Dollar	–	895	7.75	13 years
South African Rand	–	125	14.00	21 years

Financial Liabilities

The interest rate profile of the Company's financial liabilities (including short-term loans but excluding other short-term creditors) at 30 September 1999 was:

Currency	Fixed rate financial liablities £'000s	Weighted average interest rate %
Sterling	7,090	5.66
Euro	2,410	2.94
US Dollar	3,197	5.54
New Zealand Dollar	3,289	4.90
Australian Dollar	898	5.25

All loans are repayable within one year.

Currency Exposure

The profile of the Company's net monetary assets at 30 September 1999, by currency, was:

	Euro	US$	NZ$	A$	BRL £'000s	EG£ £'000s	Total £'000s
Net monetary assets	(2,519)	(2,218)	(13,485)	(6,708)	17	5	(24,908)

Fair Value

The directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the balance sheet.

Twenty Largest Investments of the Company

at 30 September 1999

	percentage of Company investments
1 (2) DEE VALLEY (UK) Water only company supplying an area of North Wales.	10.0
2 (1) EAST SURREY HOLDINGS (UK) Water only company supplying East Surrey and parts of Kent, Sussex and the London Borough of Croydon.	8.7
3 (5) INFRASTRUCTURE & UTILITIES NZ (NEW ZEALAND) Closed end fund investing in securities issued by entities in the New Zealand infrastructure and utilities sectors.	7.8
4 (15) LANG CORPORATION (AUSTRALIA) Owns one of the two main stevedoring companies in Australia.	4.2
5 (4) BROCKHAMPTON HOLDINGS (UK) Water only company supplying an area of Hampshire and West Sussex.	4.0
6 (7) KEYTECH (BERMUDA) The Bermudian domestic telecommunications utility.	3.2
7 (8) CARIBBEAN UTILITIES (GRAND CAYMAN) The electricity utility of Grand Cayman.	3.2
8 (3) INTERNATIONAL ENERGY GROUP (GUERNSEY) Sole distributor of gas in Guernsey, Jersey and Isle of Man.	3.1
9 (9) JERSEY ELECTRICITY (JERSEY) The Jersey electricity utility.	3.0
10 (-) STENTOR (EIRE) Irish provider of telecoms and e-commerce services.	3.0
11 (6) BELCO HOLDINGS (BERMUDA) The Bermudian electricity utility.	2.8
12 (13) AGUAS DE BARCELONA (SPAIN) The largest private sector water utility in Spain.	2.5
13 (17) TELECOM CORPORATION OF NEW ZEALAND (NEW ZEALAND) The New Zealand telecommunications utility.	2.4
14 (10) PRISM RAIL (UK) Train operating company with four franchises.	2.2
15 (12) AMERICAN WATER WORKS (USA) The leading investor-owned US water utility.	2.1
16 (16) INFRATIL AUSTRALIA (AUSTRALIA) Closed end fund investing in securities issued by entities in the Australian infrastructure and utilities sectors.	2.0
17 (-) UNITED GLOBAL COM (USA) Holding company for subsidiaries in Europe, Australasia and Latin America, providing Cable TV, telephony and internet services	2.0
18 (-) TELECOM ITALIA MOBILE (ITALY) The leading Italian mobile telecommunications company.	1.9
19 (11) CAMBRIDGE WATER (UK) Water only company supplying an area centred on the City of Cambridge.	1.8
20 (-) OCEAN WILSONS HOLDINGS (BRAZIL) A leading supplier of maritime services and a port operator in Brazil.	1.4

The value of the twenty largest equity holdings represents 71.3% (1998: 69.0%) of the Company's total investments. The figures in brackets denote the position at the previous year-end.
The value of convertible securities represents 3.5% (1998: 1.4%) of the Company's portfolio.
The total number of companies included in the portfolio is 139 (1998: 149).

Historical Record

Split Pool

Assets at 30 September

£'000s	1994	1995	1996	1997	1998	1999
Net assets	£62.18m	£67.47m	£74.83m	£87.88m	£91.35m	£101.96m
Net asset value per income share	60.1p	60.1p	60.2p	60.3p	60.3p	60.5p
Market price per income share	65.5p	59.5p	62.5p	67.3p	75.8p	70.0p
Net asset value per capital share	64.3p	74.8p	89.5p	115.5p	122.4p	143.4p
Market price per capital share	50.5p	63.5p	66.3p	92.5p	85.0p	120.8p
Net asset value per package unit	124.4p	134.9p	149.7p	175.8p	182.7p	203.9p
Market price per package unit	117.0p	122.0p	127.0p	159.0p	155.5p	192.5p

Total Return per Share for the year ended 30 September

£'000s	1994*	1995	1996	1997	1998	1999
Return attributable to income shares	3.9p	4.2p	4.7p	5.4p	5.4p	5.9p
Return attributable to capital shares	27.3p	10.5p	14.7p	26.0p	6.9p	21.0p
Return attributable to package units	31.2p	14.7p	19.4p	31.4p	12.3p	26.9p

* For the period 23 August 1993 to 30 September 1994.

'S' Pool

Assets at 30 September

£'000s	1995	1996	1997	1998	1999
Net assets	£20.12m	£24.14m	£28.08m	£28.77m	£35.25m
Net asset value per 'S' share	100.6p	120.7p	140.2p	143.5p	175.5p
Net asset value per 'S' share – diluted	100.5p	117.2p	133.6p	136.3p	163.7p
Market price per 'S' share	92.0p	99.5p	117.5p	106.5p	158.5p

Total Return per Share for the year ended 30 September

£'000s	1995†	1996	1997	1998	1999
Revenue return per 'S' share	1.6p	3.0p	3.3p	3.2p	3.5p
Capital return per 'S' share	5.0p	19.9p	19.4p	3.4p	32.1p
Total return per 'S' share	6.6p	22.9p	22.7p	6.6p	35.6p

† For the period 4 April 1995 to 30 September 1995.

Notice of Annual General Meeting

Notice is hereby given that the sixth annual general meeting of Foreign & Colonial Special Utilities Investment Trust PLC will be held at Exchange House, Primrose Street, London EC2 on Tuesday, 21 December 1999 at 2.30 p.m. for the following purposes:

Ordinary Business

1 To receive and adopt the directors' report and accounts for the year ended 30 September 1999.

2 To declare a dividend:
  (a) on the income shares
  (b) on the 'S' ordinary shares

3 To re-elect the following directors:
  (a) Professor J.A. Kay
  (b) Mr. R.P.A. Spiller

4 To re-appoint the auditors and authorise the directors to fix their remuneration.

Special Business

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

THAT:

(a) the directors be and they are hereby:

(i) generally and unconditionally authorised, in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £60,000 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company in 2000; and

(ii) empowered, pursuant to Section 95 of the Act, to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority referred to in paragraph (a)(i) of this resolution as if Section 89(1) of the Act did not apply to any such allotment but so that this authority and power shall enable the Company to make offers or agreements which would or might require relevant securities or equity securities to be allotted after the expiry of this authority and power notwithstanding such expiry the directors may allot relevant securities and/or equity securities in pursuance of such offers or agreements; and

(b) all authorities previously conferred under Section 80 or Section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

22 November 1999

By order of the Board
Foreign & Colonial Management Limited
Secretary

Registered Office:
Exchange House,
Primrose Street,
London EC2A 2NY

Notes

Only the holders of income shares, capital shares, or "S" ordinary shares, registered on the register of members of the Company at 2.30 p.m. on 19 December 1999 shall be entitled to attend and vote or to be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register after 2.30 p.m. on 19 December 1999 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

The holders of income shares are not entitled to vote on the declaration of a dividend on the "S" ordinary shares. The holders of "S" ordinary shares are not entitled to vote on the declaration of a dividend on the income shares. The holders of capital shares are not entitled to vote on the declaration of a dividend on either the income shares or the "S" ordinary shares.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

The return of a form of proxy will not preclude a member from attending the meeting and voting in person if he wishes to do so.

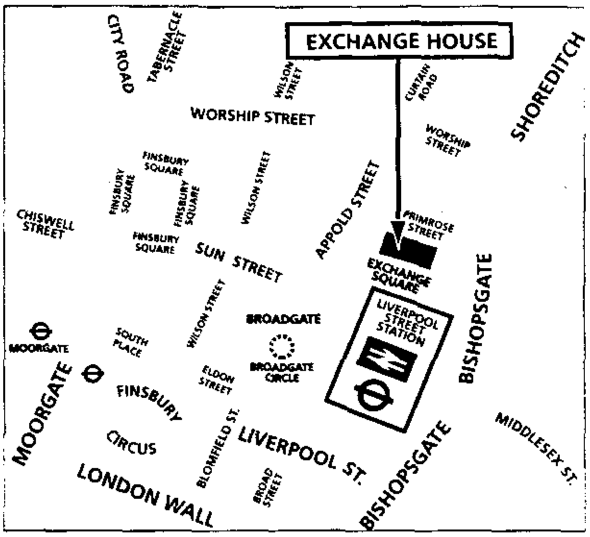
To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Services PLC, P.O. Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 OXG, not less than 48 hours before the time appointed for holding the meeting. In view of this requirement, investors holding shares in the Company through the Foreign & Colonial Private Investor, Personal Equity or Pension Savings Plans or in a Foreign & Colonial Individual Savings Account should ensure that forms of direction are returned to Computershare Services PLC not later than 96 hours before the time appointed for holding the meeting.

The register of directors' holdings and the Company's memorandum and articles of association are available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.

Mr Saville is the only director having a service contract with the Company. The contract is available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.

The final dividend in respect of the year ended 30 September 1999 for the income shares and for the "S" ordinary shares will, if approved, be paid on 4 January 2000 to the relevant holders on the register at the close of business on 26 November 1999.

The Location



Funds Managed by the Hypo Foreign & Colonial Group

INVESTMENT TRUSTS

Foreign & Colonial Investment Trust PLC
Foreign & Colonial Eurotrust PLC
Foreign & Colonial Pacific Investment Trust PLC
Foreign & Colonial Smaller Companies PLC
Foreign & Colonial Enterprise Trust PLC
Foreign & Colonial Special Utilities Investment Trust PLC
Foreign & Colonial Emerging Markets Investment Trust PLC
Foreign & Colonial U.S. Smaller Companies PLC
Foreign & Colonial Income Growth Investment Trust PLC
Foreign & Colonial PEP and ISA Investment Trust PLC
F&C Latin American Investment Trust PLC
CONTACT: INVESTOR SERVICES ON 020 7454 1415

For details of investment trust products;
Private Investor Plan – regular or lump sum savings
Personal Equity Plan – transfers only†
Individual Savings Account – tax-efficient savings*
Pension Savings Plan – saving for retirement
PLEASE CONTACT INVESTOR SERVICES ON 020 7454 1415
OR BROKER SUPPORT ON 020 7454 1434

SPECIALIST OFFSHORE FUNDS

Foreign & Colonial Portfolios Fund SICAV
Foreign & Colonial Reserve Asset Fund Ltd**
HYPO Capital Management Investmentgesellschaft Luxembourg S.A.
CONTACT: BROKER SUPPORT ON 020 7454 1434

Brazilian Investment Company SICAV
Colombian Investment Company SICAV**
Global Emerging Markets Investment Company SICAV
Indian Investment Company SICAV**
Mexican Investment Company SICAV
Peruvian Investment Company SICAV**
Polish Investment Company SICAV**
Russian Investment Company SICAV**
Taiwan Investment Company SICAV**
CONTACT: FCEM MARKETING DEPARTMENT ON 020 7628 1234

US REGISTERED FUNDS

The Foreign & Colonial Emerging Middle East Fund, Inc.**
CONTACT: FCEM MARKETING DEPARTMENT ON 020 7628 1234

DUBLIN REGISTERED FUNDS

Foreign & Colonial Emerging High Yield Investment Company plc**
Foreign & Colonial Romanian Investment Company plc**
Latin American Extra Yield Fund**
CONTACT: FCEM MARKETING DEPARTMENT ON 020 7628 1234

PENSION FUNDS

Balanced and specialist investment services are provided for a wide range of institutional pension funds.
CONTACT: TIM WATSON ON 020 7628 8000

AUTHORISED UNIT TRUSTS

Foreign & Colonial European Smaller Companies Fund
Foreign & Colonial High Income Fund
Foreign & Colonial Japanese Smaller Companies Fund
Foreign & Colonial UK Smaller Companies Fund
Foreign & Colonial U.S. Smaller Companies Fund
CONTACT: BROKER SUPPORT ON 020 7454 1434

AUTHORISED EXEMPT FUNDS

Foreign & Colonial Anglo-Nippon Exempt Fund
Foreign & Colonial European Exempt Fund
Foreign & Colonial North American Exempt Fund
Foreign & Colonial Overseas Bond Exempt Fund
Foreign & Colonial South East Asia Exempt Fund
Foreign & Colonial UK Bond Exempt Fund
CONTACT: TIM WATSON ON 020 7628 8000

UNAUTHORISED EXEMPT FUNDS

Foreign & Colonial Emerging Markets Ex Pacific-Asia Exempt Fund
Foreign & Colonial Latin American Exempt Fund
CONTACT: TIM WATSON ON 020 7628 8000

PRIVATE EQUITY FUNDS

Foreign & Colonial Ventures manages or advises six funds concentrating on unquoted investments including two of the investment trusts above.
CONTACT: JAMES NELSON ON 020 7825 5300

CHARITY FUNDS

A comprehensive management service is available for larger charities.
CONTACT: TIM WATSON ON 020 7628 8000

* *All Foreign & Colonial investment trusts (except Foreign & Colonial Private Equity Trust PLC) and the Foreign & Colonial High Income Fund are available through a Foreign & Colonial ISA. PEPs are no longer available for new subscriptions, however, you can still continue to hold investments in any existing PEPs and transfer investments† from one manager to another, subject to Inland Revenue requirements.*
***Professional investors only.*

Registrars:
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PO Box 435
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Edinburgh EH11 4BR

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Facsimile 0131 442 4924

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Exchange House
Primrose Street
London EC2A 2NY

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Foreign & Colonial

A member of the
Hypo Foreign & Colonial Group