

Witan Investment Trust plc

Interim Report 2002

*'Don't let yesterday use
up too much of today.'*

Cherokee proverb

Contents

About your Company

- 1 Profile
- 2 Financial Highlights, Performance and Dividend
- 3 Chairman's Statement

Portfolio Information

- 4 Largest Equity Investments
- 5 Portfolio Classification

Financial Statements

- 6 Statement of Total Return
- 7 Balance Sheet
- 8 Cash Flow Statement
- 9 Notes to the Accounts

Shareholder Information

- 10 – 11 Witanwisdom
- 12 Directors and other Information

Investment trusts are public limited companies, quoted on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments. Income, net of expenses and tax, is distributed substantially to shareholders. Shareholders elect the directors, a majority of whom are independent of the management company.

Witan Investment Trust plc is a global growth investment trust which is invested in a diversified range of well managed large multi-national companies, with some smaller companies selected for their long-term growth prospects.

Our track record

Long history

Formed in 1909, and becoming publicly quoted in 1924, the Company has always responded to the rapid changes seen worldwide in the political, economic and social climate.

Good performance record

£1,000 invested at 30 June 1977 would now be worth £20,925 (share price capital only return)*. By comparison, the Retail Prices Index increased 3.79 times over the same period.

Progressive dividend record

The last ten years' average annual dividend growth rate has been 3.8%, compared with an average annual inflation rate of around 2.4% during the decade.

Clear performance marker

Our portfolio benchmark, against which performance is measured, is 60% FTSE All-Share Index and 40% FTSE World (ex UK) Index (capital change only).

Low management costs

A total expense ratio of 0.40% of average total net assets for 2001.

Independent board

Five out of the eight directors are wholly independent of the management company.

* Source: AITC Services Limited

Highlights

Financial Highlights

	(Unaudited) Half year ended 30 June 2002 in pence	(Unaudited) Half year ended 30 June 2001 in pence	(Audited) Year ended 31 December 2001 in pence
Per ordinary share			
Share price	352.5	442.5	391.0
Net asset value	382.6	484.2	429.3
Earnings*	5.21	5.13	8.40
Dividends	3.65	3.60	7.95

*see note 4 on page 9.

Performance

Per ordinary share	6 months % return	12 months % return
Share price	(9.85)	(20.34)
Net asset value	(10.88)	(20.98)
Benchmark [†]	(11.69)	(19.49)

[†]Comprising the FTSE All-Share Index and the FTSE World (ex UK) Index in the proportion 60:40 (capital change only).

Dividend

An interim dividend of 3.65p (2001: 3.60p) per ordinary share will be paid on 6 September 2002 to shareholders registered on 16 August 2002. The shares will be quoted ex-dividend on 14 August 2002.

Chairman's Statement



Lord Faringdon

It is little consolation to shareholders to be told by their Chairman that during the six month period under review the Trust has outperformed its benchmark when its net asset value per share has fallen 10.88%. Worse still, since the end of December 2000 to yesterday (30 July 2002) the fall has been 35.6%.

For the last year we have warned shareholders of a likely further period of market re-rating, partly due to an increase in perceived equity risk and partly due to more difficult trading conditions. The recent volatility in markets, however, has been greatly exaggerated by fears of further exposures of corporate wrongdoing. Whilst there may have been some massive write-downs of earnings in a small number of large North American companies, as well as some dilution in earnings forecasts due to stock options and management greed, there is no evidence to suggest that shareholder value has been undermined to the extent of the present market correction.

On the positive side, we expect to see some dividend growth for the year (in the U.K. it could be about 3%) which, together with our change in accountancy policy last year, allows us to increase our distribution by a small amount at this interim stage and hopefully by a further modest amount at the year end.

In the meantime we will continue to manage our gearing and our discount, and continue to be highly stock selective in what we own.

A handwritten signature in blue ink, appearing to be 'R. Faringdon', written in a cursive style.

Lord Faringdon

31 July 2002

Portfolio Information

at 30 June 2002

50 largest equity investments by value (note 1)

Company	£'000	Company	£'000
BP	63,365	General Electric (United States)	8,927
GlaxoSmithKline	53,175	Aviva	8,822
Shell Transport & Trading	44,550	Lattice	8,550
HSBC	37,725	Next	8,388
Barclays	33,120	BAE Systems	8,375
Royal Bank of Scotland	29,729	Nippon Express (Japan)	8,373
Vodafone	27,000	Reckitt Benckiser	8,239
Henderson American Smaller Companies (note 2)	21,272	Pfizer (United States)	7,887
Thames River First Absolute Return (note 3)	19,489	ChevronTexaco (United States)	7,548
HBOS	17,750	Smith & Nephew	7,280
Lloyds TSB	17,631	Wal-Mart Stores (United States)	7,218
British American Tobacco	17,625	Novartis (Switzerland)	7,098
Diageo	17,040	Pepsico (United States)	7,042
AstraZeneca	16,296	Abbey National	6,948
BT	15,120	GUS	6,929
Exxon Mobil (United States)	13,370	Smiths	6,816
Henderson Strata (note 4)	12,094	Taylor Nelson Sofres	6,685
Rio Tinto	12,030	Six Continents	6,665
Prudential	12,000	Wolseley	6,650
BG	11,196	Anglo American	6,546
BHP Billiton (Australia and the UK)	10,916	BSkyB	6,493
Unilever	9,568	Kookmin Bank (South Korea)	6,375
Tesco	9,540	Du Pont (United States)	6,373
Total Fina Elf (France)	9,040	Ito-Yokado (Japan)	6,306
Microsoft (United States)	8,971	American International Group (United States)	6,286

Notes:

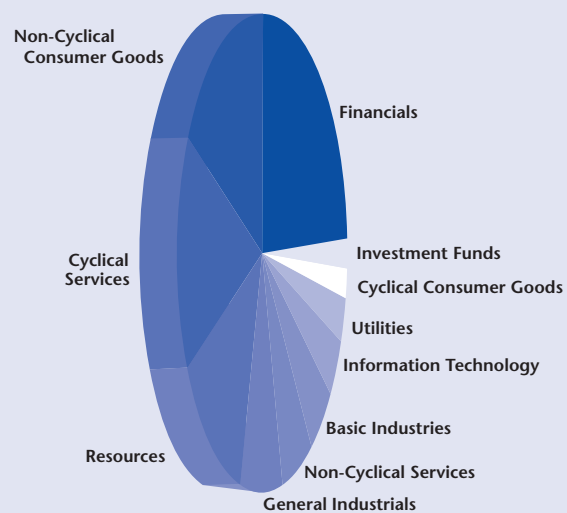
1. The above investments total £722,431,000 or 49.7% of the portfolio.
All are listed in the UK except where stated otherwise.
2. An open ended investment company with a portfolio of quoted North American smaller companies.
3. An unquoted fund of hedge funds, the underlying investments of which consist mainly of quoted North American companies.
4. A UK investment trust with an international portfolio of quoted smaller companies.

Portfolio Information

at 30 June 2002

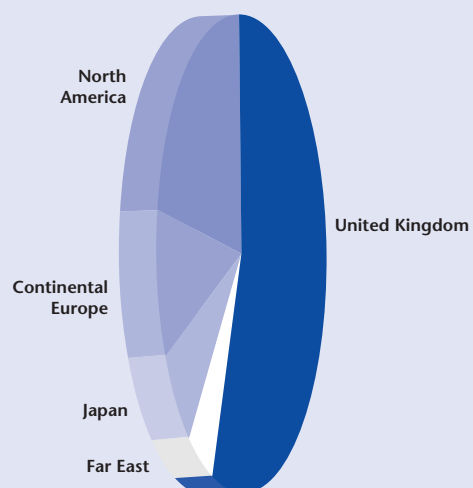
Portfolio by industrial classification

Equities	%
Financials	24
Non-Cyclical Consumer Goods	17
Cyclical Services	16
Resources	13
General Industrials	8
Non-Cyclical Services	6
Basic Industries	5
Information Technology	4
Utilities	3
Cyclical Consumer Goods	2
Investment Funds	2
Total	100



Portfolio by geographical spread

Equities	%
United Kingdom	56
North America	22
Continental Europe	10
Japan	7
Far East	5
Total	100



Statement of Total Return (incorporating the revenue account)

for the half year ended 30 June 2002

	(Unaudited)			(Unaudited)			(Audited)		
	Half year ended 30 June 2002			Half year ended 30 June 2001			Year ended 31 December 2001		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Total capital losses from investments	–	(163,753)	(163,753)	–	(131,919)	(131,919)	–	(316,911)	(316,911)
Income from fixed asset investments	21,151	–	21,151	20,939	–	20,939	35,894	–	35,894
Other interest receivable and similar income	1,024	–	1,024	1,512	–	1,512	2,369	–	2,369
Gross revenue and capital losses	22,175	(163,753)	(141,578)	22,451	(131,919)	(109,468)	38,263	(316,911)	(278,648)
Management fee (note 3)	(509)	(1,968)	(2,477)	(509)	(1,526)	(2,035)	(1,022)	(3,065)	(4,087)
Other administrative expenses	(1,324)	–	(1,324)	(1,336)	–	(1,336)	(2,645)	–	(2,645)
Net return/(loss) on ordinary activities before interest payable and taxation	20,342	(165,721)	(145,379)	20,606	(133,445)	(112,839)	34,596	(319,976)	(285,380)
Interest payable	(1,263)	(3,790)	(5,053)	(1,263)	(3,792)	(5,055)	(2,533)	(7,599)	(10,132)
Net return/(loss) on ordinary activities before taxation	19,079	(169,511)	(150,432)	19,343	(137,237)	(117,894)	32,063	(327,575)	(295,512)
Taxation on net return on ordinary activities (note 4)	(714)	–	(714)	(1,261)	681	(580)	(2,429)	1,514	(915)
Net return/(loss) on ordinary activities after taxation	18,365	(169,511)	(151,146)	18,082	(136,556)	(118,474)	29,634	(326,061)	(296,427)
Dividends – preference shares	(42)	–	(42)	(42)	–	(42)	(83)	–	(83)
Attributable to the ordinary shareholders	18,323	(169,511)	(151,188)	18,040	(136,556)	(118,516)	29,551	(326,061)	(296,510)
Dividends – ordinary shares									
Interim payment of 3.65p (2001: 3.60p)	(12,836)	–	(12,836)	(12,661)	–	(12,661)	(12,654)	–	(12,654)
Final 2001: 4.35p	–	–	–	–	–	–	(15,298)	–	(15,298)
	(12,836)	–	(12,836)	(12,661)	–	(12,661)	(27,952)	–	(27,952)
Transfer to/(from) reserves	5,487	(169,511)	(164,024)	5,379	(136,556)	(131,177)	1,599	(326,061)	(324,462)
Return/(loss) per ordinary share (notes 1 and 4)	5.21p	(48.20)p	(42.99)p	5.13p	(38.83)p	(33.70)p	8.40p	(92.71)p	(84.31)p

The revenue columns of this statement represent the revenue accounts of the Company.

Balance Sheet

at 30 June 2002

	(Unaudited) 30 June 2002 £'000	(Unaudited) 30 June 2001 £'000	(Audited) 31 December 2001 £'000
Fixed asset investments			
Listed in the United Kingdom (at market value)	807,483	1,009,374	933,538
Listed abroad (at market value)	615,678	763,763	657,787
Unquoted (at directors' valuation)	30,132	38,976	32,586
	<u>1,453,293</u>	<u>1,812,113</u>	<u>1,623,911</u>
Current assets			
Debtors	30,734	15,712	6,154
Cash at bank and short term deposits	25,186	53,291	45,931
	<u>55,920</u>	<u>69,003</u>	<u>52,085</u>
Creditors: amounts falling due within one year	<u>(16,879)</u>	<u>(31,552)</u>	<u>(19,677)</u>
Net current assets	<u>39,041</u>	<u>37,451</u>	<u>32,408</u>
Total assets less current liabilities	<u>1,492,334</u>	<u>1,849,564</u>	<u>1,656,319</u>
Creditors: amounts falling due after more than one year	<u>(144,136)</u>	<u>(144,057)</u>	<u>(144,097)</u>
Total net assets	<u>1,348,198</u>	<u>1,705,507</u>	<u>1,512,222</u>
Capital and reserves			
Called-up share capital			
Preference shares	2,555	2,555	2,555
Ordinary shares	87,921	87,921	87,921
Share premium	16,237	16,237	16,237
Other capital reserves			
Redemption reserve	5,905	5,905	5,905
Capital reserve – realised	1,061,478	1,128,080	1,072,787
Capital reserve – unrealised	148,881	441,295	307,083
Revenue reserve	25,221	23,514	19,734
	<u>1,348,198</u>	<u>1,705,507</u>	<u>1,512,222</u>
Shareholders' funds (including non-equity interests of £2,555,000)	<u>1,348,198</u>	<u>1,705,507</u>	<u>1,512,222</u>
Net asset value per ordinary share	<u>382.6p</u>	<u>484.2p</u>	<u>429.3p</u>

Cash Flow Statement

for the half year ended 30 June 2002

	(Unaudited) Half year ended 30 June 2002 £'000	(Unaudited) Half year ended 30 June 2001 £'000	(Audited) Year ended 31 December 2001 £'000
Net cash inflow from operating activities	17,113	18,398	31,543
Net cash outflow from servicing of finance	(5,071)	(5,074)	(10,135)
Net tax recovered	285	392	573
Net cash outflow from financial investment	(17,301)	(14,550)	(17,220)
Equity dividends paid	(15,298)	(14,947)	(27,601)
Management of liquid resources	5,000	(15,000)	5,000
Net cash outflow before financing	(15,272)	(30,781)	(17,840)
Net cash outflow from financing	–	(56)	(56)
Decrease in cash	(15,272)	(30,837)	(17,896)
Reconciliation of operating revenue			
to net cash inflow from operating activities			
Net revenue before interest payable and taxation	20,342	20,606	34,596
(Increase)/decrease in accrued income	(703)	623	1,434
(Increase)/decrease in debtors	(33)	(22)	26
Increase/(decrease) in creditors	399	(176)	129
Management expenses charged to capital	(1,968)	(1,526)	(3,065)
Tax deducted at source	(924)	(982)	(1,390)
Script dividends included in investment income	–	(125)	(187)
	17,113	18,398	31,543
Reconciliation of net cash flow to movement in net debt			
Decrease in cash as above	(15,272)	(30,837)	(17,896)
Cash (inflow)/outflow from management of liquid resources	(5,000)	15,000	(5,000)
Cash outflow from debt financing	–	56	56
Change in net debt resulting from cash flows	(20,272)	(15,781)	(22,840)
Exchange movements	(473)	(529)	(830)
Increase in valuation of debt	(39)	(110)	(150)
Movement in net debt in the period	(20,784)	(16,420)	(23,820)
Net debt at the beginning of the period	(98,166)	(74,346)	(74,346)
Net debt at the end of the period	(118,950)	(90,766)	(98,166)
Represented by:			
Bank balances and short term deposits	25,186	53,291	45,931
Debt falling due after more than one year	(144,136)	(144,057)	(144,097)
	(118,950)	(90,766)	(98,166)

Notes to the Accounts

1. Return/(loss) per ordinary share

The revenue return per ordinary share is based on the earnings attributable to the ordinary shares of £18,323,000 (half year ended 30 June 2001: £18,040,000; year ended 31 December 2001: £29,551,000) and on the weighted average number of ordinary shares of 25p each in issue during the period of 351,682,244 (half year ended 30 June 2001 and year ended 31 December 2001: 351,682,244).

The capital return per ordinary share is based on the net capital losses of £169,511,000 (half year ended 30 June 2001: £136,556,000; year ended 31 December 2001: £326,061,000) and on the weighted average number of ordinary shares in issue, as stated above.

2. Issued share capital

At 30 June 2002 there were 351,682,244 ordinary shares in issue (30 June 2001 and 31 December 2001: 351,682,244).

3. Performance fee

The total management fee for the half year ended 30 June 2002 includes an accrual of £441,000 (inclusive of irrecoverable VAT) for a performance fee. This reflects the performance of the Company's net asset value per share relative to that of its benchmark over the half year ended 30 June 2002. A performance fee will crystallise only to the extent of any outperformance over the full accounting year ending 31 December 2002. The accrued performance fee has been allocated wholly to capital, reflecting the fact that it is calculated by reference to capital performance only.

4. Allocation of tax relief

With effect from 1 January 2002, the tax relief available to the Company on its management, administrative and finance costs is allocated between revenue and capital according to the 'marginal basis' whereby revenue expenses are matched first against taxable income arising in the revenue account; the effect of this is that in the half year ended 30 June 2002 all the tax relief was allocated to revenue. In 2001 the tax relief was allocated according to the 'proportional basis'. Had the comparative figures been calculated on the same basis, the revenue return for the half year ended 30 June 2001 would have been 5.29p rather than 5.13p (year ended 31 December 2001: 8.77p rather than 8.40p).

5. Interim accounts

The interim accounts have been neither audited nor reviewed by the auditors.

6. Comparative information

The figures and financial information for the year ended 31 December 2001 are extracted from the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985.

Note to those who access this document by electronic means

The interim report for the half year ended 30 June 2002 has been approved by the Board of Witan Investment Trust plc and circulated to the Company's shareholders in hard copy format. It is also made available in electronic format for the convenience of readers. However, the Board cannot accept responsibility for guaranteeing the integrity of the document in electronic format. Printed copies are available from the Company's Registered Office in London.

Readers should note that legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Witanwisdom

There are a variety of ways to invest in Witan. Naturally, Witan's shares can be traded easily on the stock market. However, bearing in mind the benefits of income reinvestment, regular savings and tax free wrappers, one of Witan's investment plans may be the answer.

- **Witan Share Plan** is a straightforward savings scheme with minimum lump sum investment from £500 and regular savings from £50 per month.
- **Witan ISA** enables investors to save tax free up to a limit of £7,000 per annum. The minimum lump sum investment is £2,000 with regular savings from £50 per month.
- **Witan Transfer PEP/ISA** allows investors to transfer all or any number of their existing PEP/ISA holdings into Witan. The transfer is free (except for 0.5% stamp duty) and investments retain their tax free status during and after transfer.
- **Jump** gives parents, grandparents or other adults the chance to save effectively for children over the long term. Minimum lump sum investment is set at £100 and regular contributions can be made from as little as £25 a month or quarter.

Call free on 0800 21 22 56 for product information and guidance.

Visit www.witan.com for all the latest news and views and the opportunity to access plan application forms.

Please remember that the value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Tax assumptions may change if the law changes and the value of tax relief will depend upon your individual circumstances.

Henderson Global Investors is the name under which Henderson Global Investors Limited, Henderson Investment Funds Limited and Henderson Administration Limited (all authorised and regulated by the Financial Services Authority) provide investment products and services.

4 Broadgate, London EC2M 2DA.
Telephone 020 7818 1818.

Witan... Share Plan 2002/2003

I do wish that dear Karl could have spent some time acquiring capital instead of writing about it.
— Steve Jobs

wisdom

Invest in Global Growth at the stroke of a pen





Witan... ISA 2002/2003

Anything simple always interests me.
— David Hockney

wisdom

A Witan ISA is a simple route to investing in over 200 top companies


The best investment you've ever made.



The savings fund for children

Witan... Trustee PSP

A great pleasure in life is doing what people say you cannot do.
— Nelson Mandela

wisdom

Why not? You can't transfer your PSP to a better place?




Directors and other Information

Directors

The Lord Faringdon (Chairman)
H M Henderson
C G Clarke
R W C Colvill*
A W Jones*
R H McGrath*
C S McVeigh III*
R A Bruce* (appointed on 19 June 2002)

*Member of the audit committee and of the management engagement committee (both of which are chaired by Mr Colvill)

Investment Manager

Henderson Global Investors Limited, an AMP Company, represented by James Robinson (Manager) and Job Curtis (Deputy Manager)

Henderson Global Investors Limited is authorised and regulated by the Financial Services Authority.

Secretary

Henderson Secretarial Services Limited, represented by G S Rice ACIS

Registered Office

4 Broadgate
London EC2M 2DA
Telephone: 020 7638 5757

Registered Number

Registered as an investment company in England and Wales No. 101625

Registrar

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

Payment of Dividends

Dividends can be paid directly to a shareholder's bank account by means of BACS. Mandate forms for this purpose are available on request from the Registrar (at the address above). Alternatively, shareholders can write to the Registrar to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

The Internet

The Witan website has the latest news on Witan, including the latest published net asset value, share price and portfolio information. The site address is www.witan.com





In May 2002, Witan announced that it had become principal sponsor to Britain's top female skier, Chemmy Alcott. At 20, Chemmy is ranked in the World's top 8 for her age in both Downhill and Super G disciplines. She participated in five different events at the Olympics in Salt Lake City. Her 14th place in the Women's Combined was a highly creditable performance, having skied full time for just 18 months.

Witan sponsorship runs until the next Olympics in Turin. During this time Chemmy Alcott will undoubtedly fulfil her potential and prove to be a popular standard bearer for the Trust.

