

Witan Investment Trust plc

Interim Report 2001

*'I like the dreams of
the future better than
the history of the past'*

Thomas Jefferson

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Witan Investment Trust plc is a global growth investment trust which is invested in a prudently diversified range of well managed large multi-national companies, with some smaller companies selected for their excellent 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 1976 would now be worth £54,277 (share price total return)*.

Progressive dividend record

The last ten years' average annual dividend growth rate has been 4.6%, compared with an average annual inflation rate of around 2.7% 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 0.32% of average total net assets for 2000.

Independent board

Five out of the eight directors, all of whom are non-executive, are wholly independent of the management company.

* Source: produced by Fundamental Data for the AITC.

Highlights

Financial Highlights

Per ordinary share	(Unaudited) 30 June 2001 in pence	(Unaudited) 30 June 2000 in pence*	(Audited) 31 December 2000 in pence*
Net asset value	484.2	566.7	521.5
Dividends	3.60	3.50	7.75
Earnings	5.13	4.53	8.95
Capital return	(38.83)	3.03	(43.92)
Total return	(33.70)	7.56	(34.97)

*Restated for the change in accounting policy (see note 2 on page 9).

Performance

Per ordinary share	6 months base 100	% Return	12 months base 100	% Return
Net asset value	92.85	(7.15)	85.44	(14.56)
Share price	92.57	(7.43)	92.28	(7.72)
Benchmark [†]	92.89	(7.11)	88.55	(11.45)

[†]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 3.60p (2000: 3.50p) per ordinary share will be paid on 7 September 2001 to shareholders registered on 17 August 2001. The shares will be quoted ex-dividend on 15 August 2001.

Chairman's Statement



Overview

The steam has gone out of markets worldwide as future corporate earnings prospects are reined back. To a certain extent this was not unexpected although the intensity of the market revaluation, particularly of the telephone and technology sectors on the way up, as well as now on the way down, shows about as much investor subtlety as one might expect from a gorilla let loose on a Stradivarius.

The Lord Faringdon

As mentioned in the last Annual Report, which incidentally again won the accolade of best generalist annual report from the Association of Investment Trust Companies, we mentioned the steps we had taken to try to protect investors against any market set-back. These consisted of a judicious mix of marketing, share redemption and the use of absolute return funds, rather than increasing liquidity, as we felt that the market correction was unlikely to be big enough to allow us a full turning circle. The effect of our actions so far has led to the virtual halving of our market discount (i.e. 8.6% versus 15.4%) since this time last year, and this has gone some way to relieve the full financial pain to shareholders doled out by stockmarkets and by our own underperformance of benchmark over that period.

Our change in accounting policy set out to shareholders at the end of last year has relieved the pressure on our income account and gives us the ability, without dipping into revenue reserve, to increase the interim payment to shareholders by a modest amount (2.86%).

We expect further consolidation of stockmarket values over the rest of the year, but we do not believe the downturn in economic activity will worsen significantly, although it may take longer to rebuild confidence and profitability to the levels seen two or three years ago. By the time of our next Annual General Meeting on 12 March 2002 at the RHS Hall, to which by popular consent we will be returning, the outlook will be clearer.

A handwritten signature in blue ink, appearing to read 'R. Faringdon', written over a light blue background.

Lord Faringdon

26 July 2001

Portfolio Information

at 30 June 2001

50 largest equity investments by value

Company	£'000	Company	£'000
GlaxoSmithKline	68,760	American International (United States)	12,731
BP Amoco	61,373	Rio Tinto	12,620
Shell Transport & Trading	53,190	3i Group	12,070
Vodafone	40,950	BG	10,990
HSBC	36,203	Scottish Power	10,983
Barclays	29,430	British American Tobacco	10,800
Lloyds TSB	28,460	BTG	10,661
Henderson American Smaller Co's (note 2)	27,081	Xansa	10,508
Henderson Strata (note 3)	23,615	Tesco	10,260
British Telecom	22,350	Ahold (Netherlands)	10,223
Thames River First Absolute Return (note 4)	21,936	BAE Systems	10,215
AstraZeneca	21,535	Citigroup (United States)	10,019
Royal Bank of Scotland	18,211	American Home Products (United States)	9,608
General Electric Co (United States)	17,420	Land Securities	9,546
CGNU	16,440	Next	9,300
Microsoft (United States)	16,091	Smith & Nephew	9,225
Diageo	15,600	Shire Pharmaceutical	9,058
Unilever	14,698	Total (France)	8,960
Pfizer (United States)	14,594	Reuters	8,904
Exxon Mobil (United States)	14,535	Duke Energy (United States)	8,876
Abbey National	14,318	Canon (Japan)	8,620
Prudential	14,207	Cable & Wireless	8,606
Aventis (France)	13,907	Taylor Nelson Sofres	8,589
AOL Time Warner (United States)	13,567	Compass	8,535
National Express	13,169	Imperial Tobacco	8,350

Notes:

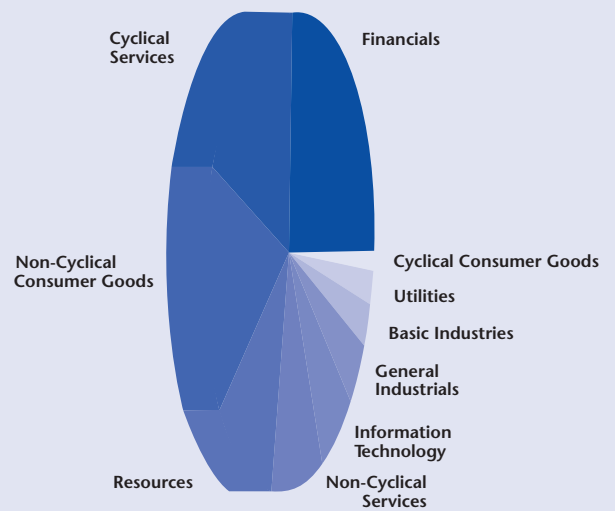
1. The above investments total £879,897,000 or 48.6% of the portfolio.
All are listed in the UK except where stated otherwise.
2. An open ended investment company with a portfolio of quoted North American smaller companies.
3. A UK investment trust with an international portfolio of quoted smaller companies.
4. An unquoted fund of hedge funds, the underlying investments of which consist mainly of quoted North American companies.

Portfolio Information

at 30 June 2001

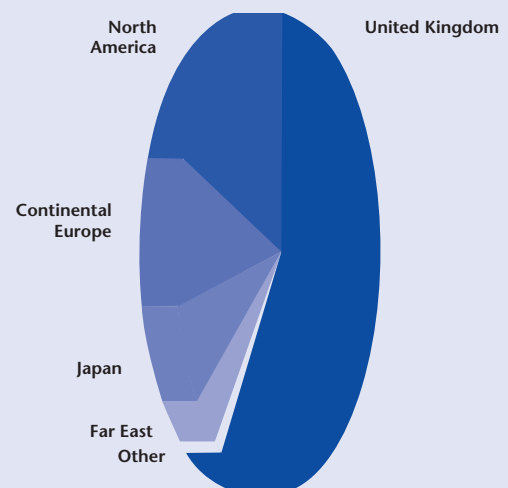
Equity portfolio by industrial classification

	%
Financials	24
Cyclical Services	17
Non-Cyclical Consumer Goods	16
Resources	11
Non-Cyclical Services	9
Information Technology	7
General Industrials	6
Basic Industries	4
Utilities	4
Cyclical Consumer Goods	2
Total	100



Portfolio by geographical spread

Equities	%
United Kingdom	56
North America	21
Continental Europe	11
Japan	7
Far East	4
Other	1
Total	100



Statement of Total Return (incorporating the revenue account)

for the half year ended 30 June 2001

	(Unaudited)			(Unaudited and restated*)			(Audited and restated*)		
	Half year ended 30 June 2001			Half year ended 30 June 2000			Year ended 31 December 2000		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total capital (losses)/gains from investments	–	(131,919)	(131,919)	–	13,607	13,607	–	(153,837)	(153,837)
Income from investments	20,939	–	20,939	19,564	–	19,564	37,827	–	37,827
Other interest receivable and similar income	1,512	–	1,512	810	–	810	1,965	–	1,965
Gross revenue and capital (losses)/gains	22,451	(131,919)	(109,468)	20,374	13,607	33,981	39,792	(153,837)	(114,045)
Management fee	(509)	(1,526)	(2,035)	(563)	(1,689)	(2,252)	(978)	(2,935)	(3,913)
Other administrative expenses	(1,336)	–	(1,336)	(1,206)	–	(1,206)	(2,460)	–	(2,460)
Net return/(loss) on ordinary activities before interest payable and taxation	20,606	(133,445)	(112,839)	18,605	11,918	30,523	36,354	(156,772)	(120,418)
Interest payable	(1,263)	(3,792)	(5,055)	(505)	(1,516)	(2,021)	(1,328)	(3,983)	(5,311)
Net return/(loss) on ordinary activities before taxation	19,343	(137,237)	(117,894)	18,100	10,402	28,502	35,026	(160,755)	(125,729)
Taxation on net return on ordinary activities	(1,261)	681	(580)	(1,463)	705	(758)	(2,485)	1,522	(963)
Net return/(loss) on ordinary activities after taxation	18,082	(136,556)	(118,474)	16,637	11,107	27,744	32,541	(159,233)	(126,692)
Dividends – preference shares	(42)	–	(42)	(42)	–	(42)	(83)	–	(83)
Available for ordinary shareholders	18,040	(136,556)	(118,516)	16,595	11,107	27,702	32,458	(159,233)	(126,775)
Dividends – ordinary shares									
Interim payment of 3.60p (2000: 3.50p)	(12,661)	–	(12,661)	(12,703)	–	(12,703)	(12,703)	–	(12,703)
Final 2000: 4.25p	–	–	–	–	–	–	(14,947)	–	(14,947)
	(12,661)	–	(12,661)	(12,703)	–	(12,703)	(27,650)	–	(27,650)
Transfer to/(from) reserves	5,379	(136,556)	(131,177)	3,892	11,107	14,999	4,808	(159,233)	(154,425)
Return/(loss) per ordinary share (note 1)	5.13p	(38.83p)	(33.70p)	4.53p	3.03p	7.56p	8.95p	(43.92p)	(34.97p)

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

*Restated for the change in accounting policy (see note 2 on page 9).

Balance Sheet

at 30 June 2001

	(Unaudited) 30 June 2001 £'000	(Unaudited and restated*) 30 June 2000 £'000	(Audited and restated*) 31 December 2000 £'000
Fixed asset investments			
Quoted in the United Kingdom (at market value)	1,009,374	1,100,686	1,119,159
Quoted abroad (at market value)	763,763	932,961	773,638
Unquoted (at directors' valuation)	38,976	29,178	30,217
	<u>1,812,113</u>	<u>2,062,825</u>	<u>1,923,014</u>
Current assets			
Debtors	15,712	20,834	6,081
Cash at bank and short term deposits	53,291	53,873	69,657
	<u>69,003</u>	<u>74,707</u>	<u>75,738</u>
Creditors: amounts falling due within one year	<u>(31,552)</u>	<u>(25,659)</u>	<u>(18,065)</u>
Net current assets	<u>37,451</u>	<u>49,048</u>	<u>57,673</u>
Total assets less current liabilities	<u>1,849,564</u>	<u>2,111,873</u>	<u>1,980,687</u>
Creditors: amounts falling due after more than one year	<u>(144,057)</u>	<u>(46,000)</u>	<u>(144,003)</u>
Provision for liabilities and charges	-	(25)	-
Net assets	<u>1,705,507</u>	<u>2,065,848</u>	<u>1,836,684</u>
Capital and reserves			
Called-up share capital			
Preference shares	2,555	2,555	2,555
Ordinary shares	87,921	91,015	87,921
Share premium	16,237	16,237	16,237
Other reserves			
Redemption reserve	5,905	2,811	5,905
Capital reserve – realised	1,128,080	1,127,792	1,122,387
Capital reserve – unrealised	441,295	808,219	583,544
Revenue reserve	23,514	17,219	18,135
Shareholders' funds	<u>1,705,507</u>	<u>2,065,848</u>	<u>1,836,684</u>
Net asset value per ordinary share	<u>484.2p</u>	<u>566.7p</u>	<u>521.5p</u>

*Restated for the change in accounting policy (see note 2 on page 9).

Cash Flow Statement

for the half year ended 30 June 2001

	(Unaudited) Half year ended 30 June 2001 £'000	(Unaudited and restated*) Half year ended 30 June 2000 £'000	(Audited and restated*) Year ended 31 December 2000 £'000
Net cash inflow from operating activities	18,398	15,076	30,478
Net cash outflow from servicing of finance	(5,074)	(2,064)	(5,122)
Net tax recovered	392	156	1,023
Net cash (outflow)/inflow from financial investment	(14,550)	80,988	58,762
Equity dividends paid	(14,947)	(15,045)	(27,787)
Management of liquid resources	(15,000)	(15,000)	(20,000)
Net cash (outflow)/inflow before financing	(30,781)	64,111	37,354
Net cash (outflow)/inflow from financing	(56)	(34,616)	3,714
(Decrease)/increase in cash	(30,837)	29,495	41,068
Reconciliation of operating revenue to net cash inflow from operating activities			
Net revenue before interest payable and taxation	20,606	18,605	36,354
Decrease/(increase) in accrued income	623	(157)	(148)
(Increase)/decrease in debtors	(22)	259	315
Decrease in creditors	(176)	(491)	(551)
Expenses charged to capital	(1,526)	(1,689)	(2,935)
Tax deducted at source	(982)	(1,427)	(1,708)
Scrip dividends included in investment income	(125)	(24)	(849)
	18,398	15,076	30,478
Reconciliation of net cash flow to movement in net (debt)/funds			
(Decrease)/increase in cash	(30,837)	29,495	41,068
Cash outflow from management of liquid resources	15,000	15,000	20,000
Cash outflow/(inflow) from debt financing	56	-	(98,070)
Change in net (debt)/funds resulting from cash flows	(15,781)	44,495	(37,002)
Exchange movements	(529)	(275)	(1,064)
(Increase)/decrease in valuation of debt	(110)	-	67
Movement in net (debt)/funds in the period	(16,420)	44,220	(37,999)
Net debt at the beginning of the period	(74,346)	(36,347)	(36,347)
Net (debt)/funds at the end of the period	(90,766)	7,873	(74,346)
Represented by:			
Bank balances and short term deposits	53,291	53,873	69,657
Debt falling due after more than one year	(144,057)	(46,000)	(144,003)
	(90,766)	7,873	(74,346)

*Restated for the change in accounting policy (see note 2 on page 9).

Notes to the Accounts

1. Return/(loss) per ordinary share

Revenue return per ordinary share is calculated by dividing the net revenue return available for ordinary shareholders of £18,040,000 (half year ended 30 June 2000: £16,595,000 as restated; year ended 31 December 2000: £32,458,000 as restated) by the 351,682,244 (half year ended 30 June 2000: 366,527,642; year ended 31 December 2000: 362,573,612) weighted average number of ordinary shares in issue.

Capital return per ordinary share is calculated by dividing the net capital losses of £136,556,000 (half year ended 30 June 2000: net gains of £11,107,000 as restated; year ended 31 December 2000: net losses of £159,233,000 as restated) by the weighted average number of ordinary shares in issue, as stated above.

2. Change in accounting policy

With effect from 1 January 2001 investment management fees and interest payable, which previously were charged wholly to the revenue account, are allocated 25% to revenue and 75% to capital. The comparative figures for the half year ended 30 June 2000 and the year ended 31 December 2000 have been restated accordingly. The effect of this change is that the net revenue on ordinary activities after taxation for the two periods is increased by £2,500,000 and £5,396,000 respectively.

3. Issued share capital

At 30 June 2001 there were 351,682,244 ordinary shares in issue (30 June 2000: 364,058,094; 31 December 2000: 351,682,244).

4. Interim accounts

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

5. Comparative information

The figures and financial information for the year ended 31 December 2000 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.

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** allows investors to transfer all or any number of their existing PEP 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 and Henderson Investment Funds Limited (both regulated by IMRO and the Personal Investment Authority) and Henderson Administration Limited (regulated by IMRO) provide investment products and services.


4 Broadgate, London EC2M 2DA.
Telephone 020 7410 4100.

Witan Share Plan

Witanwisdom

*Money is better than poverty,
if only for financial reasons.*
Wendy Allen

Witan investment trust



Witan ISA

Witanwisdom

*The avoidance of tax is the only
intellectual pursuit that still carries
any reward*
J.M. Keynes

Witan investment trust



jump

The savings fund for children




Witanwisdom

*How long will you
continue putting
up with badly
performing PEPs?*

When the simple solution is in your hands.

Witan investment trust



Directors and Other Information

Directors

The Lord Faringdon (Chairman)
The Lord Inchyra*
H M Henderson
C G Clarke
R W C Colvill*
A W Jones*
R H McGrath*
C S McVeigh III*

*Member of the audit committee and of the management engagement committee

Investment Manager

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

Henderson Global Investors Limited is regulated by IMRO and the Personal Investment Authority.

Secretary

Henderson Secretarial Services Limited, represented by G S Rice ACIS.

Registered Office

4 Broadgate
London EC2M 2DA
Telephone: 020 7638 5757
Facsimile: 020 7377 5742

Registered Number

Registered as an investment company in England No. 101625

Registrar

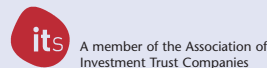
Computershare Investor Services PLC
P.O. Box 435, Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR
Telephone: 0870 702 0010

Payment of Dividends

Dividends can be paid directly to a shareholder's bank by means of BACS (Bankers' Automated Clearing Services). Mandate forms for this purpose are available on request from the Company's Registrar. 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





THE ASSOCIATION OF INVESTMENT TRUST COMPANIES

Witan Investment Trust plc

THE BEST
INVESTMENT TRUST INFORMATION
TO SHAREHOLDERS AWARD

Winner

Best Generalist Annual Report

26 June 2001
DATE

CCB Deput
CHAIRMAN

