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Edinburgh UK Tracker Trust plc

Annual Report & Accounts
31 December 2009



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take or about the contents of this document, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (or in the case of recipients outside the United Kingdom, a stockbroker, bank manager, solicitor, accountant or other independent financial adviser).

If you have sold or otherwise transferred all of your shares in Edinburgh UK Tracker Trust plc, please pass this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

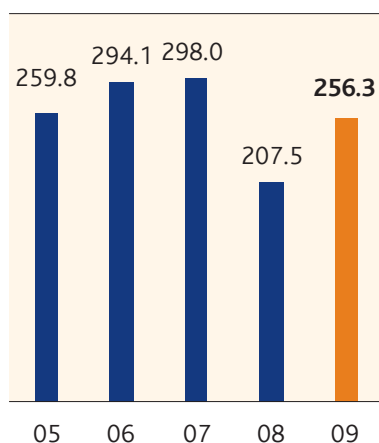
Financial Summary

	2009	2008
Net asset value* – capital return	+25.5%	–32.5%
Share price – capital return	+26.7%	–31.7%
FTSE All–Share Index – capital return	+25.0%	–32.8%
Dividend per share	–24.2%	+19.7%
Total expense ratio	0.34%	0.31%

* Excluding revenue reserves

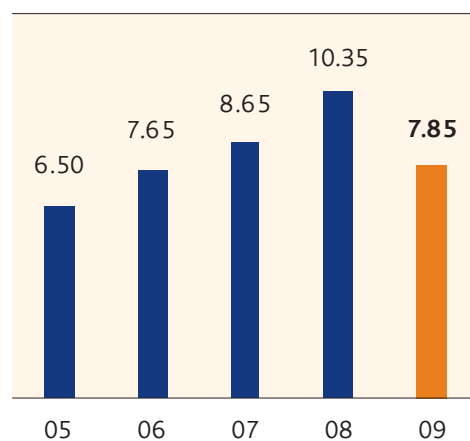
Net Asset Value per share

At 31 December – pence



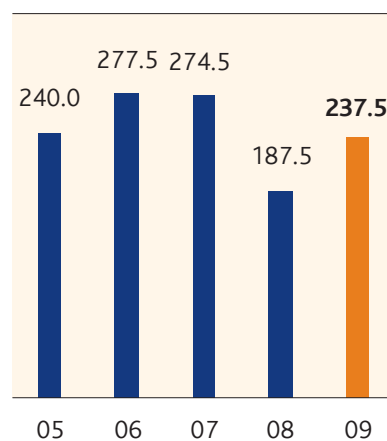
Dividends per share

pence



Share price

At 31 December – pence



Financial Calendar

30 March 2010	Announcement of results for year ended 31 December 2009
14 May 2010	Annual General Meeting
20 May 2010	Final Ordinary dividend payable for year ended 31 December 2009
July 2010	Announcement of interim results for six months ending 30 June 2010
August 2010	Interim Ordinary dividend payable for year ending 31 December 2010

Corporate Summary

The Company

The Company is an investment trust and its shares are listed on the London Stock Exchange.

Manager

Aberdeen Asset Managers Limited ("AAM")

Investment Objective

To invest in a portfolio designed to track closely the FTSE All-Share Index, both in terms of capital and income.

Benchmark

FTSE* All-Share Index

Investment Policy

The strategy employed to track the FTSE All-Share Index is to replicate fully the constituents of the FTSE 350 Index and to hold the majority of the stocks in the FTSE Small Cap Index. This means that the Company holds all of the 355 stocks that make up the FTSE 350 Index, which represented 97.84% of the value of the FTSE All-Share Index at 31 December 2009. The remaining 2.16% of the FTSE All-Share Index covers smaller companies. At 31 December 2009, the total portfolio consisted of 590 stocks compared to 623 constituents in the FTSE All-Share Index.

As a result of the publication of the Investment Entities (Listing Rules and Conduct of Business) Instrument 2003, the Board has stated that it is the Company's policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

The Company complies with section 842 of the Income and Corporation Taxes Act 1988, and does not invest more than 15% of its assets in the shares of any one company.

Capital Structure

The Company's issued share capital as at 31 December 2009 consisted of 106,499,312 Ordinary shares of 10p. Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Total Assets and Net Asset Value

At 31 December 2009, the Company had Total Assets (see definition on page 42) of £272.99 million and a Net Asset Value per Ordinary Share of 256.34p. The Company's total expenses (after tax) represented 0.34% of the average monthly net asset value during the year.

Market Capitalisation

The Company had a market capitalisation of £252.9 million at 31 December 2009.

Duration

The Company does not have a fixed winding-up date, but shareholders are given the opportunity to vote on the continuation of the Company every year at the Annual General Meeting.

Risk

Managing a portfolio of shares necessarily involves certain risks, the more important of which are set out on page 14 and in Note 18 to the financial statements, on pages 35 to 37.

Share Dealing

Shares in Edinburgh UK Tracker Trust plc can be bought in the open market through a stockbroker. They can also be purchased through the Aberdeen Investment Trust Share Plan and the Investment Trust ISA, and are fully qualifying for inclusion within tax efficient ISA wrappers (see page 40).

Management Agreement

The Company has an agreement with Aberdeen Asset Managers Limited, a wholly-owned subsidiary of Aberdeen Asset Management PLC, for the provision of management and other services for a fee, as detailed in the Directors' Report on pages 16 and 17 and in Note 3 to the financial statements, on page 30.

Information about the Manager

AAM is a subsidiary of Aberdeen Asset Management PLC, whose Group Companies as at 31 December 2009 managed a combined £143.8 billion for institutions, unit trusts, investment trusts, closed end investment funds, private clients and offshore funds – index tracker portfolios represented £3.4 billion of the total funds under management.

The Manager has its headquarters in Aberdeen and invests globally, operating from 31 offices in 26 countries. Its investment teams are generally based in the markets or regions in which they invest; in the UK its main investment centres are in London and Edinburgh.

The Group manages 44 investment trusts and other closed-ended funds, which have combined total assets of around £9.9 billion under management.

Websites

www.edinburghuktracker.co.uk
www.invtrusts.co.uk

Company Secretary

Aberdeen Asset Management PLC, 40 Princes Street,
Edinburgh EH2 2BY
Email: company.secretary@invtrusts.co.uk

Customer Services

Freephone: 0500 00 0040
(open Monday-Friday 9am-5pm)
Email: inv.trusts@aberdeen-asset.com

*FTSE is a joint trade mark of the London Stock Exchange Ltd and the Financial Times Limited and is used by FTSE International Ltd under licence. The FTSE All-Share Index is calculated by FTSE International Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries. FTSE International Ltd does not sponsor, endorse or promote this product. All copyright in the index values and constituent list rests in FTSE International Ltd.

Your Board of Directors

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Edinburgh UK Tracker Trust plc and represent the interests of shareholders.

Tom Ross OBE

Status: Independent Non-Executive Chairman

Length of service: 9 years, appointed a Director on 2 February 2001

Experience: is an actuary and formerly a principal at Aon Ltd

Last re-elected to the Board: 17 April 2009

Committee membership: Audit Committee & Chairman of Nomination Committee

Remuneration: £20,000

All other public company directorships: a director of Royal London Mutual Insurance Society

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 10,000 Ordinary shares

Meetings attended during the year:

Board Meetings: 4/4

Audit Committee Meetings: 2/2

Nomination Committee Meetings: 2/2

Ad hoc Committee Meetings: 2/2

David Hager

Status: Independent Non-Executive Director

Length of service: 3 years, appointed a Director on 23 February 2007

Experience: is an actuary and principal at Hewitt Associates Limited, specialising in investment advice to pension funds

Last re-elected to the Board: 20 April 2007

Committee membership: Audit Committee & Nomination Committee

Remuneration: £12,500

All other public company directorships: None

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 7,730 Ordinary shares

Meetings attended during the year:

Board Meetings: 4/4

Audit Committee Meetings: 2/2

Nomination Committee Meetings: 2/2

Ad hoc Committee Meetings: 0

Kevin Ingram

Status: Independent Non-Executive Director
Length of service: appointed a Director on 26 March 2010, standing for election at forthcoming AGM
Experience: is a chartered accountant and former audit partner and UK Head of the Investment Funds practice of PricewaterhouseCoopers LLP
Last re-elected to the Board: Standing for election at forthcoming AGM
Committee membership: Audit Committee (Chairman-elect) & Nomination Committee
Remuneration: £12,500
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: Nil
Meetings attended during the year: Not applicable as appointed after year-end.

David Mathewson

Status: Independent Non-Executive Director and Senior Independent Director
Length of service: 11 years, appointed a Director on 20 April 1998
Experience: former chairman of Geared Opportunities Income Trust
Last re-elected to the Board: 27 April 2009
Committee membership: Chairman of Audit Committee and Member of Nomination Committee
Remuneration: £12,500
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: Nil
Meetings attended during the year:
Board Meetings: 3/4
Audit Committee Meetings: 2/2
Nomination Committee Meetings: 1/2
Ad hoc Committee Meetings: 0

Christopher Purvis CBE

Status: Independent Non-Executive Director (Senior Independent Director-elect)
Length of service: 2 years and 6 months, appointed a Director on 19 September 2007
Experience: spent most of his career with S.G. Warburg & Co. and its successor companies, and has had extensive experience of the investment management industry as a director of a number of investment trusts and through his charitable trusteeships.
Elected to the Board: 18 April 2008
Committee membership: Audit Committee & Nomination Committee
Remuneration: £12,500
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 14,709 Ordinary shares
Meetings attended during the year:
Board Meetings: 4/4
Audit Committee Meetings: 2/2
Nomination Committee Meetings: 2/2
Ad hoc Committee Meetings: 1/1

Chairman's Statement

The Company continues to meet its objective of tracking closely the performance of the FTSE All-Share Index.

In the 12 months ended 31 December 2009, the capital net asset value per share (excluding revenue reserves) rose by 25.5% to 250.20p and this compares with the return from the index of 25.0%. The capital and total return of the NAV for the 12 months ended 31 December 2009 tracked closely the performance of the Index. The discount of the share price to the NAV remained within the five-year trading range, and the total expenses ratio is still very competitive.

The Company's share price rose by 26.7% over the year to 237.50p, which represented a discount of 5.1% to the net asset value per share of 250.20p. At the start of the year, the share price was trading at a discount to the net asset value of 6.0%. In order to assist in managing the discount, the Company bought back 493,033 ordinary shares for cancellation at a cost of £1.1 million.

The total expenses ratio increased slightly, from 0.31% in the previous year, to 0.34%. The Company's operating expenses fell slightly during the year. However, the increase in the total expenses ratio is attributable to it being calculated on an average of monthly NAVs, which were at depressed levels in the first part of the year.

In line with the Company's objectives, the dividends paid to shareholders reflect the income received from the constituents of the Index. As outlined in last year's Annual Report, the suspension of dividends by Lloyds Banking Group and Royal Bank of Scotland, as a condition of government support, and dividend cuts by many other companies led to the revenue return per share falling from 10.35p to 7.83p. The Directors reduced the interim dividend from 3.00p to 2.50p and are recommending a final dividend of 5.35p (2008: 7.35p), which will take total dividends for the year to 7.85p (2008: 10.35p).

Your Board continues to contribute to the Manager's marketing initiative, which provides a series of savings schemes through which savers can invest in Edinburgh UK Tracker Trust in a low cost and convenient manner. The Company contributed £98,000 to this initiative during the past year. Up to date information about the Company and the savings products are available on the Company's website, www.edinburghuktracker.co.uk.

Corporate Governance

The Board reviews annually the performance of the Manager, the Chairman and the Board as a whole. The Board has assessed the performance of the Manager, the investment process and risk controls. The Board has reviewed the terms of the management agreement during the year and believes

that the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders.

Annual General Meeting

As required by the Company's Articles of Association, shareholders are again being asked to confirm that Edinburgh UK Tracker Trust should continue for a further year. A resolution to this effect will be proposed as special business at the Annual General Meeting on 14 May 2010. Should continuation not be approved, the Board has three months either to put forward proposals for the reconstruction of the Company or to propose its winding-up. If shareholders reject any proposals for reconstruction, the Company would then automatically be wound-up.

The Directors have the authority to issue new shares to meet investor demand, provided the Company's shares are trading above the net asset value per share. In addition, your Board has the authority to purchase the Company's shares for cancellation were the shares to trade persistently on a discount in excess of the levels reached in recent years. Your Directors believe that it is also in shareholders' interests for the Company to have the flexibility to hold any shares that have been repurchased in treasury before either cancelling those shares or selling them back to the market at a later date. Repurchased shares would be held for a maximum of twelve months and would only be resold at a premium to NAV. Special resolutions proposing approval of these facilities will be put to shareholders at the Annual General Meeting.

The law in relation to companies has undergone a number of changes following the introduction of new legislation in the UK under the Companies Act 2006. The changes have been implemented in stages, and the final parts were implemented in October 2009. A special resolution will be proposed at the AGM to update the Articles of Association in order to reflect the latest provisions of the Act.

Board

Kevin Ingram was appointed to the Board on 26 March 2010. Kevin is a chartered accountant and had been an audit partner at PricewaterhouseCoopers specialising in financial services until he retired at the end of 2009. Kevin will be standing for election at the Annual General Meeting.

David Mathewson, the senior independent director and chairman of the Audit Committee, will be retiring from the Board at the conclusion of the Annual General Meeting on 14 May 2010, having served as a Director of the Company for 12 years. I would like to thank David for his considerable contribution to the Company over that period, and to wish him well for the future.

The investment performance, aided by low management and administration costs, emphasises the considerable attractions of the Company. I feel confident that shareholders will again wish to vote in favour of the continuation of the Company. There will be another opportunity to consider the future of the Company at the 2011 Annual General Meeting.

T M Ross

Chairman

30 March 2010

Manager's Review

In the 12 months ended 31 December 2009, the capital net asset value per share (excluding revenue reserves) rose by 25.5% and this compares with the return from the FTSE All-Share Index of 25.0%. The difference between the NAV and the Index returns is attributable to the treatment of equity placings and open offers by the Index providers and the uplift to NAV as a result of the Company buying back its own shares.

The constituents of the FTSE All-Share Index are controlled by the FTSE Equity Indices Committee which meets quarterly to review formally the constituents of the FTSE 100, 250 and Small Cap indices. The most recent review was on 10 March 2010 and the changes became effective after the close of business on 19 March 2010. FTSE in the past has carried out an annual review of the FTSE UK Index Series in December but, following representations from index users about the timing of the implementation date for changes to the constituents of the Index, the annual review timetable has now been moved to June. The annual review that was due to be carried out in December 2009 has been postponed to June 2010. Outwith the quarterly and annual reviews, changes to the structure of the indices may also arise from corporate restructurings, new issues, scrip issues, rights issues, acquisitions, disposals and changes of domicile.

Adjustments required to the Index to take into account the impact of companies issuing additional shares by way of rights issues and open offers necessarily require different treatments. In a fully underwritten rights issue, the number of new shares to be issued by a company is known and FTSE will make the necessary adjustment to the index on the day the rights become attached to the shares – the ex-date – based on the number of shares to be issued and the rights price. An open offer of shares however is not underwritten and therefore the numbers of shares issued will not be known until after the end of the subscription period. FTSE adjusts the index after the end of the subscription period and the adjustment is based on the number of shares issued and the prevailing market price of the company's shares on the day the adjustment is made. In 2009, a number of companies issued shares through the open offer route but due to difficult market conditions had to price the new shares at a significant discount to the prevailing market price of their shares. In instances where Edinburgh UK Tracker Trust participated in an open offer and the company's share price, at the point the adjustment was made to the Index, was higher than the discounted open offer price, a small gain was created thus enhancing the Company's NAV relative to the Index.

The level of takeover activity fell away sharply compared with recent years with Imperial Energy, British Energy, HBOS and Venture Production being the most prominent names leaving the index through acquisition. Thomson Reuters was deleted from the Index following its decision to unify its share listing in Canada. The key feature of the period however was the issue of new equity by companies through rights issues, placings and open offers. The largest equity issuers, among many, were HSBC Holdings, Xstrata, British Land, Wolseley, Lloyds Banking Group, 3i, Barclays and Rio Tinto. Additional trading activity was generated from sales to finance the purchase of the Company's own shares – a total of 468,033 shares were purchased at a cost of £1.1 million. The total value of purchases in the year, excluding the Company's own shares, amounted to £12.3 million while sales totalled £13.5 million.

The banking crisis, economic recession and the credit crunch caused many companies either to omit or to cut dividend payments in 2009. The overall effect of lower dividends was reflected directly in the Company's revenue return for 2009 which fell from 10.35p to 7.83p per share. It is encouraging to note however that in recent weeks a number of companies in the Index have been increasing dividend distributions while others that had omitted dividends are beginning to reinstate payouts, albeit in modest amounts. If this trend continues it should have a positive effect on the Company's revenue return for 2010.

David McCraw
Aberdeen Asset Managers Limited
30 March 2010

Results

Performance	1 year return %	3 year return %	5 year return %
Capital return			
Net asset value*	25.5	-13.0	15.9
FTSE All-Share Index	25.0	-14.3	14.5
Share price	26.7	-14.4	18.3
Total return (Capital return plus dividends reinvested)			
Net asset value	30.0	-2.7	36.6
FTSE All-Share Index	30.1	-4.0	36.8
Share price	33.7	-3.9	40.1

* Excluding revenue reserves

Source: AAM PLC / Factset

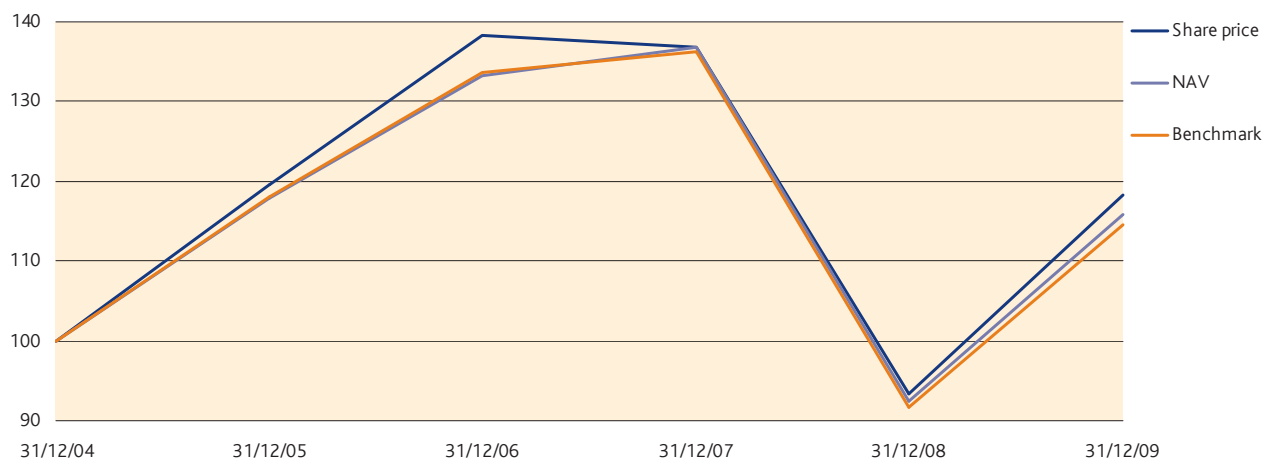
Financial Summary	31 December 2009	31 December 2008	% change
Equity shareholders' funds	£272,998,000	£222,041,000	22.9
Share price	237.50p	187.50p	26.7
Net asset value per share (including undistributed revenue for the period)	256.34p	207.53p	23.5
Net asset value per share (excluding revenue reserves)	250.20p	199.39p	25.5
FTSE All-Share Index	2,760.80	2,209.29	25.0
Discount to net asset value (excluding revenue reserves)	5.1%	6.0%	
Dividends and earnings			
Revenue return per share	7.83p	10.35p	(24.4)
Dividends per share (including proposed final dividend)	7.85p	10.35p	(24.2)
Dividend cover	1.00	1.00	
Revenue reserves per share (prior to payment of proposed final dividend)	6.14p	8.14p	
Revenue reserves per share (after payment of proposed final dividend)	0.79p	0.79p	
Operating costs			
Total expense ratio	0.34%	0.31%	

Dividends	Rate	xd date	Record date	Payment date
Proposed final dividend 2009	5.35p	21 April 2010	23 April 2010	20 May 2010
Interim dividend 2009	2.50p	5 August 2009	7 August 2009	28 August 2009
Total dividend 2009	7.85p			
Final dividend 2008	7.35p	25 March 2009	27 March 2009	23 April 2009
Interim dividend 2008	3.00p	6 August 2008	8 August 2008	29 August 2008
Total dividend 2008	10.35p			

Performance

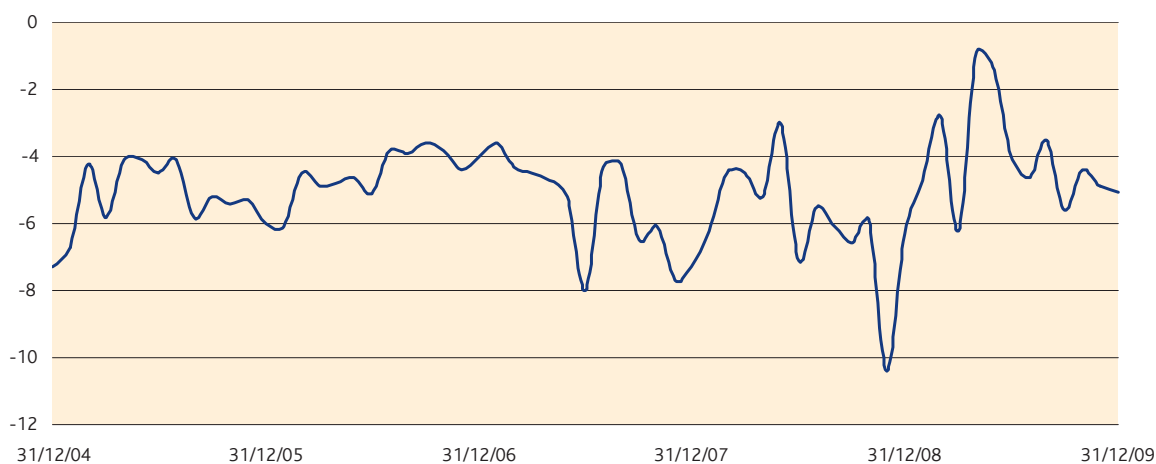
Capital Return of NAV and Share Price vs FTSE All-Share Index

Five years to 31 December 2009



Share Price Discount to NAV (%)

Five years to 31 December 2009



Ten Year Financial Record

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Per share										
Net revenue return (p)	5.24	5.11	5.30	5.41	5.71	6.72	7.66	8.14	10.35	7.83
Ordinary share price (p)	259.50	231.50	167.25	192.50	200.75	240.00	277.50	274.50	187.50	237.50
Dividends (p)	5.30	5.30	5.30	5.40	5.70	6.50	7.65	8.65	10.35	7.85
Net asset value per share (p)	266.95	226.27	169.73	201.36	220.07	259.81	294.06	298.03	207.53	256.34
Equity shareholders' funds (£'000)	147,249	130,030	101,681	122,642	133,109	150,436	162,419	326,435	222,041	272,998

The figures for 2003 and 2004 for Net Asset Value per share and Equity shareholders' funds were restated at 31 December 2005 to reflect the changes in accounting policies. The figures for dividends have not been restated and still reflect the dividends for the years in which they were earned.

Investment Portfolio – Ten Largest Investments

As at 31 December 2009

Company	Sector	Valuation 2009 £'000	% of Total Assets	Valuation 2008 £'000
HSBC HSBC provides a variety of international banking and financial services, including retail and corporate banking, custody, capital markets, insurance and private banking.	Banks	20,307	7.3	13,826
BP BP is an oil and petrochemicals company. It explores for and produces oil and natural gas, refines, markets and supplies petroleum products and manufactures chemicals.	Oil & Gas Producers	18,611	6.7	17,246
Vodafone Vodafone is a mobile telecommunications company providing a range of services, including voice and data communications, on a global basis.	Mobile Telecommunications	12,449	4.6	12,729
GlaxoSmithKline GlaxoSmithKline is a pharmaceutical group that develops, manufactures and markets vaccines, prescription and over the counter medicines as well as health-related consumer products.	Pharmaceuticals & Biotechnology	11,381	4.2	11,714
Royal Dutch Shell 'A' Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. Shell owns and operates gasoline filling stations worldwide.	Oil & Gas Producers	10,989	4.0	11,131
Rio Tinto Rio Tinto is an international mining company with interests in aluminium, borax, coal, copper, gold, iron ore, lead, silver, tin, uranium and zinc. The Group's mining interests are located in Australia, New Zealand, South Africa, the United States, South America and Indonesia.	Mining	8,520	3.1	2,603
Royal Dutch Shell 'B' Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. Shell owns and operates gasoline filling stations worldwide.	Oil & Gas Producers	8,101	3.0	8,176
BHP Billiton BHP Billiton is an international resources company with interests in the exploration and extraction of coal, iron ore, gold, titanium, ferro-alloys, nickel and copper as well as petroleum exploration, production and refining.	Mining	7,247	2.7	4,983
AstraZeneca AstraZeneca researches, manufactures and markets pharmaceutical and medical products in the following therapeutic areas: gastro-intestinal, oncology, cardiovascular, respiratory, central nervous system, pain control, anaesthesia and infection.	Pharmaceuticals & Biotechnology	6,990	2.6	7,145
British American Tobacco British American Tobacco manufactures and markets cigarettes and other tobacco products, including cigars and roll-your-own tobacco.	Tobacco	6,626	2.4	6,281
Ten largest investments		111,221	40.6	

Investment Portfolio – Other Investments

As at 31 December 2009

Company	Sector	Valuation 2009 £'000	Total Assets %	Valuation 2008 £'000
BG Group	Oil & Gas Producers	6,223	2.3	5,626
Anglo American	Mining	5,916	2.2	3,576
Tesco	Food & Drug Retailers	5,545	2.0	4,944
Standard Chartered	Banks	5,212	1.9	2,875
Barclays	Banks	5,176	1.9	2,182
Diageo	Beverages	4,493	1.6	4,214
Unilever	Food Producers	4,217	1.5	3,530
Xstrata	Mining	4,055	1.5	813
Reckitt Benckiser Group	Household Goods	3,962	1.5	3,219
SABMiller	Beverages	3,537	1.3	2,277
Twenty largest investments		159,557	58.3	
Imperial Tobacco Group	Tobacco	3,279	1.2	3,280
Lloyds Banking Group	Banks	3,023	1.1	1,238
National Grid	Gas, Water and Multi-utilities	2,735	1.0	2,911
Prudential	Life Insurance	2,659	1.0	1,787
Centrica	Gas, Water and Multi-utilities	2,359	0.9	2,334
BAE Systems	Aerospace & Defence	2,087	0.7	2,306
Aviva	Life Insurance	1,806	0.7	1,804
Cadbury	Food Producers	1,794	0.7	1,431
Scottish & Southern	Electricity	1,768	0.6	1,841
Tullow Oil	Oil & Gas Producers	1,728	0.6	842
Thirty largest investments		182,795	66.8	
BT Group	Fixed Line Telecommunications	1,728	0.6	1,819
Rolls Royce	Aerospace & Defence	1,489	0.6	1,052
Compass Group	Travel & Leisure	1,371	0.6	1,124
WPP	Media	1,269	0.5	893
British Sky Broadcasting	Media	1,222	0.4	1,115
Morrison (W)	Food & Drug Retailers	1,207	0.4	1,319
Pearson	Media	1,184	0.4	916
Shire	Pharmaceuticals & Biotechnology	1,118	0.4	982
Marks & Spencer	General Retailers	1,067	0.4	608
Experian Group	Support Services	1,044	0.4	766
Forty largest investments		195,494	71.5	
Reed Elsevier	Media	1,032	0.4	970
Old Mutual	Life Insurance	966	0.4	515
Sainsbury (J)	Food & Drug Retailers	964	0.4	1,002
Smith & Nephew	Healthcare Care Equipment & Services	955	0.3	676
Kingfisher	General Retailers	892	0.3	551
Man Group	General Financial	879	0.3	710
Land Securities	Real Estate Investment Trusts	871	0.3	745
Royal Bank of Scotland	Banks	836	0.3	1,696
Standard Life	Life Insurance	807	0.3	781
Capita Group	Support Services	788	0.3	795
Fifty largest investments		204,484	74.8	
Other investments		62,578	23.0	
Total investments		267,062	97.8	
Net current assets		5,936	2.2	
Total assets		272,998	100.0	

All investments are equity holdings.

Sector Analysis

As at 31 December 2009

Sector	Portfolio %	FTSE All-Share Index Distribution %
Oil & Gas Producers	17.7	17.7
Oil Equipment & Services	0.5	0.5
Oil & Gas	18.2	18.2
Chemicals	0.4	0.3
Forestry & Paper	0.1	0.1
Industrial Metals & Mining	0.1	0.1
Mining	11.4	11.4
Basic Materials	12.0	11.9
Construction & Materials	0.2	0.2
Aerospace & Defence	1.9	1.9
General Industrials	0.6	0.6
Electronic & Electrical Equipment	0.3	0.2
Industrial Engineering	0.5	0.5
Industrial Transportation	0.1	0.1
Support Services	3.2	3.2
Industrials	6.8	6.7
Automobiles & Parts	0.1	0.1
Beverages	3.1	3.1
Food Producers	2.7	2.7
Household Goods & Home Construction	2.0	2.0
Personal Goods	0.3	0.3
Tobacco	3.7	3.7
Consumer Goods	11.9	11.9
Health Care Equipment & Services	0.4	0.4
Pharmaceuticals & Biotechnology	7.6	7.5
Health Care	8.0	7.9
Food & Drug Retailers	3.0	3.0
General Retailers	1.8	1.8
Media	2.4	2.4
Travel & Leisure	2.5	2.5
Consumer Services	9.7	9.7
Fixed Line Telecommunications	1.0	1.0
Mobile Telecommunications	4.9	4.9
Telecommunications	5.9	5.9
Electricity	1.0	1.0
Gas, Water & Multi-utilities	2.5	2.5
Utilities	3.5	3.5
Banks	12.9	13.0
Non-life Insurance	0.9	0.9
Life Insurance	2.8	2.8
Real Estate Investment & Services	0.2	0.3
Real Estate Investment Trusts	1.4	1.4
Financial Services	1.8	1.8
Equity Investment Instruments	2.6	2.7
Financials	22.6	22.9
Software & Computer Services	1.1	1.1
Technology Hardware & Equipment	0.3	0.3
Technology	1.4	1.4
	100.0	100.0

Directors' Report

The Directors submit their Annual Report together with the Financial Statements of the Company for the year ended 31 December 2009.

Business Review

The Board has prepared this Business Review in accordance with the requirements of Section 417 of the Companies Act 2006. A review of the Company's activities is given in the Corporate Summary on page 2; the Chairman's Statement on page 6, and the Manager's Review on page 8. This includes a review of the business of the Company and its principal activities, and likely future developments of the business.

Management of Risk

The Board has adopted a matrix of the key risks that affect its business, and this is regularly reviewed by the Board in conjunction with the Manager. The main risks are:

- (i) Performance risk: The performance of the portfolio relative to the Benchmark (FTSE All-Share Index) is monitored closely by the Board.
- (ii) Discount volatility: The Company's shares can trade at a discount to its underlying net asset value. The Company operates a share buyback programme, which is reviewed on an ongoing basis.
- (iii) Regulatory risk: The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 842 of the Income and Corporation Taxes Act 1988, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager.

Risks relating to financial instruments are detailed on pages 35 to 37 in Note 18 to the Financial Statements.

Oversight and Review of Performance

At each Board Meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators which have been identified by the Board for determining the progress of the Company are:

- capital and total return of the NAV relative to the index
- discount/premium of the share price to the NAV
- total expense ratio

and the relevant figures for the year are shown on page 9.

Results and Dividends

A final dividend for the year ended 31 December 2008 of 7.35p per share was paid to shareholders on 23 April 2009.

An interim dividend for the year ended 31 December 2009 of 2.50p per share (2008: 3.00p per share) was paid on 28 August 2009.

The Directors now recommend that a final dividend of 5.35p (2008 – 7.35p) is paid on 20 May 2010 to shareholders on the register on 23 April 2010. The ex-dividend date is 21 April 2010. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Principal Activity and Status

The Company is an investment company as defined by Section 833 of the Companies Act 2006 and carries on business as an investment trust. The Directors do not envisage any change in this activity in the foreseeable future.

The Company has been approved by HM Revenue and Customs as an investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 December 2008. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 31 December 2009 so as to be able to continue to obtain approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for that year, although approval for that year would be subject to review were there to be any enquiry under the Corporate Tax Self Assessment regime.

The Company intends to manage its affairs so that the Company's shares will be qualifying investments for the stocks and shares component of an Individual Savings Account (ISA).

Share Capital

At the Annual General Meeting held on 17 April 2009, shareholders renewed the authority permitting the Company to repurchase up to 14.99% of the Company's issued share capital at the time of passing the resolution (equivalent to 16,018,280 of its Ordinary shares). During the year ended 31 December 2009, the Company purchased for cancellation 493,033 Ordinary shares at an average price of 212p, at a discount to the prevailing net asset value per share. From the date of renewal of the authority on 17 April 2009 to the date of this Report, the Company purchased for cancellation 1,155,027 Ordinary shares at an average price of 233p, also at a discount. Subsequent to the year end and up to the date of this Report, the Company has purchased for cancellation 794,560 Ordinary shares at an average price of 237p.

The Company's issued share capital as at 31 December 2009 consisted of 106,499,312 Ordinary shares of 10p. Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Annual General Meeting

Continuation of the Company

Ordinary Resolution No. 9 in the Notice of Annual General Meeting will be proposed, pursuant to Article 143(1) of the Company's Articles of Association, to continue the Company.

Additionally, resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

Authority to Allot Shares

Ordinary Resolution No. 10 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £528,523 (equivalent to 5,285,237 Ordinary shares, or 5 per cent of the Company's existing issued share capital on 30 March 2010). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

Limited Disapplication of Pre-emption Provisions

Special Resolution No. 11 will give the Directors power to allot Ordinary shares and sell shares held in treasury (see below), without first being required to offer those shares to existing shareholders, at a price not less than the undiluted net asset value per share at allotment. This authorisation is limited to:-

- a) the issue of shares otherwise than as described in (b) up to an aggregate nominal value of £1,057,047 (equivalent to 10% of the Ordinary shares in issue at the date of this Report); and
- b) the allotment of shares in connection with an offer to all holders of Ordinary shares in proportion to their holdings in the Company.

This authorisation will last until the conclusion of the Annual General held in 2011 or, if earlier, 13 August 2011 (unless previously varied, revoked or extended).

Under the Treasury Shares Regulations, the Company may hold such shares "in treasury" and then sell them at a later date for cash rather than simply cancelling them. The Treasury Shares Regulations require such sale to be on a pre-emptive, pro rata, basis to existing shareholders, unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, Resolution No. 11 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash and treasury shares would only be sold for cash at a price not less than the net

asset value per share. (Treasury shares are explained in more detail under the heading "Share Repurchases" below).

Share Repurchases

Special Resolution No. 12 will be proposed to authorise the Company to make market purchases of its own Ordinary shares. Under the Treasury Shares Regulations, the Company may do either of the following in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds "in treasury":-

- a) sell such shares (or any of them) for cash (or its equivalent under the Treasury Shares Regulations); or
- b) ultimately cancel the shares (or any of them).

The Directors may use the Treasury Shares Regulations in either of the ways noted above, and intend to continue to take advantage of this flexibility. No dividends will be paid on treasury shares, and no voting rights attach to them. The maximum aggregate number of Ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (approximately 15.8 million Ordinary shares). The minimum price which may be paid for an Ordinary share shall be 10p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares shall be the higher of:

- a) 5% above the average of the market value of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and
- b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will only be exercised if to do so would result in an increase in net asset value per Ordinary share for the remaining shareholders, and if it is in the best interests of shareholders generally. This authority will last until the conclusion of the Annual General Meeting of the Company to be held in 2011 (unless previously revoked, varied or renewed by the Company in general meeting).

Articles of Association

The law in relation to companies has been undergoing a number of changes following the introduction of new companies legislation in the United Kingdom under the Companies Act 2006 ("2006 Act") and the implementation of the Companies (Shareholders Rights) Regulations 2009 ("Regulations") which were introduced in August of last year. The changes brought about by the 2006 Act have been implemented in stages, and the remaining parts were implemented on 1 October 2009. The Company has been updating its articles in stages to accommodate the revisions required as a consequence of the latest parts of the 2006 Act

to be implemented. Whilst the majority of the changes introduced on 1 October 2009 will apply automatically to the Company, it is best practice to update the Company's articles to reflect the law when the opportunity arises. Accordingly, resolution 13 is a special resolution relating to the adoption of new Articles of Association ("New Articles") in order to ensure full compliance with the provisions of the 2006 Act.

The principal changes proposed to be made to the existing Articles of Association to incorporate these changes ("Existing Articles") at the Company's annual general meeting are detailed in the Appendix at the back of this Annual Report. The proposed New Articles showing all the changes, are available for inspection at the Company's registered office at Bow Bells House, 1 Bread Street, London EC4M 9HH from the date of this Annual Report until the close of the Annual General Meeting.

Your Board considers the above resolutions to be in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings, amounting to 32,439 Ordinary shares.

Directors

The Directors who, with the exception of Mr Ingram, held office throughout the year, are shown on pages 4 and 5, and their share interests are shown below. Mr Ingram was appointed a Director on 26 March 2010, and is therefore required to stand for election by shareholders at the forthcoming Annual General Meeting. Resolution No. 4, to this effect, will be proposed at the Annual General Meeting.

Mr Ross, having served more than nine years, is subject to annual re-election, and, being eligible, offers himself for re-election. Mr Hager retires from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. Mr Mathewson will retire from the Board with effect from the conclusion of the Annual General Meeting. The election of Mr Ingram, and the re-election of, respectively, Mr Ross and Mr Hager, whose biographies appear on pages 4 and 5, were considered and approved by the Board. The reasons for the Board's recommendations for their election and re-election respectively are set out on page 19, in the Statement of Corporate Governance.

Directors' Interests

The interests of the Directors in office at the end of the year in the Ordinary shares of the Company, all of which are beneficial interests, were as follows:

	31 December 2009	1 January 2009
T M Ross	10,000	10,000
D P Hager	7,730	7,730
D C Mathewson	-	-
C T B Purvis	14,709	14,709

The above interests were unchanged as at the date of this report. Mr Ingram has no interests in the Ordinary shares of the Company. No contract or arrangement subsisted during the year in which any of the Directors was materially interested. No Director had a service contract with the Company.

Directors' Insurance and Indemnities

The Directors have the benefit of the indemnity provision contained in the Company's Articles of Association. The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company.

Substantial Interests

At the date of this Report, the following were registered, or had notified the Company, as being interested in 3% or more of the Company's Ordinary share capital:

Name of Shareholder	Number of Ordinary shares held	% of Ordinary shares held
AXA Investment Managers UK Ltd	25,281,327	23.92
1607 Capital Partners	11,116,643	10.52
Aberdeen Investment Trust Savings Plans*	9,255,009	8.76
Legal & General Investment Management	4,406,400	4.17
Rensburg Sheppards Investment Management	3,477,747	3.29

* Non-beneficial interest

Manager and Company Secretary

Investment management services are provided to the Company by Aberdeen Asset Managers Limited. Company secretarial, accounting and administrative services are provided by Aberdeen Asset Management PLC.

For the year ended 31 December 2009, the management fees paid to the Manager were charged on the following

basis: a quarterly fee at the rate of one-quarter of 0.25% per annum of the total assets of the Company, after deducting current liabilities and excluding the value of any investments managed by Aberdeen Asset Managers. The management fee is reduced to 0.10% per annum on the total assets less current liabilities of the Company in excess of £100 million, and is further reduced to 0.09% per annum on the total assets less current liabilities of the Company in excess of £250 million. The investment management agreement is normally terminable by either party on three months' notice. In the event of termination on less than the agreed notice period, compensation is payable in lieu of the unexpired notice period.

The management fees paid during the year to 31 December 2009 are shown in Note 3 on page 30.

The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Board on an annual basis. The Board believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The Board also undertakes a review of the management fees in comparison with other index tracking funds, and believes that the Company's current level of management fees is competitive. The Board continues to keep this matter under review.

Corporate Governance

The Statement of Corporate Governance is shown on pages 18 to 21.

Going Concern

In accordance with the Company's Articles of Association, shareholders have the right to vote annually at the Annual General Meeting on whether to continue the Company. After enquiry, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts and are of the opinion that the Company will continue in operational existence for the foreseeable future.

Auditors

The Company's auditors, KPMG Audit Plc, are willing to continue in office, and resolutions will be proposed at the Annual General Meeting to reappoint them and to authorise the Directors to fix their remuneration.

The Directors who held office at the date of this Report each confirm that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant

audit information and to establish that the Company's auditors are aware of that information.

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. In certain circumstances, settlement terms are agreed prior to business taking place.

Additional information

Where not provided elsewhere in the Directors' Report, the following provides the additional information required to be disclosed by Part 15 of the Companies Act 2006.

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law).

The Company is not aware of any agreements between shareholders that may result in a transfer of securities and/or voting rights.

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 18 to 21. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover.

Other than the investment management agreement with the Manager, further details of which are set out above, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

Political and Charitable Donations

The Company makes no political donations or expenditures or donations for charitable purposes and, in common with most investment trusts, has no employees.

Company Registration Number

2476057

By order of the Board
Aberdeen Asset Management PLC
Secretary, Edinburgh
30 March 2010

Statement of Corporate Governance

Introduction

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, this statement describes how the Company applies the principles identified in the Combined Code on Corporate Governance published in June 2008 (the "Code"). The Code is available on the Financial Reporting Council's website: www.frc.org.uk. The Board confirms that the Company has complied throughout the accounting period with the relevant provisions contained within the Code, unless otherwise indicated below.

The Combined Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function.

For the reasons set out in the Preamble to the Code, the Board considers these provisions are not relevant to the Company, being an externally-managed investment company. The Company has therefore not reported further in respect of these provisions.

Directors

The Board consists of a non-executive Chairman and four non-executive Directors, all of whom, with the exception of Mr Ross and Mathewson, are considered under the Code to be independent of the Company and the investment manager ("Aberdeen Asset Managers Limited" or the "Manager") and free of any material relationship with the Manager. Mr Ross and Mr Mathewson have served as Directors for more than nine years and, accordingly, do not meet the test of independence set out in the Code. Notwithstanding this, the Board takes the view that independence is not necessarily compromised by length of tenure on the Board, and that experience can add significantly to the Board's strength. It has, therefore, determined that, in performing the role of Director, both Mr Ross and Mr Mathewson remain wholly independent. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. Mr Mathewson will be succeeded in the role of Senior Independent Director by Mr Purvis. The Board considers that the post of chief executive officer is not relevant for an investment trust, as this role has in effect been delegated to the Manager under the terms of the investment management agreement.

The Board conducts, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole. The Board has also reviewed the Chairman's and Directors' other commitments, and is

satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. During the year ended 31 December 2009, the Board met four times in the normal course of business. The Audit Committee and the Nomination Committee each met twice. The names and biographies of the Directors who held office at this Report, and details of the attendance of each Director, are shown on pages 4 and 5.

Between these meetings, the Board maintains regular contact with the Manager. The primary focus at regular Board meetings is a review of investment performance and associated matters, including tracking variances from the benchmark, revenue, expenses, discount volatility, marketing, investor relations and industry issues.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review and discussion documents regarding specific matters. Directors make further enquiries where necessary.

The Board sets the Company's objectives and ensures that its obligations to its shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. The requirement for Board approval on these matters is communicated directly to the senior staff of the Manager.

These matters include:

- the maintenance of clear investment objectives and risk management policies
- the monitoring of the business activities of the Company including investment performance and revenue budgets
- Companies Act requirements such as the approval of the periodic Financial Statements and approval and recommendation of the interim and final dividends
- major changes relating to the Company's structure, including share buybacks and share issues
- Board appointments and removals and the related terms
- appointment and removal of the Manager and the terms and conditions of the investment management agreement relating thereto
- terms of reference and membership of Board Committees
- Stock Exchange/UK Listing Authority/Financial Services Authority matters, including responsibility for approval of all circulars, listing particulars and approval of all releases concerning matters decided by the Board.

There is an agreed procedure for Directors to take independent professional advice if necessary, and at the

Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, Aberdeen Asset Management PLC, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

External Agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered in so far as they relate to the affairs of the Company. The Board receives and considers reports from the Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

Committees

Nomination Committee

The Nomination Committee consists of the whole Board, chaired by Mr Ross. Terms of reference are in place, which include reviewing the Board, appointments, appraisal, succession planning and training. The terms of reference are available on request from the Company and on the Company's website. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. External search consultants may be used to ensure that a wide range of candidates can be considered. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The Articles also require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. In addition, all Directors are required to submit themselves for re-election at least every three years.

The Committee further recommended to the Board, with the relevant Directors absenting themselves from these discussions, the nomination for election and re-election, at the forthcoming Annual General Meeting, of Mr Ingram, and Mr Ross and Mr Hager respectively, for the following reasons:

- Mr Ingram, who was appointed a Director on 26 March 2010, is a chartered accountant and was previously an audit partner and UK Head of the Investment Funds practice of PricewaterhouseCoopers LLP. It is the Board's view that his experience in accounting and financial matters and, in particular, his knowledge of the investment

fund industry, will greatly enhance the combined experience of the Board.

- Mr Ross, who has been a Director since February 2001, and Chairman since 2005, is an actuary and was previously a principal at Aon Limited. His experience in actuarial and investment matters considerably enhances the combined experience of the Board.
- Mr Hager, who has been a Director since February 2007, is an actuary and principal at Hewitt Associates. His experience in actuarial and investment matters is greatly valued by his fellow Directors.

Audit Committee

The Directors have appointed an Audit Committee consisting of the whole Board, and chaired by Mr Mathewson, who will be succeeded in this role by Mr Ingram. The Board's view is that the members of the Committee, taken as a whole, have the necessary recent and relevant financial experience. The Audit Committee reviews audit matters within clearly-defined written terms of reference (copies of which are available upon request from the Company and on the Company's website). In summary, the Audit Committee's main audit review functions are:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant
- to consider annually whether there is a need for the Company to have its own internal audit function
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager
- to meet, if required, with the auditors to review their proposed audit programme of work and the findings of the auditors. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process
- to develop and implement policy on the engagement of the auditors to supply non-audit services
- to review an annual statement from the Manager detailing the arrangements in place within Aberdeen whereby Aberdeen staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing")
- to make recommendations in relation to the appointment of the auditors and to approve the remuneration and terms of engagement of the auditors
- to monitor and review annually the auditors' independence, objectivity, effectiveness, resources and qualification.

Management Engagement matters

A separate Management Engagement Committee has not been established. Matters typically reserved for a Management Engagement Committee are the responsibility of the entire Board. The Board annually reviews the performance of the Manager and matters concerning the investment management agreement. Details of the

Statement of Corporate Governance continued

investment management agreement are shown on pages 16 and 17 of this Report.

Communication with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through the Company's website and the Manager's information service, and the Company responds to letters from shareholders on a wide range of issues.

The Notice of Annual General Meeting included within the Annual Report and Accounts is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions at the Company's Annual General Meeting.

Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee companies. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights. The Manager's policy is to vote on all shares held by the Company.

Socially Responsible Investment Policy

The Company's ultimate objective is to track the performance of the benchmark. However, the Board is aware of its duty to act in the interests of the Company. The Directors, through the Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue, where practicable, with company management to encourage them, where necessary, to improve their policies in this area.

Internal Controls

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

it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Manager's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC guidance, and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The significant risks faced by the Company are as follows:

- financial
- operational
- compliance.

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

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board, and there are meetings with the Manager as appropriate
- as a matter of course, the Manager's compliance department continually reviews the Manager's operations
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Manager, has decided to place reliance on the Manager's systems and internal audit procedures
- at its March 2010 meeting, the Audit Committee carried out an annual assessment of internal controls for the year

ended 31 December 2009 by considering documentation from the Manager, including the internal audit and compliance functions, and taking account of events since 31 December 2009.

In addition, the Manager ensures that clearly-documented contractual arrangements exist in respect of any activities that that have been delegated to external professional organisations.

The Manager's Head of Internal Audit reports six-monthly to the Audit Committee of the Company, and has direct access to the Directors at any time.

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

Accountability and Audit

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 22 and the Statement of Going Concern is included in the Directors' Report on page 17.

The Independent Auditors' Report is on page 24.

By order of the Board
Aberdeen Asset Management PLC
Secretary, Edinburgh
30 March 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

David Mathewson
Chairman of the Audit Committee
30 March 2010

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 24.

Remuneration Committee

The Company has five non-executive Directors as listed on pages 4 and 5. The Board as a whole fulfils the function of a Remuneration Committee.

Remuneration Policy

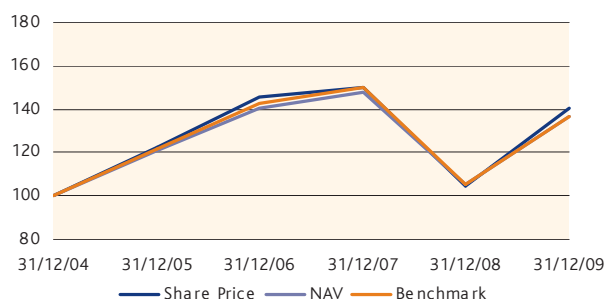
The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £100,000 per annum. Subject to the overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, and be fair and comparable to that of other investment trusts that are similar in terms of size, capital structure and investment objective. It is intended that this policy will continue for the year to 31 December 2010 and subsequent years. The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. During the year ended 31 December 2009, the Chairman and the other Directors received fees of £20,000 and £12,500 per annum respectively (2008 – £20,000 and £12,500). See Note 4 on page 30.

During the year, the Board carried out a review of the level of Directors' fees, and concluded that no increase would take place with effect from 1 January 2010. The level of Directors' fees will be reviewed again with effect from 1 January 2011.

Directors' and officers' liability insurance is held by the Company in respect of the Directors. This insurance is neither a benefit in kind, nor does it form part of the Directors' remuneration.

No Director has a service contract with the Company. The terms of their appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting after their appointment, and at least every three years after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office. No Director was interested in contracts with the Company during the year or subsequently.

The graph below compares the total shareholder return to the total return from the FTSE All-Share Index, the Company's benchmark.



Audited Information

Directors' Emoluments

The Directors who served in the year received the following fees, which exclude employer's NI and any VAT payable:

	2009 £	2008 £
T M Ross	20,000	20,000
D P Hager	12,500	12,500
D C Mathewson	12,500	12,500
C T B Purvis	12,500	12,500
D L Tucker	-	3,750
	57,500	61,250

Mr Ingram was appointed a Director on 26 March 2010, and receives fees of £12,500 per annum.

No Director has received any compensation for loss of office or non-cash benefits for the years ended 31 December 2009 and 31 December 2008.

By order of the Board
Aberdeen Asset Management PLC
 Secretary, Edinburgh
 30 March 2010

Independent Auditors' Report to the Members of Edinburgh UK Tracker Trust plc

We have audited the financial statements of Edinburgh UK Tracker Trust plc for the year ended 31 December 2009 set out on pages 25 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 18 to 21 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 17, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 18 to 21 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Alastair W.S. Barbour (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

Edinburgh

30 March 2010

Income Statement

	Notes	Year ended 31 December 2009			Year ended 31 December 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		–	54,179	54,179	–	(103,807)	(103,807)
Currency losses		–	(1)	(1)	–	(4)	(4)
Income	2	9,223	–	9,223	11,828	–	11,828
Investment management fee	3	(386)	–	(386)	(408)	–	(408)
VAT recoverable on investment management fee	20	–	–	–	193	–	193
Administrative expenses	4,13	(380)	(3)	(383)	(364)	(36)	(400)
Net return on ordinary activities before taxation		8,457	54,175	62,632	11,249	(103,847)	(92,598)
Taxation	5	(97)	–	(97)	(90)	–	(90)
Net return on ordinary activities after taxation		8,360	54,175	62,535	11,159	(103,847)	(92,688)
Return per Ordinary share (pence):	7	7.83	50.71	58.54	10.35	(96.29)	(85.94)

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

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

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

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

Balance Sheet

	Notes	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Fixed assets			
Investments at fair value through profit or loss	8	267,062	214,093
Current assets			
Debtors and prepayments	10	1,135	1,611
AAA rated money market funds		–	4,200
Cash and short term deposits		5,182	2,409
		6,317	8,220
Creditors: amounts falling due within one year	11	(381)	(272)
Net current assets		5,936	7,948
Net assets		272,998	222,041
Capital and reserves			
Called-up share capital	12	10,650	10,699
Capital redemption reserve		1,054	1,005
Special reserve		228,775	229,825
Capital reserve	13	25,979	(28,197)
Revenue reserve		6,540	8,709
Equity shareholders' funds		272,998	222,041
Net asset value per share (pence):	15	256.34	207.53
Net asset value per share (excluding revenue reserve) (pence):		250.20	199.39

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2010 and were signed on its behalf by:

T M Ross
Chairman

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

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December 2009

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2008	10,699	1,005	–	229,825	(28,197)	8,709	222,041
Return on ordinary activities after taxation	–	–	–	–	54,175	8,360	62,535
Others	–	–	–	–	1	–	1
Dividends paid (see note 6)	–	–	–	–	–	(10,529)	(10,529)
Purchase of own shares for cancellation	(49)	49	–	(1,050)	–	–	(1,050)
Balance at 31 December 2009	10,650	1,054	–	228,775	25,979	6,540	272,998

For the year ended 31 December 2008

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2007	10,953	751	229,800	–	82,175	2,756	326,435
Return on ordinary activities after taxation	–	–	–	–	(103,847)	11,159	(92,688)
Others	–	–	25	–	–	–	25
Cancellation of share premium account (see note below)	–	–	(229,825)	229,825	–	–	–
Dividends paid (see note 6)	–	–	–	–	–	(5,206)	(5,206)
Purchase of own shares for cancellation	(254)	254	–	–	(6,525)	–	(6,525)
Balance at 31 December 2008	10,699	1,005	–	229,825	(28,197)	8,709	222,041

The cancellation of the share premium account (as approved at the Extraordinary General Meeting held on 23 October 2008 and by the Court dated 26 November 2008) has provided the Company with a special reserve, the purpose of which is to fund market purchases of the Company's own shares.

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

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

Cash Flow Statement

	Notes	£'000	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Net cash inflow from operating activities	16		8,529	11,090
Taxation				
Net overseas tax paid			(97)	(100)
Financial investment				
Purchases of investments		(12,194)		(11,413)
Sales of investments		13,914		16,435
Net cash inflow from financial investment			1,720	5,022
Acquisitions				
Others			1	25
Equity dividends paid	6		(10,529)	(5,206)
Management of liquid resources				
Net sale/(purchase) of AAA rated money market funds			4,200	(2,100)
Net cash inflow before financing			3,824	8,731
Financing				
Buy back of Ordinary shares			(1,050)	(6,525)
Increase in cash			2,774	2,206
Reconciliation of net cash flow to movement in net funds				
Increase in cash as above			2,774	2,206
Exchange movements			(1)	(4)
Net change in liquid resources			(4,200)	2,100
Movement in net funds in the year			(1,427)	4,302
Net funds at 1 January			6,609	2,307
Net funds at 31 December	17		5,182	6,609

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

1. Accounting policies

- (a) Basis of preparation and going concern – The financial statements have been prepared under the historical cost convention as modified to include the revaluation of investments and in accordance with applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued January 2009). The new SORP had no effect on the financial statements of the Company, other than the requirement to disclose separately capital reserves that relate to the revaluation of investments held at the reporting date. These are disclosed in note 13. This new requirement replaces the previous requirement to disclose the value of the capital reserve that was unrealised. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 17.

The financial statements, and the net asset value per share figures, have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

- (b) The results of the Company's subsidiaries are not consolidated as they are not material to the Company.
- (c) Revenue, expenses and interest payable – Income from investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex dividend. Special dividends are credited to capital or revenue, according to the circumstances. Short term deposits, expenses and interest payable are treated on an accruals basis. All expenses are charged to revenue except where they relate directly to the acquisition or disposal of an investment, in which case, they are added to the cost of the investment or deducted from the sale proceeds.
- (d) Investments – Investments have been designated upon initial recognition at fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are valued at fair value. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from The London Stock Exchange. SETS is the London Stock Exchange's electronic trading service for UK securities including all the FTSE All-Share Index constituents.
- (e) Dividends payable – Interim and final dividends are recognised in the period in which they are paid.
- (f) Capital reserve – Gains or losses on realisation of investments and changes in fair values of investments are transferred to the capital reserve.
- (g) Deferred taxation – Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Balance Sheet date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying temporary differences can be deducted. Temporary differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

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

- (h) Foreign currency – The Company receives a small proportion of its investment income in foreign currency. These amounts are translated at the rate ruling on the date of receipt. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Balance Sheet date.

Notes to the Financial Statements continued

2. Income	2009	2008
	£'000	£'000
Income from investments		
UK listed – franked	8,106	10,448
UK listed – unfranked	943	1,035
Stock dividends	45	42
	9,094	11,525
Other income		
Interest from AAA rated money market funds	27	256
Underwriting commission	69	15
Deposit interest	33	32
	129	303
Total income	9,223	11,828

3. Investment management fee	2009	2008
	£'000	£'000
Investment management fee	386	408

The management fee paid to Aberdeen Asset Managers Limited (“Aberdeen”) is 0.0625% per quarter of the total assets of the Company after deducting current liabilities and excluding commonly managed funds. The management fee is reduced to 0.025% per quarter on the value of total assets in excess of £100 million. The management fee is further reduced to 0.0225% per quarter on the value of total assets in excess of £250 million. The total value of commonly managed funds at the year end was £390,000 (2008 – £398,000). The fee is wholly chargeable to revenue.

The management agreement between the Company and Aberdeen is terminable by either party on three months’ notice. In the event of termination on less than the agreed notice period, compensation is payable in lieu of the unexpired notice period.

4. Administrative expenses	2009	2008
	£'000	£'000
Directors’ fees (excluding irrecoverable VAT)	58	61
Auditors’ remuneration (excluding irrecoverable VAT):		
– Fees payable to the Company’s auditor for the audit of the Company’s annual accounts	16	15
Custody fees and bank charges	14	17
Registrar’s fees	90	74
Marketing	98	99
Subscriptions, Stock Exchange and licence fees	28	34
Printing and stationery	29	29
Other expenses	47	35
	380	364

With the exception of the Directors’ fees and Auditors’ remuneration, irrecoverable VAT has been included under the relevant expense line above. Irrecoverable VAT on Directors’ fees and Auditors’ remuneration is included within other expenses.

£98,000 (2008 – £99,000) was paid to the Manager in respect of marketing of the Company through its Investment Trust Initiative.

5. Taxation

The tax assessed for the year is lower than the rate of corporation tax of 28% (2008 – effective rate of 28.5%). The effective rate for 2008 was calculated using a rate of 30% until 31 March 2008 and 28% from 1 April 2008. The differences are explained below:

	2009 £'000	2008 £'000
Net return on ordinary activities before taxation	62,632	(92,598)
Taxation on ordinary activities at 28% (2008 – 28.5%)	17,537	(26,390)
Effects of:		
(Gains)/losses on investments not taxable	(15,170)	29,585
Currency losses not taxable	–	1
Tax on capitalised expenses	1	10
Franked investment income taxed at source	(2,270)	(2,978)
Non-taxable overseas income	(117)	–
Non-taxable income	(24)	(66)
Excess management expenses	39	(160)
Income taxable in different years	4	–
Timing differences on taxation of income	–	(2)
Irrecoverable overseas withholding tax	97	90
Current revenue tax charge for the year	97	90

At the year end, the Company has, for taxation purposes only, accumulated, unrelieved management expenses of £2,878,525 (2008 – £2,738,979). These have been generated because such a large part of the Company's income is derived from dividends from UK companies. Such dividend income does not fall to be taxed within the corporation tax regime and the Company therefore has very little income against which to deduct its expenses. The Company also has eligible unrelieved foreign tax of £nil (2008 – £186,329). These are not recognised as a deferred tax asset because the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these losses.

6. Dividends

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for 2008 – 7.35p (2007 – 1.83p)	7,864	1,990
Interim dividend for 2009 – 2.50p (2008 – 3.00p)	2,671	3,216
Unclaimed dividends written back	(6)	–
	10,529	5,206

The proposed final dividend, of 5.35p for the current year, is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered. The revenue available for distribution by way of dividend for the year is £8,360,000 (2008 – £11,159,000).

Notes to the Financial Statements continued

	2009 £'000	2008 £'000
Interim dividend for 2009 – 2.50p (2008 – 3.00p)	2,671	3,216
Proposed final dividend for 2009 – 5.35p (2008 – 7.35p)	5,655	7,864
Unclaimed dividends written back	(6)	–
	8,320	11,080

The Company has bought back 794,560 shares since the year end; therefore the proposed final dividend for 2009 is based on 105,704,752 Ordinary shares in issue.

7. Return per Ordinary share

The return per Ordinary share is based on the following figures:

	2009 p	2009 £'000	2008 p	2008 £'000
Revenue return	7.83	8,360	10.35	11,159
Capital return	50.71	54,175	(96.29)	(103,847)
Total return	58.54	62,535	(85.94)	(92,688)

Weighted average number of Ordinary shares in issue	106,825,906	107,845,460
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8. Investments

	2009 £'000	2008 £'000
Fair value through profit or loss:		
Opening fair value	214,093	323,726
Opening investment holding losses/(gains)	36,948	(68,298)
Opening book cost	251,041	255,428
Purchases at cost	12,313	11,000
Sales – proceeds	(13,523)	(16,826)
– realised (losses)/gains on sales	(590)	1,439
Closing book cost	249,241	251,041
Closing investment holding gains/(losses)	17,821	(36,948)
Closing fair value	267,062	214,093

All investments are listed on the London Stock Exchange.

	2009 £'000	2008 £'000
Gains/(losses) on investments		
Realised (losses)/gains on sales	(590)	1,439
Movement in investment holding gains/(losses)	54,769	(105,246)
	54,179	(103,807)

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains/(losses) on investments in the Income Statement. The total costs were as follows:

	2009 £'000	2008 £'000
Purchases	22	33
Sales	3	3
	25	36

9. Subsidiaries

The results of the following subsidiary companies, which both operate in the United Kingdom, have not been consolidated as the Directors consider that they are not material to the Company.

Name	Shares held	Country of incorporation	Principal activity
Edinburgh Tribune Acquisitions Limited ("ETA")	Ordinary	Scotland	Asset holding
Tribune UK Tracker PLC ("Tribune")	Ordinary Deferred	England	Investment company

The Company owns 100% of ETA and ETA owns 100% of Tribune. Tribune was placed in members' voluntary liquidation on 29 February 2008 and ETA was placed in members' voluntary liquidation on 25 July 2008.

10. Debtors: amounts falling due within one year	2009 £'000	2008 £'000
Dividends and interest receivable	818	976
Amount due from brokers	–	391
VAT recoverable	193	193
Other debtors and prepayments	124	51
	1,135	1,611

11. Creditors: amounts falling due within one year	2009 £'000	2008 £'000
Investment management fee payable	105	93
Amount due to brokers	119	–
Other creditors	157	179
	381	272

12. Called-up share capital	2009 £'000	2008 £'000
Allotted, called-up and fully paid		
106,499,312 (2008 – 106,992,345) Ordinary shares of 10p	10,650	10,699

During the year, 493,033 (2008 – 2,538,788) Ordinary shares of 10p each (representing 0.46% of the issued Ordinary share capital at 31 December 2009) were bought back for cancellation at a total cost of £1,049,799 (2008 – £6,524,986) including expenses.

Notes to the Financial Statements continued

13. Capital reserve	2009	2008
	£'000	£'000
At 1 January	(28,197)	82,175
Movement in investment holding fair value gains/(losses)	54,769	(105,246)
(Losses)/gains on realisation of investments at fair value	(590)	1,439
Currency losses	(1)	(4)
Capital expenses	(3)	(36)
Others	1	–
Purchase of own shares for cancellation	–	(6,525)
At 31 December	25,979	(28,197)

The capital reserve includes investment holding gains amounting to £17,821,000 (2008 – losses – £36,948,000) as disclosed in note 8.

Capital expenses of £3,000 (2008 – £36,000) in the year to 31 December 2009 relate to costs associated with the cancellation of the share premium account.

The above split in capital reserve is shown in accordance with provisions of the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

14. Commitments and contingencies

There were no uncalled or outstanding contingent liabilities at either year end.

15. Net asset value per share	2009	2008
The net assets attributable to the Ordinary shares were as follows:		
Net assets attributable	£272,998,000	£222,041,000
Number of Ordinary shares in issue	106,499,312	106,992,345
Net asset value per share	256.34p	207.53p

16. Reconciliation of net return before taxation to net cash inflow from operating activities	2009	2008
	£'000	£'000
Net return on ordinary activities before taxation	62,632	(92,598)
Adjustments for:		
(Gains)/losses on investments	(54,179)	103,807
Currency losses	1	4
Decrease in accrued income	158	72
Increase in other debtors	(73)	(181)
Decrease in other creditors	(10)	(14)
Net cash inflow from operating activities	8,529	11,090

	At 1 January 2009 £'000	Cash flow £'000	Exchange movements £'000	At 31 December 2009 £'000
17. Analysis of changes in net funds				
Cash and short term deposits	2,409	2,774	(1)	5,182
AAA rated money market funds	4,200	(4,200)	–	–
Net funds	6,609	(1,426)	(1)	5,182

18. Financial instruments

The Company's financial instruments comprise UK listed equities, cash balances, debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company may enter into derivative transactions for the purpose of managing market risks arising from the Company's activities though there was no exposure to derivative instruments during the year.

The Manager's Investment Risk department reviews the investment risk parameters of the Company's portfolio on a regular basis. The department reports to the Manager's Performance Review Committee which is chaired by the Manager's Chief Investment Officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk. Additionally, the Manager's Compliance department continually monitors the trust's investment powers and reports to the Manager's Risk Management Committee.

The main risks the Company faces from its financial instruments are (i) market risk (comprising price risk and interest rate risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors.

(i) Market risk

The fair value and future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements – price risk and interest rate risk.

Price risk

Price risks (i.e. changes in market prices other than those arising from interest rate risk) will affect the value of the quoted investments. The Company's stated objective is to track the FTSE All-Share Index and this is achieved by holding all of the stocks in the FTSE 350 Index and holding most of the stocks in the FTSE Small Cap Index. The Company's portfolio therefore contains a wide spread of investments but is exposed to movements in the underlying Index.

The Manager actively monitors market prices throughout the year and reports investment performance to the Board on a regular basis. The investments held by the Company are listed on the London Stock Exchange.

Price risk sensitivity

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 31 December 2009 would have increased /decreased by £26,706,000 (2008 – £21,409,000). This is based on the Company's equity portfolio at each year end and is not representative of the year as a whole.

Interest rate risk

Interest rate movements will affect the level of income receivable on cash deposits.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the Balance Sheet date was as follows:

Notes to the Financial Statements continued

At 31 December 2009	Weighted average interest rate %	Floating rate £'000
Assets		
Cash deposits	0.79	5,182
Total assets	0.79	5,182

At 31 December 2008	Weighted average interest rate %	Floating rate £'000
Assets		
AAA Money Market funds	3.23	4,200
Cash deposits	2.13	2,409
Total assets	2.83	6,609

The weighted average interest rate is based on the current yield of each asset, weighted by its market value.

The floating rate assets consist of AAA Money Market Funds and cash deposits on call earning interest at prevailing market rates.

The Company had no liabilities with exposure to changes in interest rates (2008 – £nil).

The Company's equity portfolio and short-term debtors and creditors have been excluded from the above tables.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the Balance Sheet date and with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's:

- profit for the year ended 31 December 2009 would increase/decrease by £52,000 (2008 – increase/decrease by £66,000). This is mainly attributable to the Company's exposure to interest rate on its floating rate cash balances.
- the Company holds no financial instruments that will have an equity reserve impact.

The above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently.

(ii) Liquidity risk

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary, and short term cash deposits. The Company also has access to bank overdraft facilities. The Company's liabilities are short-term in nature and due for payment within one year.

(iii) Credit risk

This is failure of the counter party to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review by the Manager of failed trade reports on a daily basis. In addition, the Manager carries out a stock reconciliation to the

Custodian's records on a weekly basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held; – cash is held only with reputable banks with high quality external credit ratings.

None of the Company's financial assets is secured by collateral or other credit enhancements.

Exposure to credit risk

In summary, compared to the amounts in the Balance Sheet, the exposure to credit risk at 31 December was as follows:

	2009 Exposure to credit risk £'000	2008 Exposure to credit risk £'000
Non-current assets		
Securities at fair value through profit or loss	267,062	214,093
Current assets		
Trades and other receivables	317	635
Accrued income	818	976
Cash and cash equivalents	5,182	6,609
	273,379	222,313

None of the Company's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities

The book value of cash at bank and all other short-term debtors and creditors included in these financial statements approximate to fair value because of their short-term maturity.

19. Fair value hierarchy

The Company adopted the amendments to FRS 29 'Financial Instruments: Disclosures' effective from 1 January 2009. These amendments require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy at 31 December 2009 as follows:

Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Quoted equities	a) 267,062	–	–	267,062
Net fair value	267,062	–	–	267,062

a) Quoted equities

The fair value of the Company's investments in quoted equities have been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

20. Post Balance Sheet events

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT. HMRC subsequently announced its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company will be processed in due course. The Company has not been charged VAT on its investment management fees from 1 October 2007.

The Manager previously agreed to refund £193,000 to the Company for VAT charged on investment management fees for the period 1 January 2004 to 30 September 2007 and this was included in the financial statements for the year ended 31 December 2008. This repayment was allocated to revenue in line with the accounting policy of the Company for the periods in which the VAT was charged.

Subsequent to the year end the Board has agreed to accept the Manager's offer to refund £104,000 to the Company for VAT charged on investment management fees for the period 1 January 2001 to 31 December 2003. This will be included in the financial statements for the year ended 31 December 2010 and will be allocated to revenue in line with the accounting policy of the Company for the periods in which the VAT was charged.

The Manager is at present awaiting HMRC's confirmation of the amounts to be received for the period from 1990 to 1996. The timing of this payment plus interest is not certain, and will, once determined, be split in accordance with the prevailing accounting policy.

21. Capital management policies and procedures

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings. The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the impact of share buybacks and the extent to which revenue should be retained. The Company is not subject to any externally imposed capital requirements.

Marketing Strategy

Edinburgh UK Tracker Trust plc contributes to the marketing programme run by Aberdeen Asset Managers Limited ("AAM") on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by AAM. This contribution is reviewed annually.

The purpose of the programme is to communicate effectively with existing shareholders and attract new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares.

These aims can be met in several ways:

Investor Relations Programme

AAM runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month, institutional investors and prospects receive a Manager's report on the Company that includes detailed performance analysis.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by the Aberdeen Group, is distributed free of charge.

Public Relations

AAM undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder Services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately.

The marketing programme is under the direction of AAM's Head of Investor Relations for Investment Trusts, who has considerable experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

The AAM Investment Trust website contains details of closed funds and investment companies managed or advised by the Aberdeen Group.

Edinburgh UK Tracker Trust plc has its own dedicated website at: www.edinburghuktracker.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

It is intended that ongoing programme activities in these various fields, both supportive and proactive, will assist the Company to maintain and increase its shareholder base, improve liquidity and sustain ratings.

The Company is committed to the close monitoring of the programme. The Head of Investor Relations for Investment Trusts reports to the Board, and provides a written summary quarterly.

How to Invest in Edinburgh UK Tracker Trust plc

Direct

Investors can buy and sell shares in Edinburgh UK Tracker Trust plc directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, shares can be bought directly through Aberdeen's Investment Trust Share Plan, Investment Plan for Children, Investment Trust ISA or ISA Transfer.

Aberdeen's Investment Trust Share Plan

Aberdeen Asset Managers ("AAM") runs a Share Plan (the "Plan") through which shares in Edinburgh UK Tracker Trust plc can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen's Investment Plan for Children

AAM runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including Edinburgh UK Tracker Trust plc. Anyone can invest in the Children's Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Stocks and Shares ISA

An investment of up to £10,200 in Edinburgh UK Tracker Trust plc can be made in the tax year 2010/2011.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated six monthly and deducted from income. Under

current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

Investors can choose to transfer previous tax year investments to AAM, which can be invested in Edinburgh UK Tracker Trust plc while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

Trust Information

If investors would like details of Edinburgh UK Tracker Trust plc or information on the Share Plan, Children's Plan, ISA or ISA Transfer, please telephone 0500 00 00 40 or write to Aberdeen Investment Trusts, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP or e-mail at inv.trusts@aberdeen-asset.com. Details are also available on www.invtrusts.co.uk.

Literature Request Service

For literature and application forms for AAM's investment trust products, please contact:
Telephone: 0500 00 40 00
Email: aam@lit-request.com

Keeping you informed

Edinburgh UK Tracker Trust's share price appears daily in the Financial Times, Daily Telegraph and Scotsman.

For internet users, detailed data on Edinburgh UK Tracker Trust plc, including price, performance information and a monthly factsheet, is available on the Company's website (www.edinburghuktracker.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

Contact Us

For any administrative queries relating to the Investment Trust Share Plan, Investment Plan for Children, Investment Trust ISA or ISA Transfer please contact:
Aberdeen Investment Trust Administration
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP
Telephone: 0500 00 00 40

If you have an administrative query which relates to a share holding, please contact the Registrar, as follows:
Equiniti Limited
(formerly Lloyds TSB Registrars)
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2479*
Textphone: 0871 384 2255*
Website: www.shareview.co.uk

* Calls to this/these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Management Limited which is authorised and regulated by the Financial Services Authority.

Glossary of Terms and Definitions

Discount

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Cover

Earnings per share divided by dividends per share, expressed as a ratio.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

Net Asset Value

The value of total assets less liabilities. Liabilities for this purpose includes current liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Premium

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings Ratio

The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but, in practice, the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Total Assets

Total Assets less current liabilities.

Total Expense Ratio

Ratio of expenses as percentage of average monthly shareholders' funds, calculated as per the industry standard Lipper Fitzrovia method.

Total Return

Total Return involves reinvesting the net dividend in the month that the share price goes up. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter-end, half-year or year-end date.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Edinburgh UK Tracker Trust plc will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Friday 14 May 2010 at 11.00 a.m., for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 10 inclusive will be proposed as Ordinary Resolutions and Resolutions 11 to 13 inclusive will be proposed as Special Resolutions:

Ordinary Business

1. To receive the reports of the Directors and Auditors and the financial statements for the year ended 31 December 2009.
2. To approve the Directors' remuneration report for the year ended 31 December 2009.
3. To propose a final dividend of 5.35p on the Ordinary shares.
4. To elect Mr Ingram as a Director of the Company.
5. To re-elect Mr Ross as a Director of the Company.
6. To re-elect Mr Hager as a Director of the Company.
7. To re-appoint KPMG Audit Plc as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
8. To authorise the Directors to fix the remuneration of the Auditors for the year to 31 December 2010.
9. THAT, pursuant to Article 143(1) of the Company's Articles of Association, the Company continue.

Special Business

10. THAT, in substitution for an existing authority under section 80 of the Companies Act 1985, but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors of the Company be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to allot Ordinary shares of 10p each in the Company ("shares") and to grant rights ("relevant rights") to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £528,523, such authorisation to expire on the conclusion of the next Annual General Meeting of the Company to be held in 2011 or 13 August 2011 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer which would or might require shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the directors of the Company may allot shares or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired
11. THAT, subject to the passing of the resolution numbered 10 set out in the notice of this meeting ("Section 551 Resolution") and in substitution for any existing authority under section 95(1) of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors of the Company be empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authorisation conferred by the Section 551 Resolution or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to:
 - (i) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £1,057,047 at a price not less than the undiluted net asset value per share at allotment, as determined by the directors of the Company; and
 - (ii) the allotment of equity securities at a price not less than the undiluted net asset value per share at allotment, as determined by the directors of the Company in connection with an offer to (a) all holders of such Ordinary shares of 10p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary shares held by them and (b) to holders of other equity securities as required by the rights of those securities (but subject to such exclusions, limits or restrictions or other arrangements as the directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, records dates or legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body of any stock exchange in any territory or otherwise howsoever); and

such power shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company to be held in 2011 or 13 August 2011, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

Notice of Annual General Meeting continued

12. THAT the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised, in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 10p each in the capital of the Company ("Ordinary shares") and to cancel or hold in treasury such shares, provided that:–
- (i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be an aggregate of 15,845,142 Ordinary shares or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
 - (ii) the minimum price which may be paid for an Ordinary share shall be 10p (exclusive of expenses);
 - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:
 - a) 5% above the average of the market values of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary shares for the five business days immediately preceding the date of purchase; and
 - b) the higher of the price of the last independent trade in Ordinary shares and the highest current independent bid for Ordinary shares on the London Stock Exchange; and
 - (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract or contracts.
13. THAT:
- (i) the Articles of Association of the Company be amended by deleting all of the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006 are to be treated as part of the Company's Articles of Association; and
 - (ii) The Articles of Association produced to the meeting and, for the purposes of identification, initialled by the chairman of the meeting, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board

Aberdeen Asset Management PLC

Secretary

30 March 2010

Registered office: Bow Bells House, 1 Bread Street

London EC4M 9HH

Notes:

- (i) Information about the meeting is available from the Company's website, www.edinburghuktracker.co.uk.
- (ii) A member entitled to attend, speak and vote is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A reply-paid form of proxy is enclosed.
- (iii) Forms of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority, should be sent to the address noted on the form of proxy so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed proxy form or other instrument of proxy will not prevent you attending the meeting and voting in person if you wish to do so. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which they are a holder. As a member, you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
- (iv) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than 48 hours before the time fixed for the meeting (or in the event that the meeting be adjourned on the

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- register of members 48 hours before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.
- (v) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual which can be viewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
 - (vi) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA19) no later than 48 hours before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
 - (vii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
 - (viii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
 - (ix) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection at the Company's registered office and for 15 minutes prior to, and at, the meeting.
 - (x) The Register of Directors' Interests kept by the Company in accordance with Section 809 of the Companies Act 2006 will be open for inspection at the meeting.
 - (xi) It is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
 - (xii) As at 29 March 2010, the latest practicable date prior to publication of this document, the Company had 105,704,752 Ordinary shares in issue with a total of 105,704,752 voting rights.
 - (xiii) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.
 - (xiv) There are special arrangements for holders of shares through the Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report

Appendix to Notice of Annual General Meeting

EXPLANATORY NOTE OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. THE COMPANY'S OBJECTS

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are contained in a company's memorandum, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all the other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 12 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. ARTICLES WHICH DUPLICATE STATUTORY PROVISIONS

Provisions in the Existing Articles which replicate provisions contained in the 2006 Act are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

3. CHANGE OF NAME

Under the Companies Act 1985, a company could only change its name by special resolution. Under the 2006 Act a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles permit the Company to change its name by ordinary resolution.

4. AUTHORISED SHARE CAPITAL AND UNISSUED SHARES

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

5. REDEEMABLE SHARES

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

6. AUTHORITY TO PURCHASE OWN SHARES AND REDUCE SHARE CAPITAL

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Existing Articles include these enabling provisions. Under the 2006 Act a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

7. SUSPENSION OF REGISTRATION OF SHARE TRANSFERS

The Existing Articles permit the directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Existing Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

8. VOTING BY PROXIES ON A SHOW OF HANDS

The Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles have been drafted to reflect these changes.

9. DEPOSIT OF PROXY

At present, under the Existing Articles the Company is required to include non-working days (for example weekends and public holidays) in setting the cut-off time by which a form of proxy is required to be deposited prior to a meeting, currently 48 hours prior to the time of the meeting. The 2006 Act now provides that companies may exclude non-working days from such 48 hour period. As a consequence, the New Articles therefore permit the directors to exclude non-workings days when setting the cut-off time for depositing a form of proxy in order for such appointment to be valid.

10. VOTING BY CORPORATE REPRESENTATIVES

The Regulations have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect these amendments.

11. ELECTRONIC CONDUCT OF MEETINGS

Amendments made to the 2006 Act by the Regulations specifically provide for the holding and conducting of electronic meetings. The New Articles have been amended to reflect more closely the relevant provisions.

12. CHAIRMAN'S CASTING VOTE

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the 2006 Act.

13. NOTICE OF GENERAL MEETINGS

Prior to the implementation of the Regulations, the 2006 Act permitted the Company to give 14 clear days' notice of all general meetings other than annual general meetings. The Existing Articles were adopted on this basis. The Regulations have now amended the 2006 Act to require companies wishing to convene general meetings on such shorter notice to first pass a special resolution approving the convening of meetings on not less than 14 clear days' notice and to offer shareholders an electronic voting facility. Where these two preconditions are not satisfied, 21 clear days' notice will still be required. Annual general meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Existing Articles to be consistent with the Regulations.

14. ADJOURNMENTS FOR LACK OF QUORUM

Under the 2006 Act as amended by the Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles have been drafted to reflect this requirement.

15. VOTING RECORD DATE

Under the 2006 Act as amended by the Regulations the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles have been drafted to reflect this requirement.

16. GENERAL

Generally the opportunity has been taken to bring clearer language into the New Articles and therefore non-material changes and stylistic amendments have also been made to the Existing Articles.

Corporate Information

Directors

Tom Ross
David Hager
Kevin Ingram
David Mathewson
Christopher Purvis

Registered Office

Bow Bells House
1 Bread Street
London EC4M 9HH

Company Registration Number

2476057

Points of Contact

Manager

Aberdeen Asset Managers Limited
Authorised and regulated by the Financial Services Authority
Customer Services Department: 0500 00 00 40

Secretaries

Aberdeen Asset Management PLC
Customer Services Department: 0500 00 00 40

Company Broker

JPMorgan Cazenove

Registrar

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2479*
Textphone: 0871 384 2255*
Website: www.shareview.co.uk

* Calls to this/these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.

Auditors

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Bankers and Custodian Bankers

Bank of New York

Website

www.edinburghuktracker.co.uk

The Company's History

Issued Share Capital at 31 December 2009

106,499,312 Ordinary 10p shares

Capital History

Year to 31 December 2009	493,033 Ordinary shares purchased for cancellation at prices ranging from 176.6p to 237.6p
Year to 31 December 2008	2,538,788 Ordinary shares purchased for cancellation at prices ranging from 213p to 273p
Year to 31 December 2007	56,125,609 Ordinary shares were issued to Tribune UK Tracker PLC shareholders following its acquisition 1,826,948 Ordinary shares purchased for cancellation at prices ranging from 263p to 293.5p
Year to 31 December 2006	2,668,958 Ordinary shares purchased for cancellation at prices ranging from 256.8p to 286.9p
Year to 31 December 2005	2,585,000 Ordinary shares purchased for cancellation at prices ranging from 200.5p to 234.0p
Year to 31 December 2004	420,000 Ordinary shares purchased for cancellation at prices ranging from 180.0p to 186.5p
Year to 31 December 2003	1,000,000 Ordinary shares issued at 159.0p
Year to 31 December 2002	2,439,727 Ordinary shares issued at prices ranging from 162.5p to 235.0p
Year to 31 December 2001	2,307,720 Ordinary shares issued at prices ranging from 205.5p to 267.5p
Year to 31 December 2000	1,654,210 Ordinary shares issued at prices ranging from 266.4p to 294.0p
Year to 31 December 1999	2,525,000 Ordinary shares issued at prices ranging from 258.0p to 287.5p
Year to 31 December 1998	150,000 Ordinary shares issued at prices ranging from 214.0p to 218p
Year to 31 December 1997	Name changed to Edinburgh UK Tracker Trust plc from Malvern UK Index Trust PLC on 25 April 1997



Aberdeen