SC118022

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

ANNUAL REPORT AND AUDITED ACCOUNTS

31 MARCH 2010

CONTENTS

COMPANY SUMMARY

Introduction

Templeton Emerging Markets Investment Trust PLC ("TEMIT") is an investment company whose shares are quoted on both the London and New Zealand Stock Exchanges. The majority of its shareholders are based in the UK.

Objective

The investment objective of TEMIT is to provide long term capital appreciation for its shareholders by investing in companies operating in emerging markets.

Assets

TEMIT is the largest emerging markets investment trust in the UK, with total assets of £2 billion as at 31 March 2010. It invests in the stock markets of emerging countries. However, investments in companies listed on more developed stock exchanges may also be made where those companies derive a significant source of revenue from emerging markets.

Management

The Board of Directors is responsible for the overall strategy of the Company and for monitoring the performance of the Company.

The Board has appointed Templeton Asset Management Ltd. ("TAML" or the "Investment Manager") as the Investment Manager of the Company. TAML has over 20 years of investment experience in emerging markets and approximately US$37 billion in assets under management. TAML is part of the Franklin Templeton Group which had US$587 billion in assets under management on 31 March 2010.

Share Capital

At 31 March 2010 the Company's authorised share capital consisted of 1,362,419,566 shares of 25p of which 329,914,352 were issued and fully paid. During the period the Company bought back 532,000 shares.

AIC

The Company is a member of The Association of Investment Companies (AIC).

How to Invest

There are two ways of purchasing shares in TEMIT:

1. Through the Templeton Investment Plan.
   - invest a regular monthly or quarterly amount – minimum £50 monthly or £150 quarterly.
   - make occasional lump sum investments – initial minimum £250, minimum subsequent investments £50.
2. Directly in the stock market through a stockbroker.

For more information contact your financial adviser or call us free on 0800 305 306. Alternatively, you can visit the website at: www.temit.co.uk

This report does not constitute or form part of any offer for shares or an invitation to apply for shares. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. Currency fluctuations will affect the value of overseas investments. Emerging Markets can be more risky than Developed Markets. Please consult your professional adviser before deciding to invest.

FINANCIAL SUMMARY
2009-2010

	Ref.	*Period ended 31 March 2010*	*Year ended 30 April 2009*	*Change %*
Net Assets and Shareholders' Funds (£ million)		2,046.4	1,208.3	69.4
Net Asset Value (pence)		620.3	365.7	69.6
Net Asset Total Return		72.8%	–23.5%	
Benchmark				
MSCI Emerging Markets Index Total Return		52.0%	–23.4%	
Share Price (pence)		577.0	340.5	69.5
Share Price Total Return		72.4%	–21.2%	
Year – High (pence)		582.5	467.0	
Year – Low (pence)		337.3	207.5	
Ordinary Dividend (pence)		3.75	3.75	
Special Dividend (pence)		–	2.50	
Total Dividend (pence)		3.75	6.25	
Revenue Earnings (pence)	a	2.88	7.69	–62.6
Share Price Discount to Net Asset Value		7.0%	6.9%	
Total Expense Ratio	b	1.29%	1.34%	
Total Expense Ratio excluding significant non recurring items		1.29%	1.25%	

Source: Franklin Templeton Investments and Datastream.

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") for the eleven month period ended 31 March 2010 and the year ended 30 April 2009.

[a] The Earnings per share figure is based on the earnings shown in the "Revenue" column in the Income Statement on page 46 and Note 5 of the Notes to the Financial Statements.

[b] The Total Expense Ratio represents the annualised total expenses of the Company divided by the monthly average trading net assets of the Company for the period.

TEN YEAR RECORD
2000-2010

Period ended	30 Apr 2000	30 Apr 2001	30 Apr 2002	30 Apr 2003	30 Apr 2004	30 Apr 2005*	30 Apr 2006	30 Apr 2007	30 Apr 2008	30 Apr 2009**	31 Mar 2010
Total Net Assets and Shareholders' Funds (£m)	749.9	619.0	666.2	595.5	778.5	1,066.0	1,866.2	1,925.5	2,291.4	1,208.3	2,046.4
NAV Basic (p)	159.3	135.7	146.2	130.8	171.0	198.9	348.2	359.2	484.8	365.7	620.3
NAV Diluted (p)	154.9	135.2	144.0	N/A	164.6	N/A	N/A	N/A	N/A	N/A	N/A
Price – Shares (p)	116.3	113.5	125.0	107.3	144.0	167.3	310.3	327.3	438.0	340.5	577.0
Price – Warrants (p)	22.0	17.0	17.5	3.8	13.3	N/A	N/A	N/A	N/A	N/A	N/A
Discount	27.0%	16.3%	14.5%	18.0%	15.8%	15.9%	10.9%	8.9%	9.6%	6.9%	7.0%
Earnings per share – undiluted (p)	1.34	1.36	1.82	1.70	2.89	3.42	3.65	4.16	4.07	7.69	2.88
Earnings per share – diluted (p)	1.12	1.13	1.51	N/A	2.88	N/A	N/A	N/A	N/A	N/A	N/A
Ordinary dividends per share (p)	1.10	1.25	1.25	2.25	2.25	2.67	2.76	3.13	3.50	3.75	3.75
Special dividends per share (p)	–	–	–	–	–	–	–	–	–	2.50	–
Total Expense Ratio	1.57%	1.61%	1.34%	1.49%	1.48%	1.50%	1.41%	1.32%	1.33%	1.34%	1.29%

* Prior to April 2005 the results were prepared in accordance with UK GAAP. The results for the year ended 30 April 2005 have been restated in accordance with IFRS.

** This includes £633m returned to shareholders as a result of the tender offer in 2008.

The main differences as a result of adopting IFRS are:

- Investments are valued on a bid basis, as opposed to a mid basis; and
- Only dividends paid during the period are reflected in the Financial Statements. A dividend of 3.75p per share on the Company's profits of 2010 has been proposed.

TOTAL RETURN – with dividends re-invested (£100 invested in March 2000)

CHAIRMAN'S STATEMENT

Emerging markets rebounded strongly, as investors appreciated their financial strengths.

Peter A Smith (Chairman)

I am delighted to report on an excellent period for Templeton Emerging Markets Investment Trust PLC ("TEMIT" or the "Company"). The net asset value total return for the eleven months to 31 March 2010 was 72.8%; a rise which was particularly welcome following the market falls in 2008 and 2009. Emerging markets rebounded strongly, as investors appreciated the financial strengths of their economies and the companies in them.

Performance

The net asset value per share increased from 365.7 pence at 30 April 2009 to 620.3 pence on 31 March 2010. Adding in the dividend, this represents a total return of 72.8%, easily outperforming our benchmark, the MSCI Emerging Markets Index, which returned 52.0% (in sterling terms) for the same period. I am sure shareholders will join me in congratulating Mark Mobius and his team on such a fine performance. The Company was launched in June 1989 to seek out long-term value in markets where shareholders were unlikely to have the expertise to do so themselves. Since then, it has returned 2,180% (dividends re-invested), a compound growth rate of 16.3% per annum. The benchmark MSCI Emerging Markets Index has returned 940% (12.0% per annum) in the same period. The Investment Managers report and review can be found on pages 10 to 17.

During the period under review, the share price has traded at a discount of between 4% and 9% to its net asset value, ending almost where it began at 7.0% against 6.9% on 30 April 2009. The discount is continually monitored, and your Board exercises its right to buy back shares when it is considered to be in shareholders' interests to do so. During the period 532,000 shares were bought back at a cost of £2.2 million, modestly enhancing the net asset value per share of the remainder.

At 31 March 2010, your Company had total assets of £2,046 million, compared with £1,208 million at 30 April 2009.

On 4 June, the NAV per share had fallen by 7.7% to 572.7 pence since 31 March. The share price had fallen by 6.5% to 539.5 pence.

Investment income and the dividend

Shareholders will notice that, despite the strong growth in the portfolio's assets, investment income is down 43% from the previous year. In part this reflects the change of our year-end, since April is traditionally a strong month for dividend income, and in part the caution of investee companies during the financial crisis, some of whom chose to protect their balance sheets and cut their dividends. Your Board proposes to pay the same 3.75 pence dividend for the eleven months to 31 March 2010 as was paid for the year to 30 April 2009 by drawing on the revenue reserves built up in prior years. This represents an effective increase of 9.1%.

Asset allocation

The general policy of the Board is to be fully invested in equities. At 31 March 2010, 99.4% of the Company's net assets were invested in equities (30 April 2009: 98.0%).

Continuation vote

As I previously reported, at the AGM held in July 2009 shareholders voted in favour of the Company continuing to operate as an investment trust for a further five years.

The Board

There have been no changes to the membership of the Board during the period. Gregory Johnson and I are due to retire at the AGM and offer ourselves for re-election. The Board regularly evaluates its performance and following the annual Directors' appraisal process, and with the endorsement of the Nomination and Remuneration Committee, the Board is recommending our re-election to shareholders.

Investor communications

The Board aims to keep shareholders informed and up to date with information about the Company. We recognise that shareholders, especially those who hold their shares through nominee accounts, can find it difficult to find out the most up-to date news about TEMIT. We send out the annual and half year report and accounts and notices of any significant company events. We also release information through the stock exchanges, such as Interim Management Statements.

Our website (www.temit.co.uk) displays the latest news, price and performance information, portfolio details and quarterly web updates with the Investment Manager. On the website you can also ask to have the latest Company information e-mailed directly to you.

I encourage all shareholders to register on our website and make full use of the facilities and materials available to help keep you informed about your Company.

Finally, I am pleased to report that TEMIT won the Investment Week Investment Trust of the Year Award 2009 in the emerging markets category for the second consecutive year. The Company was also awarded the Best Emerging Markets Trust in the Moneywise 2010 awards and won Best Large Trust in 2009 award from Investment Trusts Magazine.

Outlook

Over the last year markets moved out of a period of recession and spent the first few months of 2010 in broadly positive territory.

However, the effect of large fiscal support packages by governments to stimulate their economies has caused concerns of overheating in some emerging markets and may result in a tightening of monetary policy, including raising interest rates, to help control inflationary pressures.

Investors have also become increasingly nervous about the weak fiscal positions of some Eurozone countries, particularly Greece, and the impact this is having on the wider market, as well as concerns that China's growth may be tempered by the need to control money flows and property prices.

We believe markets may remain fragile over the short term with investors reacting to any further negative news.

However, even if the exceptional performance experienced by emerging markets in 2009 is not repeated in 2010, we believe that the long term outlook for emerging markets remains positive. In this type of environment, the Franklin Templeton Emerging Markets Equity Team is confident that their active bottom-up fund management and detailed time-tested investment process leaves them well placed to uncover the best undervalued investment opportunities for investors.

CHAIRMAN'S STATEMENT
CONTINUED

The Company's AGM will take place on 23 July 2010.

AGM

I would like to take this opportunity to invite all shareholders to attend the AGM to be held in the Mountbatten Room, The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS at 12 noon on Friday 23 July 2010. More details of this meeting can be found on page 64 of this report.

Peter A Smith

15 June 2010

Indices above are shown on a total return basis in GBP. Sources: Franklin Templeton Investments and Standard & Poors.

BOARD OF DIRECTORS

PETER A SMITH (CHAIRMAN)

Peter Smith (63) was appointed to the Board on 17 May 2004 and was appointed Chairman of the Board and a member of the Nomination and Remuneration Committee on 12 December 2007. He is Chairman of Savills PLC. He is also a non-executive director of Associated British Foods Plc, N M Rothschild & Sons Limited and of Rothschild Bank AG. He was Senior Partner of PricewaterhouseCoopers ("PwC") in the UK until 2000 and prior to the formation of PwC, from the merger of Price Waterhouse and Coopers & Lybrand, he had been the Chairman of Coopers & Lybrand in the UK since 1994. Previously, he was a non-executive director of Safeway PLC, The Equitable Life Assurance Society and Chairman of RAC PLC.

He is an independent Director.

Left to right: Gregory E Johnson, Neil A Collins, Christopher D Brady, Peter A Smith, Sir Peter Burt, Peter O Harrison, Hamish N Buchan.

BOARD OF DIRECTORS
CONTINUED

CHRISTOPHER D BRADY

Christopher Brady (55) was appointed to the Board on 12 December 2007. He is the founding partner and Chairman of The Chart Group. With over 25 years' experience in private equity, corporate finance and capital markets he focuses on identifying and building portfolio companies through his extensive industry relationships and perspective. Prior to Chart, he was a partner with Lodestar Group, a merger advisory and investment firm acquired by Societe Generale; and spent eleven years in the Corporate Finance and Capital Markets Departments of Lehman Brothers and Dillon Read. Mr. Brady is a director of Bitrage, SeaMobile, U.S. Helicopter, Miami International Holdings and several Chart investment companies and affiliates.

He is an independent Director.

HAMISH N BUCHAN

Hamish Buchan (65) was appointed to the Board and the Audit Committee on 26 June 2008. He is Chairman of JPMorgan American Investment Trust PLC and Personal Assets Trust plc. He is also a Director of Aberforth Smaller Companies Trust plc, Standard Life European Private Equity Trust plc, The Scottish Investment Trust plc, Community Foundation Network and Scottish Community Foundation. Mr Buchan has been involved in the investment trust sector for over forty years, mainly as an investment trust analyst and is currently a Director and immediate past Chairman of the Association of Investment Companies.

He is an independent Director.

SIR PETER BURT

Sir Peter Burt (66) was appointed to the Board on 1 October 2004 and has been a member of the Audit Committee since 6 December 2004. He was appointed the Senior Independent Director and Chairman of the Nomination and Remuneration Committee on 12 December 2007. He is Chairman of Promethean PLC. Previously, he was Chairman of ITV PLC and a Non-Executive Director of Royal Dutch Shell PLC. He joined the Bank of Scotland in 1975, becoming head of its International Division in 1985, Chief General Manager of the Bank in 1988 and Group Chief Executive in 1996. When the Bank merged with the Halifax in 2001, he became Executive Deputy Chairman of HBOS until he retired in 2003.

He is an independent Director.

NEIL A COLLINS

Neil Collins (63) was appointed to the Board and the Audit Committee on 28 September 2006 and the Nomination and Remuneration Committee on 26 June 2008. He is currently a columnist for Reuters. He has spent most of his career in financial journalism and was City Editor of The Daily Telegraph for nearly 20 years until he retired from the position in 2005. Prior to that he had been City Editor of the London Evening Standard and The Sunday Times. He is a Director of Finsbury Growth and Income Trust Plc.

He is an independent Director.

PETER O HARRISON

Peter Harrison (58) was appointed to the Board on 30 November 2007 and became Chairman of the Audit Committee on 12 December 2007. He was the UK Head of Financial Services at KPMG for three years and a member of the UK Management Team. He retired from full time work with KPMG in 2002 as a Senior Partner in the Financial Services Division having thirty years experience in the profession, twenty one of which was at KPMG with fourteen years as a partner. His client work included providing business advisory, audit and regulatory assistance to a number of global retail banks, fund managers and leasing businesses as well as an overseas Government Investment Agency. He is Chairman of the Saffron Building Society which he joined as a Non Executive Director in November 2003. He is also a Senior Advisor and consultant with KPMG.

He is an independent Director.

GREGORY E JOHNSON

Gregory Johnson (48) was appointed to the Board on 12 December 2007. He is President and Chief Executive Officer of Franklin Resources, Inc. and serves on the Board of Directors. He is also President of Templeton Worldwide, Inc., Chief Executive Officer and President of Templeton International, Inc. and serves as a Director for a number of subsidiaries of Franklin Resources, Inc. He is a member of a number of Franklin Templeton's international fund boards. Greg joined Franklin in 1986 after working as a senior accountant for Coopers & Lybrand. He has served as President and Chairman of the Board for Franklin Templeton Distributors, Inc., President of Franklin Investment Advisory, LCC, President of FT Trust Company, Vice President of Franklin Advisers, Inc., co-portfolio manager of Franklin Income Fund and Franklin Utilities Fund and as an investment analyst.

MANAGER'S REPORT & PORTFOLIO REVIEW
31 MARCH 2010

MANAGEMENT COMPANY

The Directors have appointed Templeton Asset Management Ltd. ("TAML") as Investment Manager of the Company.

TAML is part of Franklin Templeton Investments, one of the world's largest asset management companies. TAML is a pioneer of emerging market investment, having created one of the first dedicated emerging market mutual funds over 20 years ago. Today, TAML's Templeton Emerging Markets Team manages US$37 billion in emerging markets assets for retail, institutional and professional investors across the globe.

The Templeton Emerging Markets Team, headed by Dr Mark Mobius, is one of the largest of its kind. It includes 39 dedicated emerging markets portfolio managers, analysts and product specialists. Their on-the-ground presence in 15 locations, and years of relevant industry experience, greatly assists their understanding of the companies researched for inclusion in the TEMIT portfolio. Many of the senior members of the TEMIT team, including Allan Lam, Tom Wu, Dennis Lim, Carlos Hardenberg, and Grzegorz Konieczny have worked alongside Mark Mobius for a number of years.

TAML's Emerging Markets Team receives support from the employees of Franklin Resources Inc., its ultimate parent company and its subsidiaries.

MARK MOBIUS, PH.D.

Executive Chairman

Dr. Mobius has spent more than 30 years working in emerging markets all over the world. He joined Franklin Templeton Investments in 1987 as president of the Templeton Emerging Markets Fund, Inc. In 1999, he was appointed joint chairman of the Global Corporate Governance Forum Investor Responsibility Taskforce of the World Bank and Organisation for Economic Cooperation and Development.

ALLAN LAM, CPA

Senior Executive Vice President & Senior Managing Director

Mr. Lam joined the Templeton organisation in 1987 and his research responsibilities include the real estate and oil & gas sectors as well as analysis of companies in the Philippines. Mr. Lam manages portfolios dedicated to global emerging markets and Asia (ex Japan). Mr. Lam worked for a number of years in the accounting field with Deloitte Touche Tohmatsu CPA and KPMG Peat Marwick CPA. His knowledge of accounting practices became an important tool for his equity analysis.

TOM WU

Senior Executive Vice President & Senior Managing Director

Mr. Wu joined the Templeton organisation in 1987 and his research responsibilities include the banking sector. Mr. Wu is also responsible for the financial analysis and research of companies in Hong Kong and the Philippines. He began his career at Vickers da Costa in Hong Kong as an investment analyst and later as an assistant manager before joining the Templeton organisation.

DENNIS LIM

Co-Chief Executive Officer

Mr. Lim joined Templeton in 1990 and has research responsibilities for Southeast Asian markets. Mr. Lim is a specialist on building regulations and urban planning requirements in Singapore and the ASEAN region. He specialises in researching companies in the telecommunications sector. He served as a former engineering service officer for the Ministry of National Development in Singapore.

MANAGER'S REPORT & PORTFOLIO REVIEW
CONTINUED

MARKET OVERVIEW

In the last eleven months, emerging market equity prices surged as markets continued the recovery that began in March 2009. The MSCI Emerging Markets Index produced a total return of 52.0% in the period. The surge in prices was spearheaded by the rapid increase in liquidity, resulting from expansionary monetary policies and huge stimulus packages implemented by governments and central banks globally to pull economies out of recession and return to sustainable growth. Higher commodity prices and stronger emerging market currencies also supported markets. Over the longer-term, we expect this upward trend to continue albeit with some corrections along the way.

Latin American markets were the strongest performers in the emerging market asset class during the reporting period. Higher commodity prices and stronger domestic currencies supported equity prices in Latin America. **Brazil's** resilient macroeconomic fundamentals, strong fiscal and monetary policies and resilience to the global financial crisis led stock prices to rebound significantly. Its market returned 65.0% during the reporting period.

In Eastern Europe, markets also performed strongly, due to lower interest rates subsiding credit crunch worries and attractive valuations. **Hungary** was the top performer, returning 115.6%. Equity prices in **Turkey** also outperformed peers with a return of 78.0%. Higher commodity prices and a stronger rouble also supported equity prices in **Russia**, which ended the period with a 65.6% return. In Asia, significant fund inflows, relatively high growth in major markets such as **China** and **India** and stronger regional currencies drove performances in Asian markets. Top regional performers, with returns in excess of 70%, included **India**, **Indonesia** and **Thailand**.

PERFORMANCE ATTRIBUTION ANALYSIS

Period to 31 March 2010	%
NAV total return for the period	72.8
MSCI Index total return	52.0
Relative return	20.8
Sector allocation	3.9
Stock selection	22.5
Total equities	26.4
Currency	–5.6
Buybacks	–
Relative performance	20.8

Source: Factset and Franklin Templeton

Geographically, the largest contributor to the Company's performance, relative to the MSCI Emerging Markets Index, was an overweight position and superior stock selection in **India**. Overweight exposures to **Brazil**, **Indonesia**, **Thailand** and **Turkey** and an underweight position in **Taiwan** also had a positive impact on relative performance. Good stock selection in **China**, **Brazil** and **Indonesia** further enhanced relative performance. Conversely, holdings in **South Korea** detracted from performance. The Company's relatively higher cash position in the earlier part of the reporting period also had some negative attribution effects in times of rising markets. Cash levels were reduced from 2.0% at the beginning of the period to 0.6% as at end March 2010.

LARGEST COUNTRY CONTRIBUTORS AND DETRACTORS TO PERFORMANCE (%)

Top Contributors	Contribution	Top Detractors	Contribution
India	8.1	South Korea	–1.4
Hong Kong/China	2.9	Russia	–0.3
Indonesia	2.7	Austria	–0.2
Taiwan	2.6	Colombia	–0.1
Brazil	2.3		

By sector, good stock selection in materials and information technology sectors and overweight positions in materials and financials supported performance. An underweight exposure to information technology and telecommunication services providers also had positive attribution effects. Conversely, stock selection in the consumer staples and industrials sectors hurt the performance.

LARGEST SECTOR CONTRIBUTORS AND DETRACTORS TO PERFORMANCE (%)

Top Contributors	Contribution	Top Detractors	Contribution
Materials	8.6	Consumer Staples	–0.7
Information Technology	4.2	Industrials	–0.6
Financials	3.7	Energy	–0.2
Consumer Discretionary	3.1		
Telecommunication Services	3.0		

MANAGER'S REPORT & PORTFOLIO REVIEW
CONTINUED

At the company level, the top three contributors to relative performance were overweight positions in Sesa Goa, Brilliance China and Tata Consultancy. Sesa Goa is a beneficiary of firm iron ore prices and the ongoing consolidation of the global mining sector. The company is well positioned to benefit from the demand from emerging markets as well as the positive long-term trend in commodity prices. Brilliance China is a major automobile manufacturer in **China** with a joint venture with BMW for the production and selling of BMW 3-series and 5-series in **China**. The company is a beneficiary of the growth in demand for automobiles and government stimulus measures in the sector. Tata Consultancy is a major IT consulting company in **India**. Its share price was buoyed by an improving market and sound fundamentals. Moreover, we believe that it is well positioned to benefit from the outsourcing trend of services to Indian consulting companies.

Conversely, the three largest detractors were Hyundai Development, Dairy Farm and Denway Motors. Despite exhibiting double-digit returns, all three stocks underperformed the wider MSCI Emerging Markets benchmark index. Hyundai Development is a leading construction firm and residential property developer in **South Korea**. Hyundai's share price lagged due to sluggish property sales during 2009. Dairy Farm's core businesses consist of supermarkets, hypermarkets as well as health & beauty, convenience and home furnishing stores. The company remains a long term hold as it is a beneficiary of Asia's economic recovery and higher consumer demand. The company is also exposed to fast growing markets such as **China, Vietnam** and **India**. Denway Motors is a major manufacturer and distributor of passenger cars in **China**. In addition to its own brand, Denway has formed a joint venture with Honda Motor for the production and selling of Honda Accord sedans, Jazz, Fit and Odyssey MPV models. The company's share price underperformed because of the lack of new models last year, uncertainties surrounding the IPO listing of its parent company and the related group restructuring. However, over the longer-term, we are confident that Denway will benefit from the growing demand for automobiles in **China**.

A major performance detractor during the period was exposure to a weaker US dollar through investments in Brazilian and Russian ADR (American Depositary Receipt) listings. Superior stock selection in both markets was largely overshadowed by a weak US dollar. The Company held ADRs as opposed to the underlying ordinary shares because of the generally better liquidity.

We continue to remain positive on the long-term outlook for emerging markets.

LARGEST COMPANY CONTRIBUTORS AND DETRACTORS TO PERFORMANCE (%)

Top Contributors	Contribution	Top Detractors	Contribution
Sesa Goa Ltd.	6.4	Hyundai Development Co.	–2.3
Brilliance China Automotive Holdings Ltd.	2.1	Dairy Farm International Holdings Ltd.	–1.2
Tata Consultancy Services Ltd.	2.0	Denway Motors Ltd.	–0.9
Vale SA	1.6	SK Energy Co. Ltd.	–0.7
Astra International	1.6	China Petroleum & Chemical Corp.	–0.6

MANAGER'S REPORT & PORTFOLIO REVIEW
CONTINUED

PORTFOLIO CHANGES & INVESTMENT STRATEGIES

The Company's search for undervalued stocks trading at attractive valuations led to selective investments and concentrated in the diversified banking, precious metals & minerals and oil & gas sectors. Companies in the energy and metals sectors remain well-positioned to benefit from the long-term uptrend in commodity prices and continued demand for oil, gas and metals. We believe that commodity companies should remain profitable and constitute attractive investment opportunities. Taking a long-term view, we continue to like these sectors. The continued liberalisation of the financial sector in emerging markets could unlock hidden value and allow banks to benefit from the growing financial needs of consumers in these regions. Selective additions were also made in consumer-related sectors such as food retail, real estate management & development and automobile manufacturing. The long-term outlook for consumerism remains attractive due to relatively higher per capita income growth and continued demand for consumer goods and services.

Key purchases included Wal-Mart de Mexico (Walmex), MCB and Impala Platinum. Walmex is the largest retailing chain in **Mexico** and is in a strong position to benefit from continued demand for its staple products, food and clothing. The company also has a solid growth potential based on good demographics and market share gains. MCB is the fourth largest bank in **Pakistan**. The Company increased its exposure to the bank because of its attractive valuation and relatively high return on equity. Impala Platinum is one of the leading platinum producers in the world and is responsible for approximately a quarter of the global platinum production. As one of the most efficient and lowest cost producers in the world, it is also well positioned to benefit from the longer-term up trend in commodity prices.

The availability of more attractive stocks elsewhere in the investment universe and the attainment of target prices led to selective sales during the reporting period. This reduced the Company's investments in **Taiwan**, **Turkey** and **Russia**. These sales also reduced the Company's exposure to wireless telecommunication services, semiconductors and communications equipment companies. Major sales included Mediatek, Mobile Telesystems, Compal Communications and Siam Cement.

Mediatek is the largest integrated circuit design company in **Taiwan**. Exposure to Mediatek was eliminated due to a share price rally ahead of the good quarterly results giving us the opportunity to switch into cheaper stocks. Mobile Telesystems is the dominant mobile services provider in **Russia**. The Company divested its holdings in the company because of the execution risks associated with the company's penetration into overseas markets. The largest handset manufacturer in **Taiwan**, Compal Communications, was eliminated due to intensive competition and the weakening market position of one of its major customers. Siam Cement is the largest industrial conglomerate in **Thailand**. Holdings were decreased because the pending expansion of petrochemical production in the Middle East may drive product prices lower.

OUTLOOK

Emerging markets have rallied over the past eleven months and some investors might be tempted to take profits, which could lead to short-term market corrections. However, we expect these kinds of corrections in emerging markets and rather than focusing on when a correction might happen, we focus on buying and adding to investments that in our view have dropped to compelling valuations as a result.

Our optimism remains founded on:

- growing investor confidence in equities, generally and emerging markets specifically;
- strong fund inflows into emerging markets;
- the search for higher returns in the face of low bank interest rates;
- relatively higher GDP growth in emerging markets;
- the accumulation of foreign exchange reserves which puts emerging economies in a much stronger position to weather external shocks;
- the relatively lower debt levels of emerging market countries; and,
- the high level of money supply growth globally.

Overall, we continue to remain positive on the long-term outlook for emerging markets.

J Mark Mobius, Ph.D.

Templeton Asset Management Ltd.

15 June 2010

** All returns are in Sterling terms.*

PORTFOLIO SUMMARY

PORTFOLIO DISTRIBUTION AS AT 31 MARCH 2010 AND 30 APRIL 2009

All figures are in %

	Austria	*Brazil*	*Hong Kong/China*	*Hungary*	*India*	*Indonesia*	*Mexico*	*Pakistan*	*Poland*	*Russia*	*Singapore*	*South Africa*	*South Korea*	*Taiwan*	*Thailand*	*Turkey*	*Liquid Assets*	*2010 Total*	*2009 Total*
Consumer Discretionary	–	–	6.3	–	–	2.8	–	–	–	–	–	–	–	–	–	–	–	9.1	9.2
Consumer Staples	–	–	2.7	–	–	–	2.0	–	–	–	–	–	–	–	–	–	–	4.7	4.7
Energy	0.9	4.3	4.3	1.3	1.5	–	–	–	1.5	4.0	–	–	2.8	–	2.8	2.2	–	25.6	24.0
Financials	–	10.7	–	–	0.6	3.8	–	1.3	–	–	–	–	–	–	5.2	4.6	–	26.2	24.6
Healthcare	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Industrials	–	–	0.6	–	–	–	–	–	0.4	–	–	–	2.5	–	–	–	–	3.5	5.5
Information Technology	–	–	2.9	–	3.9	–	–	–	–	–	–	–	–	0.3	–	–	–	7.1	4.3
Materials	–	6.6	2.5	–	8.3	–	–	–	–	2.1	–	2.8	–	–	0.9	–	–	23.2	17.1
Telecommunications Services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3.9
Utilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4.7
Total Equities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	99.4	98.0
Liquid Assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.6	2.0
2010 Total	**0.9**	**21.6**	**19.3**	**1.3**	**14.3**	**6.6**	**2.0**	**1.3**	**1.9**	**6.1**	**–**	**2.8**	**5.3**	**0.3**	**8.9**	**6.8**	**0.6**	**100.0**	**100.0**
2009 Total	1.2	21.7	17.4	1.1	8.5	5.2	0.9	1.0	1.8	7.4	3.8	2.0	8.2	2.2	9.0	6.6	2.0	100.0	100.0

INVESTMENT CHANGES – GEOGRAPHICAL

Country	*30 Apr 09 Market Value £m's*	*Purchases £m's*	*Sales £m's*	*Market Movement £m's*	*31 Mar 10 Market Value £m's*	*MSCI Index %*
Brazil	262	–	–	181	443	65.4%
Hong Kong/China	209	3	(8)	189	393	37.9%
India	104	1	(4)	190	295	76.6%
Thailand	109	13	–	65	183	73.5%
Turkey	79	–	(32)	60	139	78.2%
Other	421	26	–	166	581	–
Liquid Assets	24	–		(12)	12	–
Total	1,208	43	(44)	839	2,046	

INVESTMENT CHANGES – SECTOR

Industry	*30 Apr 09 Market Value £m's*	*Purchases £m's*	*Sales Regular £m's*	*Market Movement £m's*	*31 Mar 10 Market Value £m's*	*MSCI Index %*
Financials	296	–	(4)	234	526	56.9%
Energy	290	17	–	217	524	47.3%
Materials	209	9	–	258	476	72.4%
Consumer Discretionary	97	11	(8)	86	186	69.4%
Information Technology	81		–	64	145	52.8%
Other	211	6	(32)	(8)	177	–
Liquid Assets	24	–	–	(12)	12	–
Total	1,208	43	(44)	839	2,046	

PORTFOLIO HOLDINGS

Geographical analysis (by country of incorporation)

As at 31 March 2010

Country	*Sector*	*Fair Value*** *£'000*
AUSTRIA		
OMV AG‡	Energy	17,784
		17,784
BRAZIL		
Banco Bradesco SA, ADR, pfd.†*	Financial	96,250
Itau Unibanco Holding SA, ADR*	Financial	124,074
Petroleo Brasileiro SA, ADR, pfd.†*	Energy	88,131
Vale SA, ADR, pfd., A†*	Materials	134,403
		442,858
HONG KONG/CHINA		
Aluminum Corp. of China Ltd., H	Materials	52,375
Brilliance China Automotive Holdings Ltd.	Consumer Discretionary	54,021
China International Marine Containers (Group) Co. Ltd., B	Industrials	11,815
China Petroleum and Chemical Corp., H	Energy	27,166
Dairy Farm International Holdings Ltd.	Consumer Staples	54,101
Denway Motors Ltd.	Consumer Discretionary	57,397
PetroChina Co. Ltd., H	Energy	60,222
Victory City International Holdings Ltd.	Consumer Discretionary	16,240
VTech Holdings Ltd.	Information Technology	59,187
		392,524
HUNGARY		
MOL Hungarian Oil and Gas Nyrt.	Energy	26,905
		26,905
INDIA		
Infosys Technologies Ltd.	Information Technology	11,837
National Aluminium Co. Ltd.	Materials	29,024
Oil & Natural Gas Corp. Ltd.	Energy	31,933
Peninsula Land Ltd.	Financials	11,714
Sesa Goa Ltd.	Materials	141,185
Tata Consultancy Services Ltd.	Information Technology	68,896
		294,589

**Fair value represents the bid value of a security as required by International Financial Reporting Standards.

‡This Austrian company has significant exposure to operations in emerging markets.

*US listed stocks

†pfd: preferred shares

PORTFOLIO HOLDINGS
CONTINUED

Country	*Sector*	*Fair Value*** *£'000*
INDONESIA		
PT Astra International Tbk	Consumer Discretionary	57,937
PT Bank Central Asia Tbk	Financial	32,015
PT Bank Danamon Indonesia Tbk	Financial	44,674
		134,626
MEXICO		
Wal-Mart de Mexico SAB de CV, V	Consumer Staples	41,391
		41,391
PAKISTAN		
Faysal Bank Ltd.	Financial	4,065
MCB Bank Ltd.	Financial	22,326
		26,391
POLAND		
Polnord SA	Industrials	8,965
Polski Koncern Naftowy Orlen SA	Energy	29,224
		38,189
RUSSIA		
Gazprom, ADR*	Energy	33,113
LUKOIL Holdings, ADR*	Energy	33,551
Mining and Metallurgical Co. Norilsk Nickel	Materials	9,980
Mining and Metallurgical Co. Norilsk Nickel, ADR*	Materials	32,794
OAO TMK	Energy	16,114
		125,552
SOUTH AFRICA		
Anglo American PLC	Materials	46,138
Impala Platinum Holdings Ltd.	Materials	11,141
		57,279
SOUTH KOREA		
Hyundai Development Co.	Industrials	50,679
SK Energy Co. Ltd.	Energy	58,168
		108,847

**Fair value represents the bid value of a security as required by International Financial Reporting Standards.

*US listed stocks

Country	Sector	Fair Value** £'000
TAIWAN		
Taiwan Semiconductor Manufacturing Co. Ltd.	Information Technology	5,080
		5,080
THAILAND		
Kasikornbank Public Co. Ltd., fgn.	Financial	34,662
Kiatnakin Bank Public Co. Ltd., fgn.	Financial	12,584
Land and Houses Public Co. Ltd., fgn.	Financial	12,017
PTT Exploration and Production Public Co. Ltd., fgn.	Energy	29,254
PTT Public Co. Ltd., fgn.	Energy	27,893
Siam Cement Public Co. Ltd., fgn.	Materials	18,575
Siam Commercial Bank Public Co. Ltd., fgn.	Financial	47,820
		182,805
TURKEY		
Akbank TAS	Financial	95,166
Tupras-Turkiye Petrol Rafinerileri AS	Energy	44,136
		139,302
TOTAL INVESTMENTS		**2,034,122**
LIQUID NET ASSETS		**12,281**
TOTAL NET ASSETS		**2,046,403**

**Fair value represents the bid value of a security as required by International Financial Reporting Standards.

TEN LARGEST INVESTMENTS
IN ORDER OF MARKET VALUE AS AT 31 MARCH 2010

Sesa Goa Ltd.

Country	*% of Total Net Assets*	*Fair Value £'000*
India	6.9%	141,185

One of the biggest exporters of iron ore in India.

Vale SA, ADR, pfd., A

Country	*% of Total Net Assets*	*Fair Value £'000*
Brazil	6.6%	134,403

This Brazilian-based company is one of the world's largest iron ore producers that is also engaged in various mining activities.

Itau Unibanco Holding SA, ADR

Country	*% of Total Net Assets*	*Fair Value £'000*
Brazil	6.1%	124,074

One of Brazil's largest commercial banks providing a full range of banking and financial services. This was formed by a recent merger between Banco Itau and Unibanco.

Banco Bradesco SA, ADR, pfd.

Country	*% of Total Net Assets*	*Fair Value £'000*
Brazil	4.7%	96,250

One of Brazil's largest financial conglomerates, providing a full range of banking and financial services.

Akbank TAS

Country	*% of Total Net Assets*	*Fair Value £'000*
Turkey	4.6%	95,166

One of Turkey's largest privately owned commercial banks, providing a full range of banking and financial services.

Petroleo Brasileiro SA, ADR, pfd.

Country	% of Total Net Assets	Fair Value £'000
Brazil	4.3%	88,131

Brazil's national oil and gas company that specializes in off-shore exploration and production and maintains a substantial proven reserve of crude oil and natural gas.

Tata Consultancy Services Ltd.

Country	% of Total Net Assets	Fair Value £'000
India	3.4%	68,896

A major IT consulting company in India.

PetroChina Co. Ltd., H

Country	% of Total Net Assets	Fair Value £'000
China	2.9%	60,222

China's largest oil and gas company in terms of reserves. The company has gradually been diversifying into marketing and downstream activities.

VTech Holdings Ltd.

Country	% of Total Net Assets	Fair Value £'000
Hong Kong	2.9%	59,187

The company is a market leader in the cordless phone market.

SK Energy Co. Ltd.

Country	% of Total Net Assets	Fair Value £'000
South Korea	2.8%	58,168

A major company in South Korea's refining market.

FINANCIAL SUMMARY

DIRECTORS' REPORT

The Directors submit their Annual Report together with the Financial Statements of the Company for the eleven month period ended 31 March 2010.

BUSINESS REVIEW

Principal Activity and Investment Status

The Company is a public limited company in terms of the Companies Act 2006 and is an investment company under Section 833 of the Companies Act 2006.

In the opinion of the Directors, the Company has directed its affairs so as to be able to continue to seek approval as an investment trust from the HM Revenue & Customs under Section 842 of the Income and Corporation Taxes Act 1988 (replaced on 1 April 2010 by Section 1158 of the Corporation Tax Act 2010) each year.

Investment Policy

The objective of the Company is to provide long-term capital appreciation for its shareholders through investment in companies operating in emerging markets or whose stocks are listed on the stock markets of such countries. No material change will be made to this policy without shareholder approval.

The Investment Manager employs a bottom-up, value oriented, long-term approach to investing. It focuses on the market price of a company's securities relative to the Investment Manager's evaluation of the company's long-term earnings, asset value and cash flow potential. As it looks for investment, it focuses on specific companies and undertakes in-depth research to construct an action list from which it makes its buy decisions. Before a purchase is made, it looks at the company's potential earnings and growth over a five-year horizon. During its analysis, it also considers the company's position in its sector, the economic framework and political environment.

Risk is spread by investing in a number of holdings, some of which themselves are diversified companies.

Where possible, investment will generally be made directly in the stock markets of emerging countries. Where the Investment Manager determines appropriate, for example to gain access to markets closed to foreign portfolio investors, investment may be made in emerging markets through collective investment schemes, although such investment is not likely to be substantial. In addition, investment in companies listed on more developed countries' stock exchanges may also be made where those companies have a significant source of their revenue from emerging countries. The Investment Manager does not anticipate investing a significant part of the Company's assets in such companies.

In any event, Templeton Asset Management Ltd. ("TAML" or the "Investment Manager"), as the Investment Manager to the Company, will invest directly only in countries where it is satisfied that acceptable custodial and other arrangements are in place to safeguard TEMIT's investments and in companies with perceived satisfactory governance procedures.

It is intended that the Company's funds will normally be invested in equity investments; the Investment Manager may invest in equity-related investments (such as convertibles) where there are perceived to be advantages to so doing.

The portfolio will frequently be over-weight or under-weight against the index and may be concentrated into a more limited number of sectors or geographical areas/countries. This is consistent with its investment approach of long-term value investing. The Investment Manager evaluates investment opportunities with updated financial ratios on a daily basis, and adjusts the portfolio to seek optimal exposures to stocks which are assessed to be best bargains in global emerging markets.

The Investment Manager searches for well-managed companies assessed as undervalued, especially those that are out-of-favour among investors. On the other hand, the Investment Manager sells companies that, in its opinion, are overvalued, typically when the earnings prospects or underlying net asset values are fully recognised by other investors.

DIRECTORS' REPORT
CONTINUED

The Investment Manager's investment research and portfolio construction processes may be summarised in five steps:

(1) Identify Opportunities – A master list is compiled which is screened for securities that meet certain market capitalisation and liquidity criteria as determined by the Investment Manager;

(2) Analyse Companies – A detailed analysis of the stock's industry and financial accounts is undertaken along with a visit to the company to interview management, assess its quality of product or services, analyse customers and competitors and ascertain competitive advantage;

(3) Construct Action List – Each stock on this list has a specified buy and sell target. This selection list is a dynamic list that is monitored continually;

(4) Allocate Portfolio – On a weekly basis, the portfolio is reviewed for consistency and to ensure that it complies with the Investment Manager's investment committee guidelines; and

(5) Evaluate and Monitor Portfolio – Once the portfolio has been constructed, each investment within the portfolio is reviewed against price targets set for the securities. These targets are continually updated, with comparisons made with the sector that the security operates in. Contact is also maintained with the company and its suppliers and staff.

The general policy of the Board is to be fully invested. In response to market conditions, the Investment Manager may hold funds temporarily in cash or other appropriate assets.

Key Performance Indicators
The following are considered key performance indicators for the Company:

- the return in net asset value per share compared to its benchmarks;
- the movement in share price and discount; and
- the total expense ratio.

Performance
The Investment Manager employs a value investing strategy and purchases stocks trading at less than their assessed value.

In the period to 31 March 2010, the Company's net asset value per share produced a total return of 72.8%. This was well ahead of the Company's benchmark, the MSCI Emerging Markets Index, which returned 52.0%. Since inception, the Company is well ahead of the benchmark as the net asset value total return for TEMIT is 2,180% (16.3% per annum) compared with a total return of 940% (12.0% per annum) for the MSCI Emerging Markets Index.

The graph below shows the return of TEMIT's NAV and share price relative to the MSCI Emerging Markets Index over the last 5 years:

The graph below shows the relative annual return of TEMIT's NAV and share price against the MSCI Emerging Markets Index.

**periods are TEMIT reporting periods.*

The Chairman's Statement on pages 4 to 6 and the Investment Manager's Report on pages 10 to 17 include a review of the main developments during the period and the investment outlook.

DIRECTORS' REPORT
CONTINUED

Share Capital and Discount
The Board is aware that discount volatility is unwelcome to many shareholders and has powers to buy back the Company's shares as a discount control mechanism when it is in the best interests of the Company's shareholders.

The share price of TEMIT increased by 69.5% to 577.0p as at 31 March 2010 from 340.5p as at 30 April 2009. Over the eleven months, the Company's discount has generally been in the range of 4% to 9%. As at 31 March 2010, the discount had widened slightly to 7.0% from 6.9% at 30 April 2009.

During the period 532,000 shares of 25p each were repurchased and cancelled, representing 0.16% of the issued share capital, at a cost to the Company of £2.2 million.

In the period from 1 April 2010 to 4 June 2010, no shares were bought back and cancelled.

Expense Ratio
The Total Expense Ratio has decreased from 1.34% at 30 April 2009 to 1.29% at 31 March 2010. The decrease is due to the increase in assets over the period, tender expenses incurred during the prior year and further VAT repayments received during the period which related to prior years.

Results and Dividends
The capital profit for the period was £851.5million (2009: loss £487.0 million) and the revenue profit was £9.5 million (2009: £28.1 million).

Revenue profits fell as a result of:
(i) a shorter reporting period of eleven months;
(ii) April traditionally being a strong month for TEMIT's income;
(iii) the caution of investee companies during the financial crisis, many of which chose to protect their balance sheet and cut dividends; and,
(iv) in 2009 revenue profits being higher due to the larger size of the Company prior to the tender in July 2008.

The full results for the Company are disclosed in the Income Statement on page 46.

The Directors propose an ordinary dividend of 3.75 pence per share (2009: 3.75p). This is the same as last year's ordinary dividend but is for an eleven month period. The dividend represents an effective increase of 9.1%. If approved by shareholders at the AGM, to be held on 23 July 2010, the ordinary dividend will be payable on 28 July 2010 to shareholders on the register at close of business on 25 June 2010.

Gearing
The Board has agreed that in exceptional circumstances, and for short periods, TEMIT may borrow up to 10% of its net assets.

During the period the Company has not borrowed to fund long term investments.

Principal Risks and Uncertainties
The principal risks facing the Company are summarised below. The number and spread of investments in TEMIT's portfolio is intended to reduce the degree of risk, nevertheless, investors should be aware of the risks associated with TEMIT's investment objectives.

The Board monitors market, investment and currency risk and information is provided on a quarterly basis as part of the Board papers. Specific information includes benchmark and performance attribution, risk analysis, contributors and detractors, major overweight and underweights and portfolio information including purchases and sales.

Market risk
Many of the companies in which TEMIT does or may invest are, by reason of the locations in which they operate, exposed to the risk of political or economic change. In addition, exchange control, tax or other regulations introduced in any country in which TEMIT invests may affect its income and the value and marketability of its investments. Currency fluctuations may also affect the value of its investments and the income derived there from, and investors in emerging markets can face settlement and custodial problems. Furthermore, companies in emerging markets are not always subject to accounting, auditing and financial standards which are equivalent to those applicable in the United Kingdom and there may also be less government supervision and regulation. These risks can increase the potential for losses in the Company and affect its share price. For these reasons, a long-term approach to investing in emerging markets is taken.

Emerging markets have, in the past, been subject to greater price volatility and rapid and severe re-pricing than developed markets. In periods of pronounced volatility, the differential between emerging market stocks, markets and countries decreases. In such times, the benefits that diversification generally provides are reduced.

Investment risk
In addition, the Company may invest a greater portion of its assets in the securities of one issuer, securities domiciled in a particular country, or securities within one industry group than other types of fund investments. As a result, it may be more sensitive to economic, business, political or other changes affecting similar issues or securities, which may result in greater fluctuation in the value of the portfolio.

DIRECTORS' REPORT
CONTINUED

Foreign currency risk
It is important to recognise the effect of currency movements on TEMIT's performance. In general, if the value of sterling increases compared with a foreign currency, an investment traded in that foreign currency will decrease in value because it will be worth fewer UK pounds. This can have a negative effect on fund performance. Conversely, when, in general, sterling weakens in relation to a foreign currency, investments traded in that foreign currency will increase in value, which can contribute to an improvement in the Company's performance.

Regulatory risk
The Company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of Section 842 of the Income and Corporation Taxes Act 1988 (replaced on 1 April 2010 by Section 1158 of the Corporation Tax Act 2010) would result in the Company being subject to capital gains tax on portfolio investments. Breaches of other regulations such as the UKLA Listing Rules, could lead to a number of detrimental outcomes and reputational damage.

Key personnel
The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of the Investment Manager and its ability to attract and retain suitable staff. The Company is also reliant upon the skills of its Directors and the loss of any of these individuals could reduce its ability to achieve its planned investment objectives. The Investment Manager has endeavoured to ensure that the principal members of their management teams are suitably incentivised, but the retention of such staff cannot be guaranteed.

Operational risk
Like many other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent upon the control systems of the Investment Manager and the Company's service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depend on the effective operation of these systems. These are regularly tested and monitored and an internal control report, which includes an assessment of risks together with an overview of procedures to mitigate such risks, is prepared by the Secretary and Administrator and reviewed by the Audit Committee annually. The global custodian (JPMorgan Chase Bank) produces an annual SAS 70 report which is reviewed by its auditors and gives assurance regarding the effective operation of controls.

The Directors, on an annual basis, receive a risk and control report. This report identifies the areas of risk and the controls that have been put in place to mitigate these risks. Additionally, the Directors have sought to ensure that the Company's service providers have adopted an appropriate framework of controls which is designed to monitor the principal risks facing the Company, and to provide a monitoring system to enable the Directors to mitigate these risks.

Further information on the risks that TEMIT is subject to is also detailed in Note 14 of the Notes to the Financial Statements.

FINANCIAL

Share Capital
Changes in the share capital of the Company are set out in Note 10 of the Notes to the Financial Statements.

Going Concern
Having made suitable enquiries, including considerations of expenditure forecasts and the principal risks and uncertainties described within the Annual Report, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and, as such, a going concern basis is appropriate in preparing the financial statements.

Change of Financial Year End
The period for the financial statements is for the eleven months to 31 March 2010. The change has been initiated by the Directors to allow shareholders to more readily compare the financial performance with that of its peers. As a result, the

comparative information presented is for the full year to 30 April 2009 and is not entirely comparable with the information presented for the eleven months to 31 March 2010.

Creditor Payment Policy
Investment transactions are settled by the Company in accordance with the terms and conditions of the relevant market. While the Company follows no formal code, its policy is to agree the terms of payment at the start of business and ensure that the supplier is aware of the terms of payment. Payment is made in accordance with these terms provided that the supplier is also complying with all the relevant terms and conditions. For the period ended 31 March 2010 the number of trade (broker) creditor days was 1 day (2009: 1 day).

Auditors
Deloitte LLP, who were appointed at last year's Annual General Meeting, have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors were unaware and that each Director had taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information. This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

DIRECTORS

Directors
The Board currently comprises seven Non-Executive Directors, six of whom are independent from Franklin Templeton Investments, the group of companies associated with the Company's Investment Manager. The Chairman is Non-Executive and independent from the Investment Manager. The Directors' biographies are set out on pages 7 to 9.

The following were Directors during the eleven month period to 31 March 2010:

Peter A Smith – Chairman
Christopher D Brady
Hamish N Buchan
Sir Peter Burt
Neil A Collins
Peter O Harrison
Gregory E Johnson

Gregory Johnson is President and Chief Executive Officer of Franklin Resources, Inc. He is also President of Templeton Worldwide Inc, the parent company of the Investment Manager. He is therefore not an independent Director.

As a non-independent Director, Gregory Johnson offers himself for re-election as required under UK Listing Rules and the AIC Code of Corporate Governance.

The Company's Articles of Association require newly appointed Directors to submit themselves for election by shareholders at the next Annual General Meeting and Directors are then subject to re-election at intervals of no more than three years. Under the AIC Code of Corporate Governance, Directors serving longer than nine years must offer themselves for annual re-election.

Peter Smith retires by rotation as a Director and offers himself for re-election as required under the Company's Articles of Association.

The Board recommends the re-election of each of Peter Smith and Gregory Johnson, whose biographies are set out in this Annual Report, as they each continue to provide the Company with valuable guidance, experience and support.

The Directors meet quarterly and retain full and effective control over the Company through the monitoring of the management team of the Investment Manager and Franklin Templeton Investment Management Limited ("FTIML") (the Secretary and Administrator). The Board is responsible for investment policy and has a schedule of matters reserved for the resolution of the Directors for safeguarding shareholders' investment and the Company's assets.

DIRECTORS' REPORT
CONTINUED

The primary focus of the Directors at the quarterly board meetings is a review of the investment performance of the Company and associated matters such as liquidity, asset allocation, marketing/investor relations, peer group information and industry issues. The Board also reviews the investment mandate, the long-term investment objectives and the performance of the Company and the appropriate guidelines within which the Investment Manager should operate.

The table below lists the number of scheduled board and committee meetings attended by each Director. During the period there were 4 Board meetings, 3 Audit Committee meetings and 2 Nomination and Remuneration Committee meetings.

Director	*Board Meetings Attended*	*Audit Committee Meetings Attended*	*Nomination and Remuneration Committee Meetings Attended*
Peter A Smith	4	3	2
Christopher D Brady	4	N/A	N/A
Hamish N Buchan	4	3	N/A
Sir Peter Burt	4	3	2
Neil A Collins	4	3	2
Peter O Harrison	4	3	N/A
Gregory E Johnson	4	N/A	N/A

Nomination and Remuneration Committee

The Board has a Nomination and Remuneration Committee, which currently comprises Sir Peter Burt (Chairman of the Nomination and Remuneration Committee), Peter Smith and Neil Collins. The role of the Nomination and Remuneration Committee is to review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that seem appropriate, to consider the rotation and renewal of the Board, approve the candidate specification for all Board appointments, approve the process by which suitable candidates are identified and short listed, and to nominate candidates for consideration by the full Board, whose responsibility it is formally to make appointments. The Committee also considers the effectiveness of individual Directors and makes recommendations to the Board in respect of re-elections.

In addition, the Committee periodically reviews the level of Directors' fees relative to other comparable companies and in the light of the Directors' responsibilities.

The Chairman of the Nomination and Remuneration Committee will attend the Company's Annual General Meeting and will be prepared to respond to questions which may be raised by shareholders on matters within the Nomination and Remuneration Committee's responsibilities.

A copy of the terms of reference of the Nomination and Remuneration Committee is available to shareholders on the TEMIT website (www.temit.co.uk) or on request via Client Dealer Services at Franklin Templeton Investment Management Limited using the contact details provided on the inside back cover of this report.

Performance Evaluation

The Board has undertaken a formal evaluation of its own performance and that of its Committees and individual Directors including the Chairman. The Board has also considered the independence of each Director. The evaluation of the Board, of its Committees, and the performance of individual Directors, was carried out through questionnaires and discussions between the Chairman and each Director. The Chairman has been evaluated by his fellow Directors, led by Sir Peter Burt, the Senior Independent Director, and such evaluations shall continue to take place at least annually. Thereafter the Board meets as a group to review the findings. The performance and cost of service providers are considered annually by the Board.

Information and Professional Development
The Board is supplied, via the Secretary and Administrator, with regular information to enable the Directors to discharge their duties. The Secretary and Administrator provides the Board with regular updates on regulatory issues and on the latest corporate governance rules and guidelines.

Directors' Appointment Letters
Each of the Directors has an appointment letter with the Company and such letters are available for inspection at the Company's registered office. The terms of appointment provide that a Director will be subject to re-election at the first annual general meeting after 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.

Directors' Conflicts of Interest
The Companies Act 2006 (the "2006 Act") sets out directors' general duties. Under the 2006 Act, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Company's Articles give the Directors authority to approve such situations.

There are safeguards which apply when Directors decide whether to authorise a conflict or potential conflict. Firstly, only Directors who have no interest in the matter being considered are able to make the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up to date and the Directors annually complete an updated conflicts of interest questionnaire disclosing any conflicts or potential conflicts.

Gregory Johnson is not present when the performance of the Investment Manager and the Secretary and Administrator are considered.

Indemnification and Insurance
The Company has entered into deeds of indemnity with each of the Directors. These are qualifying third party indemnity provisions and are in force as at the date of this report. This information is disclosed in accordance with Sections 236(2) and 236(3) of the 2006 Act. The Company maintains appropriate insurance cover in respect of legal action against the Directors.

Remuneration
The Company's policy on Directors' remuneration, together with details of the remuneration of each Director who served in the period is detailed in the Directors' Remuneration Report on page 42. 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 similar in size, capital structure and investment objective.

The Non-Executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in accordance with other long standing investment trusts.

TEMIT has no employees and therefore no retirement or health scheme obligations or policies in respect of employment, including the employment of disabled persons.

DIRECTORS' REPORT
CONTINUED

No Director had notified the Company of any beneficial interest (including any family interest) existing either at the beginning or at the end of the eleven month period to 31 March 2010 in the Company's shares save for the following Directors:

	31 March 2010	*30 April 2009*
Peter A Smith	10,000	10,000
Hamish N Buchan	15,000	15,000
Sir Peter Burt	4,000	4,000
Neil A Collins	7,000	7,000

The Company has not received notification of any changes in the above interests as at 4 June 2010.

Substantial Shareholdings
As at 4 June 2010 the Company had been notified that the following were interested in 3% or more of the issued share capital of the Company.

Name	*Number of Shares*	*Percentage*
City of London Investment Management Group	40,049,578	12.14
Lazard Asset Management LLC Group	18,256,848	5.53
Templeton Investment Plan	15,042,629	4.56
Legal & General Investment Management	12,875,638	3.90
Rensburg Sheppards	11,386,558	3.45

PRINCIPAL SERVICE PROVIDERS

Investment Manager
During the period, Templeton Asset Management Ltd. ("TAML") acted as Investment Manager to the Company under an investment management agreement and received from the Company a monthly fee at an annual rate of 1.00% of the total net assets of the Company. The Board have examined the basis on which the Investment Manager is remunerated and considers that this flat rate ad valorem fee is appropriate and that it is not in the interests of shareholders to include a structured performance fee.

The investment management agreement between the Company and TAML is of an unlimited duration and may be terminated by either party but in certain circumstances the Company may be required to pay compensation to TAML of an amount up to one year's management fee. Compensation is not payable if at least one year's notice of termination is given.

The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis and a formal review is conducted annually. When assessing the performance of the Investment Manager, the Board believes it is appropriate to make this assessment over a medium to long term timeframe which is in accordance with the long term approach taken to investment. In the opinion of the Directors, the continuing appointment of TAML on the agreed terms is in the best interests of the shareholders as a whole. The Directors believe that TAML is well positioned to act as Investment Manager to the Company and well resourced to identify attractive investment opportunities and this is evident by the Investment Manager's performance to date.

Secretarial and Administration Managers
During the period FTIML acted as Secretary and Administrator of the Company. The fee paid to FTIML for this is an annual rate of 0.20% of the total net assets of the Company, payable monthly.

The agreement between the Company and FTIML may be terminated by either party but in certain circumstances the Company may be required to pay compensation to FTIML of an amount up to one year's secretarial and administration fee.

Compensation is not payable if at least one year's notice of termination is given. The Directors also keep under annual review the performance of FTIML as Secretary and Administrator.

Custodian

JPMorgan Chase Bank acts as global custodian to the Company and receives a fee for the provision of custody and nominee services to the Company under a custody agreement (which contains provision for the exclusion or limitation of liability as set out in the custody agreement). The custody agreement may be terminated by either party giving the other 60 days' notice.

Corporate Stockbroker

The Company's corporate stockbroker during the period was Winterflood Securities Limited.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The Board is accountable to the shareholders for good governance and this statement describes how the Company applies the principles identified in the Combined Code on Corporate Governance 2008. It also makes reference to the Company's adherence to the Code of Corporate Governance of the Association of Investment Companies ("AIC").

Compliance with the Combined Code on Corporate Governance

The Board considers that the Company has complied with the relevant provisions of Section 1 of the Combined Code on Corporate Governance 2008 throughout the period ended 31 March 2010.

AIC Code of Corporate Governance (the "AIC Code")

The Company is a member of the AIC. The Board considers that the Company adheres to the principles and follows the recommendations of the AIC Code and where appropriate, it provides explanations why and/or details the steps it intends to take to bring the Company into line in the future. By reporting against the AIC Code and by following the AIC's Corporate Governance Guide for Investment Companies (the "AIC Guide"), the Company is meeting its obligations under the Combined Code and paragraph 9.8.6 of the Listing Rules and as such the Company is not required to report further on issues contained in the Combined Code which are not relevant to the Company as explained in the AIC Guide.

Additional Information for New Zealand Shareholders

As a result of a requirement for Overseas Issuers listed on the New Zealand Stock Exchange, the following should be noted by New Zealand Shareholders:

(a) The corporate governance rules and principles in TEMIT's home exchange jurisdiction in the United Kingdom may differ from the New Zealand Stock Exchange corporate governance rules and the principles of the Corporate Governance Best Practice Code.

(b) Investors may find more information about the corporate governance and principles of TEMIT's home exchange in the United Kingdom in the above Corporate Governance statement and online at www.frc.org.uk/corporate/combinedcode.cfm.

Schedule of Reserved Matters

The Board has formally adopted a Schedule of Reserved Matters which details the matters which the Board has agreed are specifically reserved to them for their collective decision. These matters include, *inter alia*, approval of the half yearly and annual financial statements, recommendation of the final dividend, approval of any preliminary announcements of the Company, approval of any changes to the Company's investment objective and/or policy, appointment or removal of the Company's Investment Manager or its Secretary and Administrator, Board membership and Board committee membership and any major changes to the investment objective, philosophy or policy of the Company, other than any such changes delegated to the Investment Manager under the Investment Management Agreement.

DIRECTORS' REPORT
CONTINUED

The day to day investment management of the portfolio of the Company is delegated to the Investment Manager who manages the portfolio in accordance with the investment objectives of the Company as set by the Board.

Environmental, Social, Community and Ethical Issues
As an investment trust, the Company has no significant direct social, community or environmental responsibilities. Its ethical policy is focused on ensuring that its funds are properly managed and invested within the guidelines approved by the Board. The Board receives regular reports on the policies and controls in place.

The Investment Manager invests in companies that it considers to be well managed and subject to appropriate corporate governance. A well-managed company is considered to be one which complies with all the relevant legislation and which meets the environmental, social, community and ethical requirements of the country in which it operates. It is important to recognise that local laws and requirements of emerging markets do not necessarily equate with those of developed countries.

Environmental, social, and governance issues have become increasingly important to companies worldwide as they seek to balance organisational goals with the expectations of their stakeholders in an increasingly complex operating environment. When companies manage these stakeholder relationships effectively, they are more successful at managing risks and capturing opportunities – placing them in a better position for long-term success.

As a long-term investor, the Investment Manager performs extensive bottom-up investment analysis, employing rigorous and comprehensive processes to assess both the risk and return potential of the investments it considers for the Company. The depth of its research provides comprehensive insights into the many factors that affect the value of an investment, which may include environmental, social and governance issues. The Investment Manager determines the extent to which various research inputs are included and weighted in its investment decisions.

Institutional Shareholder Voting and Engagement
As an institutional investor, the Company recognises its responsibility that the companies in which it invests should aspire to appropriate levels of corporate governance. As a matter of policy, the Company aims to utilise its votes in shares held in the relevant underlying portfolio companies at the annual general meetings of these companies.

The Company has engaged with the Investment Manager in relation to its approach to the Code on the Responsibilities of Institutional Investors issued by the Institutional Shareholders' Committee ("The ISC Code") in November 2009. The Company and the Investment Manager generally support the Principles of the ISC Code and follow the guidance notes where considered appropriate as outlined below.

Ongoing monitoring of investee companies and dialogue with management are fundamental to the Investment Manager's investment approach. The strategy on intervention with investee companies is dealt with on a case by case basis and is usually a judgement made by the portfolio managers based on the research done on each investee company for the investment decision making progress. In all cases, the Investment Manager holds regular review meetings with the senior management of investee companies.

The Investment Manager considers the key objectives are to seek to obtain value for the Company and to comply with its fiduciary duties. The level of engagement with investee companies derives from the fiduciary duties of the Investment Manager to the Company. Thus, for example, in voting shares, the Investment Manager considers what would be in the best interests of the Company. Similarly, there will be many instances in which actions such as a dialogue between the Investment Manager and the management of investee companies, or with other shareholders, may help to maximize shareholder value.

At the same time, there may be instances in which "activism" is not consistent with the Investment Manager's fiduciary duty. For example, in the process of company research and monitoring, a significant problem or risk may be identified and the Investment Manager may decide it is better to simply sell a position than seek to undertake a lengthy engagement with management. Decisions involving when and how to engage with management or carry out collective engagement are matters of judgment. Consequently, there are no set guidelines adopted on when this should occur.

The Investment Manager has adopted proxy voting policies and procedures which cover voting guidelines, processing and maintenance of proxy records and conflicts of interest.

Summary information on exercise of proxies is reviewed quarterly by the Board. Voting records for the Company detailing the proxies voted for investee companies are not currently published. The Company considers that there is limited demand for such detailed disclosure and therefore the administrative burden and expense is not justified.

Contact with Shareholders

The Chairman of the Company is available for any shareholder questions and he has periodic meetings with the Company's major shareholders. Furthermore, the members of the Board are available during the year for any significant matters arising and are usually present in person at the Annual General Meeting. At each Annual General Meeting of the Company the Investment Manager briefs shareholders on the investment outlook of the Company. In addition, on behalf of the Board, it has periodic meetings with the Company's major shareholders to discuss aspects of the Company's performance. Shareholders may contact the members of the Board via Client Dealer Services at FTIML using the contact details provided on the inside back cover of this report.

Accountability and Audit

The Board has an Audit Committee, which currently comprises Peter Harrison (Chairman of the Audit Committee), Sir Peter Burt, Neil Collins and Hamish Buchan. The Audit Committee plays an important role in the appraisal and supervision of key aspects of the Company's business including financial reporting and internal controls. The Chairman of the Audit Committee will attend the Company's Annual General Meeting and will be prepared to respond to questions which may be raised by shareholders on matters within the Audit Committee's responsibilities.

The Company's Audit Committee meets representatives of the Investment Manager and Secretary and Administrator, including their internal auditors and its Compliance Officer, who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Investment Manager operate. The Company's external auditors also attend the Committee at its request, at least twice a year, and report on their work procedures, the quality of the Company's accounting procedures and their findings in relation to the Company's statutory accounts. The responsibilities of the Audit Committee include review of the internal financial controls, accounting policies, financial statements, the management contract, the auditors' appointment, remuneration, independence and policy on supplying non-audit services and ensuring continued independence.

The terms of reference of the Audit Committee reflect the recommendations of the Combined Code on Corporate Governance 2008. A copy of the terms of reference of the Audit Committee is available to shareholders on the TEMIT website (www.temit.co.uk) or on request via Client Dealer Services at Franklin Templeton Investment Management Limited using the contact details provided on page 1.

Deloitte LLP were appointed auditors from 27 August 2009. Non-audit work undertaken by Deloitte LLP for the period ended 31 March 2010 on behalf of TEMIT includes a review of the October 2009 Half Yearly Report. An engagement letter is issued for all non-audit work and subsequently reviewed by the Audit Committee to ensure that the independence and objectivity of the Auditors is safeguarded.

Risk Management Objectives and Policy

The Company invests in equities and other investments for the long-term to achieve its investment objectives as stated on pages 25 and 26. This creates potential exposure to the following risks: Market Price, Foreign Currency, Interest Rate, Liquidity, Credit and Fair Value risks. The Company's policy and objectives in relation to such risks is disclosed in Note 14 of the Notes to the Financial Statements.

Internal Control

The Board is ultimately responsible for ensuring that a sound system of internal controls of the Company is maintained to safeguard shareholders' investment and the Company's assets.

DIRECTORS' REPORT
CONTINUED

The Audit Committee undertakes an annual review of the effectiveness of the Company's system of internal controls and the Directors believe that an appropriate framework is in place to meet the requirement of ensuring that a sound system of internal controls is in place by the Company.

The Board has an ongoing process for identifying, evaluating and managing risks to which the Company is exposed. This process is conducted throughout the period and has been conducted up to the date of signing of this report. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review and, if relevant, necessary actions have been or are being taken to remedy any significant failings or weaknesses identified. It has to be understood that systems of internal control, however carefully designed, operated and supervised, can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company does not have its own internal audit function but places reliance on the internal audit, compliance and other control functions of its service providers.

ANNUAL GENERAL MEETING

Ordinary Business
It is proposed to receive and adopt the Directors' and Auditors' Reports and Financial Statements for the period ended 31 March 2010 and to approve the Directors' Remuneration Report for the period ended 31 March 2010.

It is proposed to declare an ordinary dividend of 3.75 pence per share, payable on 28 July 2010 to shareholders on the register as close of business on 25 June 2010.

It is proposed to re-elect Peter Smith and Gregory E Johnson as Directors.

It is proposed to re-appoint Deloitte LLP as Auditors and to authorise the Directors to determine the Auditors' remuneration.

Special Business
The Special Business to be dealt with at the forthcoming Annual General Meeting of the Company relates to (i) the authority to allot equity securities up to 5% of existing issued share capital and to dis-apply shareholders' rights of pre-emption for such allotment, (ii) the authority to make market purchases of shares and (iii) to adopt new Articles of Association to reflect changes in company law and (iv) to maintain the 14 clear days' notice period for general meetings.

Authority for the Allotment of New Shares
The resolutions to allot shares are set out in resolutions 8 and 9 in the Notice of Annual General Meeting. These resolutions, if passed, will give your Directors power to allot for cash equity securities of the Company up to a maximum aggregate nominal amount of £4,123,929 (being an amount equal to 5% of the issued share capital of the Company as at 31 March 2010) as if Section 561 of the Companies Act 2006 ("the 2006 Act") did not apply. (This section requires, when shares are to be allotted for cash, such new shares first be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights".)

The authorities contained in resolutions 8 and 9 will continue until the Annual General Meeting of the Company in 2011 and your Directors envisage seeking the renewal of this authority in 2011 and in each succeeding year.

Your Directors will not make any allotment of new shares otherwise than in accordance with pre-emption rights unless the market offer price at the time of the allotment is greater than the net asset value per share.

Authority to Purchase Own Shares
At the Annual General Meeting of the Company held on 17 July 2009, a Special Resolution was passed authorising the Company to purchase its shares in the market, a maximum of 14.99 per cent of the shares in issue on 17 July 2009 or 49,533,908 shares, whichever is lower, up to the conclusion of the Annual General Meeting in 2010.

The Directors are seeking renewal of the authority to purchase the Company's shares in the market, being a maximum of 14.99 per cent of the shares in issue on 23 July 2010 or 49,454,161 shares, whichever is the lower, at the 2010 Annual General Meeting. Purchases will only be made for cash at a cost which is below the prevailing net asset value per share. Under the rules of the UK Listing Authority, the maximum price which may be paid is the higher of (a) 5% above the average market value of the shares for the five business days before the purchase is made and (b) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation. The minimum price payable for the shares will be 25 pence per share.

Purchases will be funded either by using available cash resources, by selling investments in the portfolio or by borrowing. The authority to purchase shares will only be exercised if to do so would be in the best interests of shareholders generally and would result in an increase in asset value per share for the remaining shareholders. Other than in accordance with a dispensation from the UK Listing Authority, no shares will be purchased by the Company during periods when the Company would be prohibited from making such purchases by the rules of the UK Listing Authority.

The Directors envisage seeking the renewal of the relevant authority in 2011 and in each succeeding year.

Articles of Association
Under Resolution 11, the Company proposes to adopt new Articles of Association ("the new Articles") to reflect the changes in company law brought about by the 2006 Act and changes made to the 2006 Act to implement the EU Shareholders Rights Directive (the "Directive") in the UK, as well as some minor technical or clarifying changes.

The 2006 Act, which replaced the Companies Act 1985 and which has been implemented in stages, came into full effect on 1 October 2009. In addition, the Companies (Shareholders' Rights) Regulations 2009 ("Shareholders' Rights Regulations"), which amend certain provisions of the 2006 Act relating to Meetings of the Company, implements the Directive in the UK and came into force in August 2009.

The Company previously adopted new Articles at its 2008 Annual General Meeting in order to update the then current Articles to take account of changes in UK company law brought about by the provisions of the 2006 Act then in force. The new Articles update the Articles again to reflect the full implementation of the 2006 Act and the Shareholders' Rights Regulations.

The principal changes of substance in the new Articles proposed to be adopted at the 2010 Annual General Meeting are set out in the Appendix at page 67. The principal changes relate to shareholder meetings and resolutions, the Company's constitution and share capital. This would allow the Company to take advantage of the greater flexibility afforded by the 2006 Act, simplify the wording of the Articles, and ensure that the Company takes advantage of any modernisation of procedures.

A copy of the current Articles and the proposed new Articles will be available for inspection during normal business hours (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and at Franklin Templeton Investment Management Limited, The Adelphi, 1-11 John Adam Street, London WC2N 6HT up until the close of the meeting. Copies will also be available at the location of the Annual General Meeting (for 15 minutes prior to the meeting and during the meeting).

Notice period for general meetings
This resolution is required to reflect the implementation of the Directive. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice, unless shareholders agree to a shorter notice period. The Company was previously able to call general meetings (other than annual general meetings) on 14 days' notice and would like to preserve this ability. Under the Directive, companies are permitted to seek shareholder approval, on an annual basis and by way of special resolution, for general meetings (other than annual general meetings) to be called on 14 days' clear notice.

The Directors only intend to call a general meeting on less than 21 days' notice where the proposals are time sensitive and the short notice would clearly be an advantage to shareholders as a whole.

DIRECTORS' REPORT
CONTINUED

The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

Recommendation
The Directors believe all the resolutions proposed are in the best interests of the Company and the shareholders as a whole and recommend all shareholders to vote in favour of all the resolutions.

The results of the votes on the resolutions at the Annual General Meeting will be published on the Company's website (www.temit.co.uk).

By Order of the Board
Registered Office
5 Morrison Street
Edinburgh EH3 8BH, UK

Sara A MacIntosh

for and on behalf of

Franklin Templeton Investment Management Limited

Secretary

15 June 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Company and the performance for that period. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the 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 the financial statements have been prepared in accordance with IFRS, as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and the Corporate Governance Statement that comply with that law and those regulations. The Annual Report is available on the Company's website (www.temit.co.uk).

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

By Order of the Board
Peter Smith
Chairman
15 June 2010

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Section 420 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 your 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 pages 44 and 45.

Nomination and Remuneration Committee
The Board has appointed a Nomination and Remuneration Committee whose role is more fully explained on page 32 in the Directors' Report.

Policy on Directors' fees
The Board's policy is that the remuneration of Non-Executive Directors should reflect the responsibilities of the Board, the experience of the Board as a whole and be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective. This policy will continue for the year to 31 March 2011.

Non-Executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in accordance with other long standing investment trusts.

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

	2010	2009
Peter A Smith (Chairman)	£50,000	£50,000
Sir Peter Burt	£30,000	£30,000
Neil A Collins	£30,000	£30,000
Peter O Harrison *	£40,000	£40,000
Christopher D Brady	£30,000	£30,000
Hamish N Buchan (appointed 26 June 2008)	£30,000	£25,411
Gregory E Johnson **	–	–
Peter C Godsoe OC (resigned 26 June 2008)	–	£5,000

* Chairman of the Audit Committee

** Gregory Johnson is compensated in his capacity as President and Chief Executive Officer of Franklin Resources, Inc.

Performance Graph
The line graph below details TEMIT's share price total return against the MSCI Emerging Markets Index.

Approval
The Directors' Remuneration Report on pages 42 and 43 was approved by the Board of Directors on 15 June 2010 and signed on its behalf by:

By Order of the Board

Registered Office
5 Morrison Street
Edinburgh EH3 8BH
UK

Sara A MacIntosh
for and on behalf of
Franklin Templeton Investment Management Limited
Secretary

15 June 2010

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

We have audited the financial statements of Templeton Emerging Markets Investment Trust plc for the eleven month period ended 31 March 2010 which comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, the Accounting Policies and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Statement of Directors' Responsibilities, 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
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 March 2010 and of its profit for the eleven month period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 eleven month period ended 31 March 2010 for which the financial statements are prepared 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.

Under the Listing Rules we are required to review:

- the Directors' statement contained within the Directors' Report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Ralph Adams CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Edinburgh, UK
15 June 2010

INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2010

		11 months ended 31 March 2010			*Year ended 30 April 2009*		
	Note	*Revenue £'000*	*Capital £'000*	*Total £'000*	*Revenue £'000*	*Capital £'000*	*Total £'000*
Gains on investments and foreign exchange							
Gains/(losses) on investments at fair value	6	–	851,388	851,388	–	(489,246)	(489,246)
Gains on foreign exchange		–	60	60	–	2,262	2,262
Revenue							
Dividends	1	29,988	–	29,988	53,565	–	53,565
Bank interest	1	19	–	19	2,453	–	2,453
		30,007	851,448	881,455	56,018	(486,984)	(430,966)
Expenses							
Investment management fee	2	(15,219)	–	(15,219)	(12,547)	–	(12,547)
Other expenses	3	(4,224)	–	(4,224)	(5,262)	–	(5,262)
Profit/(loss) before taxation		10,564	851,448	862,012	38,209	(486,984)	(448,775)
Tax expense	4	(1,058)	–	(1,058)	(10,105)	–	(10,105)
Profit/(loss) for the period		9,506	851,448	860,954	28,104	(486,984)	(458,880)
Profit/(loss) attributable to equity holders of the Company		9,506	851,448	860,954	28,104	(486,984)	(458,880)
Basic earnings per share	5	2.88p	257.94p	260.82p	7.69p	(133.28)p	(125.59)p
Annualised Expense Ratio				1.29%			1.34%

The capital element of return is not distributable.

The total column is the Income Statement of the Company.

The supplementary revenue and capital return columns are both prepared under guidance published by the Association of Investment Companies.

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

There is no other income for this period and therefore no separate statement of comprehensive income has been presented.

Dividend Policy
In accordance with the Company's stated policy, no interim dividend is declared for the period.

An ordinary dividend of 3.75 pence per share is proposed.

(An ordinary dividend of 3.75 pence per share and a special dividend of 2.50 pence per share were paid for the year ended 30 April 2009).

Further details can be found on note 12 on page 58.

BALANCE SHEET
AS AT 31 MARCH 2010

	Note	As at 31 March 2010 £'000	As at 30 April 2009 £'000
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	6	2,034,122	1,183,896
Current assets			
Trade and other receivables	7	5,643	5,394
Cash		9,309	29,671
		14,952	35,065
Current liabilities			
Trade and other payables	8	(2,188)	(3,947)
Current tax payable		(483)	(5,865)
		(2,671)	(9,812)
Non-current liabilities			
Deferred tax liabilities	9	–	(856)
NET ASSETS		**2,046,403**	**1,208,293**
ISSUED SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS			
Equity Share Capital	10	82,478	82,611
Special Distributable Reserve		433,546	433,546
Capital Redemption Reserve		191	58
Capital Reserve		1,469,502	620,245
Revenue Reserve		60,686	71,833
EQUITY SHAREHOLDERS' FUNDS		**2,046,403**	**1,208,293**
Net Asset Value per share (in pence)	11	620.3	365.7

The Financial Statements of Templeton Emerging Markets Investment Trust PLC (company registration number SC118022) were approved for issue by the Board and signed on 15 June 2010.

Peter Smith
Chairman

Peter Harrison
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2010

	Share Capital £'000	*Share Premium* £'000*	*Capital Redemption Reserve* £'000*	*Special Distributable Reserve £'000*	*Capital Reserve £'000*	*Revenue Reserve £'000*	*Total £'000*
Balance at 30 April 2008	118,170	375,327	22,718	–	1,719,870	55,310	2,291,395
Profit/(loss) for the period	–	–	–	–	(486,984)	28,104	(458,880)
Equity dividends (note 12)	–	–	–	–	–	(11,581)	(11,581)
Purchase and cancellation of own shares (note 10)	(35,559)	–	35,559	–	(612,641)	–	(612,641)
Transfer to capital reserves*	–	(375,327)	(58,219)	433,546	–	–	–
Balance at 30 April 2009	82,611	–	58	433,546	620,245	71,833	1,208,293
Profit for the period	–	–	–	–	851,448	9,506	860,954
Equity dividends (note 12)	–	–	–	–	–	(20,653)	(20,653)
Purchase and cancellation of own shares (note 10)	(133)	–	133	–	(2,191)	–	(2,191)
Balance at 31 March 2010	82,478	–	191	433,546	1,469,502	60,686	2,046,403

*The balances on the Share Premium Account and the Capital Redemption Reserve as at 25 September 2008 were cancelled on 5 December 2008 and a Special Distributable Reserve set up.

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2010

	For the period ended 31 March 2010 £'000	*For the year ended 30 April 2009 £'000*
Cash flows from operating activities		
Profit/(loss) before taxation	862,012	(448,775)
Adjustments for:		
(Gains)/losses on investments at fair value	(851,388)	489,246
Realised gains on foreign exchange	(60)	(2,262)
Stock dividend	(3)	–
Increase in debtors	590	4,883
Decrease in accrued income	3	74
Decrease in creditors	(742)	(5,522)
Cash generated from operations	**10,412**	**37,644**
Taxation paid	(7,297)	(7,399)
Net cash inflow from operating activities	**3,115**	**30,245**
Cash flows from investing activities		
Purchases of non-current financial assets	(44,901)	(225,530)
Sales of non-current financial assets	44,091	826,592
	(810)	**601,062**
Cash flows from financing activities		
Equity dividends paid	(20,653)	(11,581)
Purchase of shares for cancellation	(2,191)	(612,641)
	(22,844)	**(624,222)**
Net (decrease)/increase in cash and cash equivalents	**(20,539)**	**7,085**
Cash at start of period	29,671	22,605
Exchange gain/(loss) on cash	177	(19)
Cash and cash equivalents at end of period	**9,309**	**29,671**

ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and where appropriate, International Accounting Standards ("IAS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union.

At the date of authorisation of these financial statements, the following standards and interpretations have not been applied in these financial statements since they were in issue but not yet effective:

International Accounting Standards (IAS/IFRS)	Effective date for accounting periods beginning on or after
IAS 7 Statement of cash flows	1 January 2010
IAS 17 Leases	1 January 2010

The Directors have chosen not to early adopt these standards and interpretations as they do not anticipate that they would have a material impact on the Company's financial statements in the period of initial application.

The financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Trusts ("AIC") in January 2009, is inconsistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The Directors consider that the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Therefore a going concern basis has been adopted.

All financial assets and financial liabilities are recognised (or de-recognised) on the date of the transaction by the use of "trade date accounting".

As the Company is a UK investment trust, whose share capital is issued in the UK and denominated in sterling, the Directors consider that the functional currency of the Company is sterling.

(b) *Presentation of income statement*

In order to reflect better the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented within the income statement. In accordance with the Company's status as an investment trust, net capital profits may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 842 of the Income and Corporation Taxes Act 1988 (replaced on 1 April 2010 by Section 1158 of the Corporation Tax Act 2010).

(c) *Revenue*

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends are recognised on their due date. Provision is made for any dividends not expected to be received.

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

Interest receivable on bank deposits is recognised on an accruals basis.

(d) *Expenses*

Transaction costs arising on the purchase of investments are included in the capital section of the Income Statement.

All other operating expenses are accounted for on an accruals basis and are charged through the revenue section of the Income Statement except as follows:

(i) expenses relating to the disposal of an investment are deducted from the sales proceeds. Details of transaction costs on purchases and sales of investments are disclosed in note 6 on page 56.

(ii) expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

(e) *Taxation*

The tax expense represents the sum of the tax currently payable and deferred tax.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is recognised in respect of all taxable 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 tax in the future or right to pay less tax in the future have occurred at the Balance Sheet date. This is subject to deferred tax assets only being recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

Due to the Company's status as an investment trust company, 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(f) *Investments held at fair value through profit or loss*

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Directors and other key management personnel. Accordingly, upon initial recognition all of the Company's non-current asset investments are designated on initial recognition as being "at fair value through profit or loss". They are included initially at fair value, which is taken to be their cost including expenses incidental to the acquisition.

ACCOUNTING POLICIES
CONTINUED

Subsequently, the investments are valued at "fair value", which is measured as follows:

The fair value of financial instruments is based on their quoted bid price at US market close on the balance sheet date, without deduction for any of the estimated future selling costs. However, in circumstances where appropriate, the value of the close of market bid prices are adjusted to a fair value basis having regard to a range of market triggers and proxies.

Gains and losses arising from changes in fair value are included in the net profit or loss for the period as a capital item in the Income Statement.

(g) *Foreign currencies*

Transactions involving foreign currencies are translated to sterling (the Company's functional currency) at the spot exchange rate ruling on the date of the transaction. Assets and liabilities in foreign currencies are translated at the rate of exchange at the balance sheet date. Foreign currency gains and losses are included in the Income Statement and allocated as capital or income depending on the nature of the transaction giving rise to the gain or loss.

(h) *Cash and cash equivalents*

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value.

(i) *Reserves*

Share Premium Account – represents the amount paid on the Share Capital in excess of the shares' nominal value.

Capital Redemption Reserve – represents the nominal value of shares repurchased.

Capital Reserve – gains and losses on realisation of investments, changes in fair value of investments which are readily convertible to cash, without accepting adverse terms, realised exchange differences of a capital nature, changes in the fair value of investments that are not readily convertible to cash, without accepting adverse terms, and the amounts by which other assets and liabilities valued at fair value differ from their book value are dealt with in this reserve. Purchases of the Company's own shares for cancellation are also funded from this reserve. The Company's Articles of Association preclude it from making any distribution of capital profits.

Special Distributable Reserve – reserve created upon the cancellation of the Share Premium Account and Capital Redemption Reserve

Revenue Reserve – represents net income earned that has not been distributed to shareholders.

Income recognised in the Income Statement is allocated to applicable reserves in the Statement of Changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2010

1 Income	2010 £'000	2009 £'000
Income from investments		
UK Dividends	–	130
Other EU dividends	645	3,959
Other overseas dividends	29,340	49,448
Scrip dividends	3	28
	29,988	53,565
Other income		
Deposit income	19	2,453
Total income	30,007	56,018
Total income comprises:		
Dividends	29,988	53,565
Interest	19	2,453
	30,007	56,018
Income from investments		
Listed overseas	29,988	53,435

2 Investment management fee	2010 £'000	2009 £'000
Variable Expense		
Investment management fee	15,219	12,547

The Company's Investment Manager is Templeton Asset Management Ltd ("TAML").

The contract between the Company and TAML may be terminated at any date by either party giving one year's notice of termination. TAML receives a fee paid monthly in arrears, at an annual rate of 1.00% of the monthly trading total net assets of the Company. As at 31 March 2010, £1.6 million (30 April 2009: £1.5 million) in fees were payable and outstanding to TAML. In addition to the investment management fee above, the Company obtains secretarial and administration services from FTIML pursuant to a secretarial and administration agreement (which is terminable by either party giving one year's notice to the other). The fee in respect of secretarial and administration services is recorded within other expenses (note 3).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

3 Other expenses	2010 £'000	2009 £'000
Variable expenses		
Secretarial and administration expenses	3,044	2,608
Custody fees	939	782
Fixed expenses		
Directors' emoluments	212	224
Auditors' remuneration*		
Fees payable to the Company's auditor for the audit of the annual financial statements	24	33
Fees payable to the Company's auditor and its associates for other services		
– Other services: half yearly financial report	4	3
– Other services pursuant to legislation: 31 March 2008 Accounts	–	4
– Services relating to corporate finance transactions: assistance with the capital restructuring proposals	–	28
Registrar fees	192	241
Tender offer costs	–	1,279
VAT	(617)	(981)
Bank overdraft interest	1	24
Other administration expenses	425	1,017
	241	1,872
Total other expenses	4,224	5,262

Fees in respect of services as Directors are paid by the Company only to those Directors who are independent of Franklin Templeton Investments. Included within these costs are Employer National Insurance contributions.

As at 31 March 2010, £0.3 million (30 April 2009: £0.3 million), in fees were payable and outstanding to FTIML.

The figure of £617,000 for VAT in 2010 includes a £482,000 repayment for timing differences in relation to expenses paid on the June 2008 tender offer that were processed after the 30 April 2009 year end. Also included is a one off repayment of £147,000 received in 2010 which represented VAT charged by FTIML on management fees in a prior period at the point when those fees became exempt.

*Auditors' remuneration for the period ending 31 March 2010 relates to Deloitte LLP.

4 Tax on ordinary activities

	2010 £'000	2009 £'000
Corporation tax charged at 28%	–	10,435
Double taxation relief	–	(2,800)
	–	7,635
Overseas tax	1,914	2,851
Current tax	1,914	10,486
Deferred tax – current period (note 9)	(856)	(381)
	1,058	10,105

Taxation	2010 £'000	2009 £'000
Profit before taxation	862,012	(448,775)
Theoretical tax at UK corporation tax rate	241,363	(125,657)
Effects of:		
– Capital element of profit	(238,405)	136,356
– Non taxable income	15	18
– Stock dividends	(1)	(8)
– Non deductible expenses	–	358
– Dividends not subject to Corporation Tax	(4,433)	(1,146)
– Irrecoverable overseas tax	1,914	184
– Excess management expenses	1,513	–
– Income taxable in different periods	(908)	–
Actual tax charge	**1,058**	**10,105**

From 1 July 2009, new legislation treats foreign and UK distributions in the same way. This means that overseas dividend income will generally be exempt provided it falls into an exempt class and anti avoidance provisions do not apply. As a result of this the Company had no UK corporation tax liability for the period ended 31 March 2010.

There has been no ruling relating to the taxation of overseas dividends received before 1 July 2009 and the Company has not, at this stage, recognised the potential refund of UK corporation tax from treating this income as non-taxable.

As at 31 March 2010, the Company had unutilised management expenses of £5.4 million carried forward (2009: Nil). These balances have been generated because a large part of the Company's income is derived from dividends which are no longer taxable. Based on current UK tax law, 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 excess management expenses. These excess management expenses are therefore not recognised as a deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

5 Earnings per share

Earnings per share has been calculated on the following earnings:

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
	9,506	851,448	860,954	28,104	(486,984)	(458,880)

Earnings per share

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
	2.88	257.94	260.82	7.69	(133.28)	(125.59)

The earnings per share is based on the profit/(loss) on ordinary activities after tax and on the weighted average number of shares in issue during the period 330,099,504 (year to 30 April 2009: 365,378,384).

6 Financial assets – investments

	2010 £'000	2009 £'000
Opening investments	1,183,896	2,264,926
Movements in period		
Additions	43,046	221,178
Sales	(44,208)	(812,962)
Realised profits	10,244	414,652
Net appreciation/(depreciation)	841,144	(903,898)
Closing investments	2,034,122	1,183,896

All investments have been recognised at fair value through the Income Statement.

Transaction costs for the period on purchases were £118,000 (2009: £571,000) and transaction costs for the period on sales were £147,000 (2009: £665,000). The aggregate transaction costs for the period were £265,000 (2009: £1,236,000).

Realised and unrealised gains on investments comprise of:		
Realised gain based on carrying value	10,244	414,652
Net movement in unrealised appreciation/(depreciation)	841,144	(903,898)
Realised and unrealised gains/(losses) on investments	851,388	(489,246)

7 Trade and other receivables

	2010 £'000	2009 £'000
Dividends receivable	5,464	5,277
Overseas tax recoverable	178	113
Accrued income	1	4
	5,643	5,394

8 Trade and other payables

	2010 £'000	2009 £'000
Accrued expenses	2,188	2,092
Purchase of investments for future settlement	–	1,855
	2,188	3,947

9 Deferred tax

	2010 £'000	2009 £'000
Deferred tax provided		
Accrued income taxable on receipt	–	856
The movement in the provision is as follows:		
Provision at start of period	856	1,237
Deferred tax debit in Income Statement	(856)	(381)
	–	856

Any changes in the provision for deferred tax have been recognised in the Income Statement under tax expense (see Note 4).

10 Called-up share capital

	2010 Allotted, issued & fully paid		2009 Allotted, issued & fully paid	
	£'000	Number	£'000	Number
Shares of 25p each				
Opening balance	82,611	330,446,352	118,170	472,681,216
Shares repurchased during the period	(133)	(532,000)	(35,559)	(142,234,864)
Closing balance	82,478	329,914,352	82,611	330,446,352

The authorised share capital of the Company as at 31 March 2010 was made up of 1,362,419,566 shares of 25 pence each (£340,605,000).

The Company's shares have unrestricted voting rights at all general meetings, are entitled to all of the profits available for distribution by way of dividend, and are entitled to repayment of all of the Company's capital on winding up.

During the period, 532,000 shares were bought back for cancellation at a cost of £2.2 million (2009: 142,234,864 shares were bought back for cancellation at a cost of £609.7 million). No shares were cancelled between 1 April 2010 and 4 June 2010.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

11 **Net asset value per share**	*Net asset value per share*		*Net asset value attributable*	
	2010	*2009*	*2010*	*2009*
	p	*p*	*£'000*	*£'000*
Shares	620.3	365.7	2,046,403	1,208,293

12 **Dividend**	*2010*		*2009*	
	Rate (p)	*£'000*	*Rate (p)*	*£'000*
Declared and paid in the period				
Dividend on shares:				
Final dividend for period	3.75	12,392	3.50	11,581
Special dividend for the period	2.50	8,261	–	–
		20,653		11,581
Proposed for approval at the Company's AGM				
Dividend on shares:				
Final dividend for period ended 31 March 2010 (30 April 2009: 3.75p)	3.75	12,372		
		12,372		

Dividends are recognised when the shareholders right to receive the payment is established. In the case of the final dividend, this means that it is not recognised until approval is received by shareholders at the Annual General Meeting.

13 Related party transactions

The following are considered to be related parties:

Templeton Asset Management Ltd ("TAML")

Franklin Templeton Investment Management Limited ("FTIML")

All material related party transactions, as set out in International Accounting Standard 24 Related Party Disclosures, have been disclosed in the Directors' Report, Note 2 and Note 3.

14 Risk management

In pursuing the investment objectives set out on the page 25 of this Report the Company holds a number of financial instruments which are exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends.

The main risks arising from the Company's financial instruments are market risk (which comprises market price risk, foreign currency risk and interest rate risk), other price risk, liquidity risk and credit risk.

The objectives, policies and processes for managing these risks, and the methods used to measure the risk, are set out below. These policies have remained unchanged since the beginning of the period to which these financial statements relate.

Investment risk

The Company may invest a greater portion of its assets in the securities of one issuer, securities domiciled in a particular country, or securities within one industry group than other types of fund investments. As a result, it may be more sensitive to economic, business, political or other changes affecting similar issues or securities, which may result in greater fluctuation in the value of the portfolio.

Market price risk

Market risk arises mainly from uncertainties about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Directors meet quarterly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objectives. The Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet the risk/reward profile on an ongoing basis.

The Investment Manager does not use derivative instruments to hedge the investment portfolio against market price risk, as in its opinion, the cost of such a process would result in an unacceptable reduction in the potential for capital growth.

Foreign currency risk

Currency translation movements can significantly affect the income and capital value of the Company's investments as the majority of the Company's assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

The Investment Manager has identified three principal areas where foreign currency risk could affect the Company:

– movements in rates affect the value of investments;

– movements in rates affect short-term timing differences; and

– movements in rates affect the income received.

The Company does not hedge the sterling value of investments that are priced in other currencies.

The Company may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date an investment purchase or sale is entered into and the date on which it is settled.

The Company receives income in currencies other than sterling and the sterling values of this income can be affected by movements in exchange rates. The Company converts all receipts of income into sterling on or near the date of receipt; it, however, does not hedge or otherwise seek to avoid rate movement risk on income accrued but not received.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14 Risk management (continued)

The fair value of the Company's monetary items that have foreign currency exposure at 31 March 2010 are shown below:

2010 *Currency*	*Trade and other receivables £'000*	*Cash at bank £'000*	*Trade and other payables £'000*	*Total net foreign currency exposure £'000*	*Investments at fair value through profit or loss £'000*
US Dollar	1,041	3,903	–	4,944	622,511
Hong Kong Dollar	–	–	–	–	338,422
Indian Rupee	–	–	–	–	294,589
Thai Baht	715	–	–	715	182,805
Turkish Lira	1,748	–	–	1,748	139,302
Indonesian Rupiah	–	–	–	–	134,626
Other	2,137	891	–	3,028	321,867

2009 *Currency*	*Trade and other receivables £'000*	*Cash at bank £'000*	*Trade and other payables £'000*	*Total net foreign currency exposure £'000*	*Investments at fair value through profit or loss £'000*
US Dollar	4,804	1,775	(127)	6,452	396,806
Hong Kong Dollar	–	–	–	–	209,330
Indian Rupee	–	–	–	–	103,726
Thai Baht	474	–	–	474	109,348
Turkish Lira	–	–	–	–	78,752
Indonesian Rupiah	–	–	(89)	(89)	62,593
Other	114	914	(1,639)	(611)	223,340

Sensitivity
The following table illustrates the sensitivity of the profit after taxation for the period and the equity in regard to the Company's monetary financial assets and liabilities and its equity if the pound had strengthened by 10% relative to all currencies on the reporting date, with all other variables held constant.

	2010		*2009*	
Financial Assets and Liabilities	*Revenue £'000*	*Capital Return £'000*	*Revenue £'000*	*Capital Return £'000*
US Dollar	1,169	62,251	1,444	39,681
Hong Kong Dollar	662	33,842	891	20,933
Indian Rupee	248	29,459	189	10,373
Thai Bhat	257	18,281	485	10,935
Turkish Lira	176	13,930	1,207	7,875
	2,512	157,763	4,216	89,797

A 10% weakening of the pound against the above currencies would have resulted in an equal and opposite effect on the above amounts.

14 Risk management (continued)

Interest rate risk

The Company is permitted to invest in fixed rate securities. Any change to the interest rates relevant to particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the income potential of the Company also rises, but the value of fixed rate securities will decline. A decline in interest rates will have the opposite effect.

Interest rate risk profile

The majority of the Company's financial assets are non-interest bearing equity investments.

The carrying amount, by the earlier of contractual re-pricing or maturity date, of the Company's financial instruments was as follows:

	Within one year 2010 £'000	*Within one year 2009 £'000*
Cash flow interest rate risk		
Cash	9,309	29,671

Exposures vary throughout the period as a consequence of changes in the make up of the net assets of the Company arising from out of the investment and risk management process.

Cash balances are held on call deposit and earn interest at the bank's daily rate.

There was no exposure to fixed interest securities during the period or at the period end.

Liquidity risk

The Company's assets comprise mainly of securities listed on the stock exchanges of emerging economies. Liquidity can vary from market to market and some securities may take longer to sell. As a closed ended investment trust, liquidity risks attributable to the Company are less significant than for an open-ended fund.

The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given the large number of quoted investments held in the portfolio and the liquid nature of the portfolio of investments.

The portfolio manager reviews liquidity at the time of making each investment decision and monitors the evolving liquidity profile of the portfolio regularly.

Securities held by the Company are valued at Bid price. Other financial assets and liabilities of the Company are included in the Balance Sheet at fair value.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14 **Risk management** (continued)

Credit risk

Certain transactions in securities that the Company enters into expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (in relation to sale or declared dividend) after the Company has fulfilled its responsibilities. The Company only buys and sells through brokers which have been approved by the Investment Manager as an acceptable counter-party. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time. These limits are reviewed regularly.

The amount of credit risk that the Company is exposed to is disclosed under interest rate risk profile and represents the maximum credit risk at the balance sheet date.

The Company has an ongoing contract with its custodian (JP Morgan Chase Bank) for the provision of custody services. Securities held in custody are held in the Company's name or to its account. Details of holdings are received and reconciled monthly. Cash is either held in a floating rate deposit account whose rate is determined by reference to rates supplied by the custodian or is placed on deposit in the name of JP Morgan Chase Bank Cash Trade Executive Product. Cash is held with these counter parties as monies belonging to clients of JP Morgan Chase Bank, and so ring-fenced from any JP Morgan Chase Bank default. There is no significant risk on debtors and accrued income (or tax) at the period end.

Fair value

Fair values are derived as follows:

- Where assets are denominated in a foreign currency, they are converted into the sterling amount using period-end rates of exchange.
- Non-current financial assets – on the basis set out in the accounting policies.
- Cash – at the face value of the account.

The tables below analyse financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation hierarchy fair value through profit and loss

	31 March 2010				*30 April 2009*			
£000	*Level 1*	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
Listed investments	2,034,122	–	–	2,034,122	1,183,896	–	–	1,183,896

15 Significant holdings in investee undertakings

As at 31 March 2010 the Company held 3% or more in the issued share capital of the following companies:

Name	*% of issued share capital 2010*	*Fair value £'000*	*% of issued share capital 2009*	*Fair value £'000*
Victory City International Holdings Ltd.	9.32%	16,240	9.67%	4,416
Brilliance China Automotive Holdings Ltd.	5.80%	54,021	6.96%	12,477
Faysal Bank Ltd.	4.99%	4,065	4.99%	2,817
Polnord SA	4.71%	8,965	3.81%	4,594
Kiatnakin Bank Public Co. Ltd., fgn.	4.14%	12,585	3.72%	5,293
Peninsula Land Ltd.	3.89%	11,714	2.71%	3,606
Hyundai Development Co.	3.50%	50,678	3.50%	55,786
VTech Holdings Ltd.	3.38%	59,187	3.39%	28,393

16 Contingent liabilities

No contingent liabilities existed as at 31 March 2010 or 30 April 2009.

17 Financial commitments

There are no financial commitments at 31 March 2010 or 30 April 2009.

18 Post balance sheet events

The only material post balance sheet event is in respect of the proposed dividend, which has been disclosed in Note 12.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Templeton Emerging Markets Investment Trust Public Limited Company (the "Company") will be held in the Mountbatten Room, the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on 23 July 2010 at 12 noon to transact the following business:

To consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 12 will be proposed as special resolutions.

Ordinary Business:

1. To receive and adopt the Directors' and Auditors' Reports and Financial Statements for the period ended 31 March 2010.
2. To approve the Directors' Remuneration Report for the period ended 31 March 2010.
3. To declare a dividend.
4. To re-elect Peter Smith as a Director.
5. To re-elect Gregory E Johnson as a Director.
6. To re-appoint Deloitte LLP as Auditors, to act until the conclusion of the next general meeting of the Company at which audited accounts are laid before the members.
7. To authorise the Directors to determine the Auditors' remuneration.

Special Business

8. That the Directors be generally and unconditionally authorised to allot equity securities (as defined in Section 560 of the Companies Act 2006 (the "Act")) pursuant to Section 551 of the Act, up to an aggregate nominal amount of £12,363,540 (being an amount equal to 5% of the existing issued share capital of the Company as at 4 June 2010), provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the annual general meeting of the Company to be held in 2011 save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
9. That, subject to the passing of resolution 8, the Directors be given the general power to allot equity securities (as defined by Section 560 of the Act) for cash pursuant to the authority conferred by resolution 8, as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £12,363,540 (being an amount equal to 5% of the existing issued share capital of the Company as at 4 June 2010). The power granted by this resolution will expire on conclusion of the annual general meeting of the Company to be held in 2011 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.
10. That, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of shares of 25p each in the capital of the Company ("shares") provided that:
    (i) the maximum number of shares hereby authorised to be purchased shall not exceed 14.99 per cent. of the shares in issue on 23 July 2010, or 49,454,161 shares, whichever is lower;
    (ii) the minimum price which may be paid for a share shall be 25 pence;
    (iii) the maximum price which may be paid for a share shall not be more than the higher of an amount equal to 105 per cent. of the average of the closing mid-market price of shares (as derived from the daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase and the amount stipulated by Article 5(1) of the regulation entitled the "Buy-Back and Stabilisation Regulation"; and

(iv) unless renewed, the authority hereby conferred shall expire on the conclusion of the annual general meeting of the Company to be held in 2011, save that the Company may, prior to such expiry enter into a contract to purchase shares which will or may be completed wholly or partly after such expiry.

11. That:

(v) the Articles of Association of the Company be amended by deleting all the provisions formerly in the Company's Memorandum of Association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(vi) the Articles of Association produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

12. That a General Meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By Order of the Board

Registered Office 5 Morrison Street Edinburgh EH3 8BH

Sara A MacIntosh

for and on behalf of

Franklin Templeton Investment Management Limited

Secretary

15 June 2010

Please ensure that you read the notes to this Notice on pages 65 to 67.

Notes:

1. The Company specifies that only those members registered on the Company's register of members at 6.00pm on 21 July 2010 shall be entitled to attend and vote at the Annual General Meeting (the "Meeting").
2. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend, to speak and, on a poll, vote thereat instead of him. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting in person.
3. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to one share. Please contact the Company's registrar Equiniti, at Aspect House, Lancing, West Sussex BN99 6ZN to appoint more than one proxy.
4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
5. A proxy form is enclosed. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
6. A proxy form must be returned to the Company's registrar, Equiniti, Aspect House, Lancing, West Sussex BN99 6ZN to arrive not later than 12 noon on 21 July 2010. New Zealand shareholders must return a proxy form to Computershare, Private Bag 92119, Auckland 1142, New Zealand to arrive not later than 4.00pm on 9 July 2010 (New Zealand time).
7. As at 4 June 2010, the Company's issued share capital was 329,914,352 shares of 25p each. Each share carries the right to vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 4 June 2010 is 329,914,352.

8. Copies of the letters of appointment of the Directors, the current Articles of Association and the proposed new Articles of Association of the Company are available for inspection at the Company's registered office at 5 Morrison Street, Edinburgh, EH3 8BH, at Franklin Templeton Investment Management Limited, The Adelphi, 1-11 John Adam Street, London WC2N 6HT and at the Meeting (for 15 minutes prior to the meeting and during the meeting).

9. **The Dress Code of the RAC Club requires that gentlemen must wear a shirt with collar and tie and ladies must wear business attire. No jeans or trainers are permitted.**

10. Electronic proxy appointment for CREST members (for UK only). CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. 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.

    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID7RA01) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. 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. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

    CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo 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.

    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.

11. Electronic proxy appointment for non-CREST members (for UK only). Shareholders who prefer to register the appointment of their proxy electronically via the Internet can do so through the Lloyds TSB Registrar's website at www.sharevote.co.uk where full instructions on the procedure are given. The personal reference number, card ID and account number printed in the voting pack will be required to use this electronic proxy appointment system.

    Alternatively, shareholders who have already registered with Lloyds TSB Registrar's on-line portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk and clicking on "Company Meetings". A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 12 noon on 21 July 2010. Please note that any electronic communication found to contain a computer virus will not be accepted.

12. Electronic proxy appointment for New Zealand registered shareholders. New Zealand registered investors who prefer to register the appointment of their proxy electronically via the Internet can do so through the Computershare website at www.computershare.co.nz/investor centre, click on Proxy voting, choose the Company, where full instructions on the procedure are given. Your CSN (Common Shareholder Number) and personal FIN Number will be required to use this electronic proxy appointment system. A proxy appointment made electronically will not be valid if sent to any address other than that provided or if received after 4.00pm (New Zealand time) on 4 July 2010. Please note that any electronic communication found and contain a computer virus will not be accepted. New Zealand registered investors cannot appoint more than one proxy when registering the appointment of their proxy electronically.

13. A member of the Company may make a request in accordance with Section 527 of the Companies Act 2006 to have a statement published on the Company's website setting out an audit concern.

This allows a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company; or at least 100 members have a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital, to make a request so that the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to 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. Where the Company is required to publish such a statement on its website: (i) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's Auditors no later than the time the statement is made available on the Company's website; and (ii) the statement may be dealt with as part of the business of the Meeting.

A member wishing to request publication of such a statement on the Company's website must send the request to the Company in hard copy form to the Company secretary. The request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported and be received by the Company at least one week before the Meeting.

14. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member attending the Meeting relating to the business being considered, except if a response would not be in the interest of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question, within a reasonable period of days after the conclusion of the Meeting.

15. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, www.temit.co.uk.

Appendix

Explanatory Notes 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.

The Companies Act 2006 (the "2006 Act") significantly reduces the constitutional significance of a company's Memorandum. Under the 2006 Act, the Memorandum no longer contains an objects clause and simply records the names of the subscribers and the number of shares which each subscriber agreed to take in the Company. As of 1 October 2009, the objects clause and all other provisions which are contained in the Company's Memorandum are deemed to be contained in the Articles and the Company can remove these provisions by special resolution.

Unless the Articles provide otherwise, the Company's objects will be unrestricted. The Company is proposing to remove its objects clause together with all other provisions of its Memorandum. Resolution 11 confirms the removal of these provisions and adopts the new Articles of Association (the "new Articles").

2. Limited Liability (Article 3)

Under the 2006 Act, the Memorandum of Association no longer contains a clause stating that the liability of the members is limited and this statement is automatically treated as having moved into the Articles on 1 October 2009. As the effect of Resolution 11 will be to remove the statement currently in the Company's Memorandum regarding limited liability, the new Articles contain an express statement regarding the limited liability of shareholders.

3. Authorised Share Capital and Unissued Shares (Former Article 3)

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the new Articles reflect this. Directors will still require the usual shareholders' authorisation in order to allot shares, except in respect of employee share schemes. References to authorised share capital and to unissued shares have therefore been removed from the new Articles.

NOTICE OF MEETING
CONTINUED

4. Redeemable Shares (Article 9)

Under the 2006 Act, the Articles need not include the terms on which redeemable shares may be redeemed. The Directors may determine the terms, conditions and manner of redemption of redeemable shares provided they are authorised to do so by the Articles. The new Articles contain such authorisation.

5. Authority to Purchase own Shares, Consolidate and Sub-divide Shares, and Reduce Share Capital (Article 6, 7 and 8)

Under the Companies Act 1985 (the "1985 Act"), a company required specific enabling provisions in its Articles of Association to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital as well as shareholder authority to undertake the relevant action. 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. Amendments have been made to the new Articles to reflect these changes, although the explicit authorities have been retained.

6. Share Certificates (Article 21)

The new Articles contain new provisions for the issue of consolidated share certificates, in line with the model form Articles.

7. Suspension of Registration of Share Transfers (Former Article 38)

Under the 2006 Act, a company must either register a transfer or give the transferee notice of, and reasons for, its refusal to register the transfer. Any registration of a transfer or notice of refusal must be made or given as soon as practicable and in any event within two months from the date that the transfer is lodged with the company. The new Articles reflect these requirements. The Company cannot in any event refuse to transfer a fully paid share except in very limited circumstances. The provision which gave the ability to suspend the registration of transfers of shares for periods not exceeding 30 days in any one year has been removed from the new Articles as there is no ability under the 2006 Act to close the register.

8. Notice of General Meetings (Article 48)

The Companies (Shareholders' Rights) Regulations 2009 ("the Shareholders' Rights Regulations") amend the 2006 Act to require the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The new Articles amend the provisions of the current Articles to be consistent with the new requirements.

9. Participation in Meetings at Different Places and by Electronic Means (Article 51)

Amendments made to the 2006 Act by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The new Articles include amendments to provide greater scope for members to participate in meetings of the Company even if they are not present in person at the principal place where the meeting is being held. The amendments allow for members to participate not only by attendance at satellite meeting locations, but also by any other electronic means of participation.

10. Adjournments (Article 55)

Under the 2006 Act as amended by the Shareholders' Rights 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 changed to reflect this requirement.

11. Voting Rights (Article 63)

The Shareholders' Rights Regulations clarify the various powers of proxies and representatives of corporate members in respect of resolutions taken on a show of hands. Where a proxy has been duly appointed by one member, he has one vote on a show of hands unless he has been appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been appointed by more than one member to vote for the resolution and by more than one member to vote against the resolution. Where a corporate member appoints representatives to attend meetings on its behalf, each representative duly appointed by a corporate member has one vote on a show of hands. The new Articles contain provisions which clarify these rights and also clarify how the provisions giving a proxy a second vote on a show of hands should apply to discretionary powers.

12. Voting Record Date (Article 64)

The new Articles allow the Company, when convening a meeting, to specify a time not more than 48 hours before the time of the meeting (excluding any part of a day that is not a business day), by which a person must be entered on the register of members in order to have the right to attend or vote at the Meeting. This provision is in line with a requirement for listed companies introduced by the Shareholders' Rights Regulations.

13. Validity of Votes (Article 69)

Following the implementation of the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. The new Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with his instructions.

14. Appointing Proxies (Article 71)

Under the 2006 Act, members may appoint a proxy to exercise all or any of their rights to attend, speak and vote at meetings. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share or shares. The new Articles reflect these new proxy rights.

15. Receipt of Appointments of Proxy (Article 73)

Article 73 provides that proxies for a poll to be taken after the date of a meeting or adjourned meeting must be received not less than 24 hours before the time of the poll. The new Articles also permit the Directors to specify in a notice of a meeting, that in determining the time for delivery of proxies, no account should be taken of non-business days.

16. Quorum for Board Meetings (Article 98)

The New Articles contain a provision which states that a Director cannot be counted in the quorum in relation to a matter or resolution on which he is not entitled to vote, but that he may be counted in the quorum for the other matters or resolutions to be considered or voted on at the same meeting. This amendment is for clarification.

17. The Seal (Former Article 112)

Under the 1985 Act, a company required authority in its articles to have an official seal for use abroad. Under the 2006 Act, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the new Articles.

18. Provision for Employees on Cessation of Business (Article 156)

The 2006 Act provides that the powers of the directors to make provision for a person employed or formerly employed by a company or any of its subsidiaries in connection with the cessation or transfer of the whole or part of the undertaking of the company or that subsidiary may only be exercised by the Directors if they are so authorised by the company's articles or by the company in general meeting. Article 156 provides that the Directors may exercise this power.

19. Change of Name (Article 158)

Under the 1985 Act, a company could only change its name by special resolution. Under the 2006 Act a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the new Articles enable the Directors to pass a resolution to change the Company's name.

20. General

Generally the opportunity has been taken to bring clearer language into the new Articles and in some areas to conform the language of the new Articles to that used in the model public companies produced by the Department for Business, Innovation and Skills.

KEY DATES
2010

The Company's twenty-first Annual General Meeting will be held on Friday 23 July 2010. Notice of this meeting is given on pages 64 and 65.

Significant events in the Company's year are expected normally to occur as follows:

July 2010

Annual General Meeting held.

July 2010

Dividend paid.

November 2010

Half Yearly results announced.

Half Yearly Report for the period to 30 September 2010 published.

The Company pays no interim dividend.

GENERAL INFORMATION
TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

REGISTERED OFFICE
5 Morrison Street
EDINBURGH
EH3 8BH
UK
(Registered No. SC118022)

INVESTMENT MANAGER
Templeton Asset Management Ltd.
7 Temasek Boulevard
38–03 Suntec Tower One
SINGAPORE
038987

FINANCIAL ADVISER AND STOCKBROKER
Winterflood Securities Limited
The Atrium Building,
Cannon Bridge,
25 Dowgate Hill,
London,
EC4R 2GA

SOLICITORS
Dundas & Wilson CS LLP
Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EN
UK

REGISTRAR – UK
Equiniti
PO Box 28506
Finance House
Orchard Brae
EDINBURGH
EH4 1ZX
UK

SECRETARY AND ADMINISTRATOR
Franklin Templeton Investment Management Limited
The Adelphi
1-11 John Adam Street
LONDON
WC2N 6HT
UK

AUDITORS
Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB

GLOBAL CUSTODIAN
JPMorgan Chase Bank
125 London Wall
LONDON
EC2Y 5AJ
UK

REGISTRAR – NEW ZEALAND
Computershare Investor Services Limited
Private Bag 92119 Auckland 1142
Level 2 159 Hurstmere Road
Takapuna North Shore City
NEW ZEALAND

NOTES

SHAREHOLDER INFORMATION

CONTACT DETAILS

SECRETARY/ADMINISTRATOR

Franklin Templeton Investment Management Limited
The Adelphi
1–11 John Adam Street
LONDON WC2N 6HT
UK

CLIENT DEALER SERVICES

Freephone 0800 305 306
Phone +44 (0) 20 7073 8690
Fax +44 (0) 20 7073 8701
Email enquiries@franklintempleton.co.uk
Website www.franklintempleton.co.uk
www.temit.co.uk

REGISTRAR

Equiniti
PO Box 28506
Finance House
Orchard Brae
EDINBURGH EH4 1ZX
UK
www.equiniti.com

SHAREHOLDERS' HELPDESK

Phone 0871 384 2781
Fax 0871 384 2780

HOW TO INVEST

For information on investing in TEMIT with a lump sum, regular savings plan and gifts, see page 1.

Other Sources of Information
Please consult the *Financial Times* for further information on TEMIT or the Company's website (www.temit.co.uk).

Stock Exchange Codes and Net Asset Value Publication
The Stock Exchange Code for TEMIT's listed securities is TEM. The net asset value per share is published in the *Financial Times*.

Frequency of Net Asset Value publication
The NAV is released every day through the London Stock Exchange.

FRANKLIN TEMPLETON INVESTMENTS

The Adelphi
1-11 John Adam Street
London WC2N 6HT
UK

Client Dealer Services
Freephone: 0800 305 306
Telephone: +44 (0) 20 7073 8690
Facsimile: +44 (0) 20 7073 8701
E-mail: enquiries@franklintempleton.co.uk
www.franklintempleton.co.uk
www.temit.co.uk

Franklin Templeton Investment Management Limited
Registered Office:
The Adelphi, 1-11 John Adam Street, London WC2N 6HT
Authorised and regulated by the Financial Services Authority

TEMIT AR RGB 03/10