

BLACKROCK

The Throgmorton Trust PLC

Annual Report 30 November 2010

Company Registration No. 594634

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The Throgmorton Trust PLC

The Throgmorton Trust PLC is an investment trust investing in UK smaller companies

The Company's objective is to provide shareholders with capital growth and an attractive total return by investing predominantly in UK smaller companies which are traded on the main market of the London Stock Exchange or on AIM

In addition to holding a conventional portfolio of UK small and mid cap equities, the Company also holds a percentage of its assets in a portfolio of Contracts for Difference ("CFD") and/or comparable equity derivatives which enables the Company's managers to have both long and short exposure

The CFD portfolio has a target gross underlying equity exposure of approximately 30 per cent of the net assets of the Company. Under normal circumstances, the Board expects the direct equity portfolio to comprise 100 per cent of the Company's net assets. Hence, the Company typically has gross exposure of 130 per cent of net assets, albeit that some of this exposure represents short positions

The performance of the Company is measured by reference to the Hoare Govett Smaller Companies Index plus AIM (excluding investment companies) (the "Index"). The Manager may invest in companies outside the Index without restriction subject to the limits noted below, including stocks traded on AIM which are considered to be an attractive investment

The risks of investing in smaller companies are managed by investment in a diversified portfolio of companies. The equity portfolio usually comprises at least 75 stocks and the CFD portfolio comprises approximately 60 positions. In addition, the Board has an operating guideline that not more than 50 per cent of the equity portfolio by value should be invested in AIM stocks

Under the taxation rules for investment trusts, the maximum amount which may be invested in any one company is 15 per cent of the Company's investments. However, such concentration is unlikely to occur and in practice it would be unusual for more than 5 per cent to be invested in one company

The Company may not invest more than 10 per cent, in aggregate, of the value of its total assets in other listed closed-ended investment funds except in the case of investment in closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent of their total assets in other listed closed-ended investment funds, in which case the limit is 15 per cent

The Company's Articles of Association allow it to borrow up to a sum equal to twice the amount paid up on the issued share capital for the time being of the Company and the amounts standing to the credit of the reserves of the Company and its subsidiaries

The Board's policy is that the net gearing, i.e. borrowings less cash, should not exceed 20 per cent of gross assets

No material change will be made to the investment policy without shareholder approval



The Association of
Investment Companies

A MEMBER OF THE ASSOCIATION OF
INVESTMENT COMPANIES

Details about the Company are available on the BlackRock Investment Management (UK) Limited website www.blackrock.co.uk/its

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Performance Record

Financial Highlights

	As at 30 November 2010	As at 30 November 2009	Change %
Assets			
Net assets (£'000)	127,296	106,917	+19.1 ¹
Undiluted net asset value per share	212.80p	144.26p	+47.5
- with income reinvested			+52.2
Diluted net asset value per share	200.64p	144.26p	+39.1
- with income reinvested			+43.5
Ordinary share price (mid-market)	163.00p	115.75p	+40.8
- with income reinvested			+46.4
Subscription share price (mid-market)	24.25p	8.00p	+203.1
	Year ended 30 November 2010	Year ended 30 November 2009	Change %
Revenue			
Net revenue after taxation (£'000)	1,931	3,105 ²	-37.8
Revenue return per ordinary share	2.85p	3.86p ²	-26.2
Dividends			
- Interim	0.58p	0.55p	+5.5
- Final	2.42p	2.20p	+10.0
- Special dividend	nil	2.00p	-
Total dividends paid and payable in respect of the year ended 30 November	3.00p	4.75p	-36.8

¹ The change in net assets is attributable to the tender offer, conversion of subscription shares and market movements

² Includes the write back of interest on prior years' VAT attributable to shareholders

Chairman's Statement

Performance

In the year under review the Company's undiluted net asset value per share ("NAV") increased by 52.2% (diluted NAV per share increased 43.5%) whilst the share price rose by 46.4%. By comparison, the Hoare Govett Smaller Companies plus AIM (excluding Investment Companies) Index (the "benchmark index") increased by 23.4% (All percentages calculated in sterling terms with income reinvested)

Since the sharp decline in global economic activity, in late 2008 and the subsequent instability in markets, your Company has enjoyed a second consecutive year of excellent performance with an increase in the undiluted NAV of 150.2% over the two years since 1 December 2008

Under the terms of the management agreement with BlackRock Investment Management (UK) Limited ("BlackRock"), any outperformance of the benchmark index from 11 September 2008 and subsequent periods will give rise to a performance fee. For the year ended 30 November 2010 the performance fee amounted to £6,117,000. While this is a substantial fee, it is in respect of an outstanding period of outperformance against our benchmark. Details of the performance fee calculation are shown in note 4 on page 36.

The portfolio is jointly managed by Mike Prentis, who has responsibility for the long only portfolio, and Richard Plackett, who has responsibility for the contracts for difference ("CFD") portfolio. I am sure that shareholders will join me in congratulating Mike and Richard on such outstanding performance. This was driven by good stock selection across a range of sectors including the electronic and electrical equipment sectors, natural resources and pharmaceuticals. Richard also made effective use of the Company's unique ability to go short as well as long through its CFD portfolio. Further details are given in the Investment Manager's Report.

I am also delighted to report that both Mike and Richard have recently been recognised for their investment achievements with Mike winning the Investor of the Year award at the Grant Thornton Quoted Companies Awards and Richard winning the awards for Small Cap Equity and Long Term Performance – Equity Strategies at the Eurohedge 2010 awards.

Since the year end the Company's undiluted NAV has increased by 15.7% and the share price has increased by 19.2%.

Revenue return and dividends

Revenue return per share for the year amounted to 2.85 pence compared with 3.86 pence for the previous year, a decrease of 26.2%. This decrease is largely attributable to prior year income being boosted by the receipt of interest on VAT refunded amounting to 1.68 pence per share. After adjusting for this, total revenue on a like for like basis had increased by 7.0%.

Last year, the Directors paid a special dividend of 2.00p representing the VAT interest recovery. The Directors are proposing an increased final dividend of 2.42 pence per share making a total dividend for the year of 3.00 pence per share representing an increase of 9.1% on the

previous year (excluding last year's special dividend). The final dividend is payable on 25 March 2011 to shareholders on the Company's register on 18 February 2011 (ex dividend date is 16 February 2011).

Tender offers

As mentioned in my interim statement, the Company held a general meeting at which shareholders approved proposals designed to

- ▶ provide for a tender offer for up to 25% of the ordinary shares in issue on 12 April 2010, the record date (excluding ordinary shares held in treasury) with a 9% exit charge and associated costs,
- ▶ authorise the Directors to make subsequent repurchases of up to 14.99% of the ordinary shares in issue on the record date,
- ▶ remove the obligation of the Board to consider tender offers on a twice-yearly basis, and
- ▶ cancel the Company's share premium account to provide additional distributable reserves which may be required to allow the Company to undertake the purchase of ordinary shares.

It was announced on 29 June 2010 that the tender offer had been undersubscribed, with valid tenders received for 21.3% of the Company's ordinary shares. It was therefore not necessary to implement the subsequent repurchase of up to 14.99% of the ordinary shares in issue.

It is the current intention of the Board not to make further tender offers to shareholders and to focus on increasing the size of the Company.

Subscription shares

On 1 October 2009 the Company allotted a total of 14,822,901 subscription shares to shareholders on the Company's register on 30 September 2009, by way of bonus issue, on the basis of one subscription share for every five ordinary shares held at that date.

During the year the Company has issued a total of 1,512,289 ordinary shares, following the conversion of subscription shares into ordinary shares for a total consideration of £2,208,000. Following the latest conversion opportunity on 31 January 2011, a further 977,559 ordinary shares were issued on 2 February 2011, subject to listing on 7 February 2011, for a total consideration of £1,427,000. Following the listing of the additional shares, the Company will have 60,797,273 ordinary shares (excluding 7,400,000 shares currently held in treasury) and 12,333,053 subscription shares in issue.

Subscription shareholders will have further opportunities to subscribe for all or any of the ordinary shares to which their subscription shares relate on each of 30 April, 31 July and 31 October 2011 at 146.00 pence per share. At the date of this report the Company's undiluted NAV is 228.01 pence and the share price is 194.25 pence compared with the exercise price of 146.00 pence per share.

Discount and share buybacks

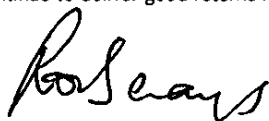
The Directors recognise the importance to investors of ensuring that any discount of the Company's share price to its underlying NAV is as small as possible. Accordingly, the Directors monitor the discount closely and will consider share repurchases in the market if the discount to NAV widens significantly. In the year under review the Company did not purchase any shares other than through the tender offers.

The Directors have the authority from shareholders to buy back up to 14.99% of the Company's issued share capital. This authority expires at the forthcoming Annual General Meeting ("AGM") on 11 March 2011 when a resolution will be put to shareholders to renew it.

Outlook

We remain cautiously optimistic about the near term prospects for the smaller companies sector which has performed well since the worst effects of the global economic crisis. However, with good opportunities to purchase stocks at attractive valuations, particularly those with exposure to higher growth in the international markets and the consistent good performance of the CFD portfolio, we expect to see the Company continue to deliver good returns for shareholders.

Richard Bernays
Chairman
4 February 2011



Investment Manager's Report

Market review and overall investment performance

Markets moved up over the course of the financial year, but not without the occasional periods of volatility, especially during early summer. Confidence that the global economy is in reasonable shape built during the year, but the financial position of some European countries, the strength of recovery in the US, the determination of Chinese authorities to slow down their high economic growth rate, and the implications of UK public spending cuts, have all been concerns for markets.

The Company's undiluted NAV increased by 52.2% to 212.80p (diluted NAV per share increased by 43.5%), compared to an increase in the benchmark index of 23.4%. We also significantly outperformed large capitalisation stocks, the FTSE 100 increased by only 6.5% over the year. (All percentages calculated in sterling terms with income reinvested).

Portfolio performance

Our strongest performance came in the electronic and electrical equipment sector, where stocks such as Domino Printing Sciences, Oxford Instruments and Gooch & Housego all contributed significantly to relative performance. These are all well run, world leading companies with well invested product ranges and very international customer bases. Each company has traded increasingly well as the year progressed and is well positioned for the future. The resources sector also performed well for us. Within mining our best contributions came from Western Coal and Eastern Platinum. Both benefitted from higher selling prices and production levels, Western Coal also announced a takeover by a US company, Walter Energy Corp. late in the year. Within the oil sector Encore Oil and Cove Energy were our biggest successes. Encore had two important oil finds in the North Sea, and Cove found gas in three deepwater wells offshore East Africa. The pharmaceuticals and biotechnology sector was also a strong contributor, Abcam and Hutchison China Meditech were our best sector performers. Both have continued to trade well. Hutchison China Meditech continues to see strong demand growth in China for its traditional medicines.

The main disappointment from a stock point of view was BATM. BATM's trading in their telecoms division has been well behind expectations, with one of their key customers itself losing market share mainly, we believe, to Chinese competitors. We reduced our holding in the company.

Whilst most of our relative outperformance in the period came, as usual, from stock selection, sector allocation was also positive. The three sectors that contributed most were electronic & electrical equipment, industrial engineering and mining. We were heavily overweight in each sector, and each outperformed our benchmark index.

The CFD portfolio generated net gains of £7.2 million during the year, maintaining its consistent record since the portfolio was put in place in September 2008. The gains were entirely due to the long CFD portfolio, with the short CFD portfolio breaking even in the year. In the context of a market which rose, and a benchmark which rose by 23.4% during the year, we regard no overall loss on the short CFD portfolio as a good performance.

Activity

We have seen a marked increase in bid activity during the year, with holdings in Care UK, Rensburg Sheppards, Chloride, BSS Group, Bluebay Asset Management and most recently Western Coal all receiving takeover bids. Outside our portfolio holdings there were many other bids for companies in our investment universe. This is a great time for corporate buyers to make strategic acquisitions at prices that probably will not be achievable after a fuller economic recovery.

We have generally seen better value at the smaller end of our investment universe and so we have sold some of our holdings with market capitalisations in excess of £1 billion where we have taken the view that upside was more limited.

We have invested in a range of companies which are well positioned and attractively valued. Some examples include Yule Catto, a polymers company which derives over half of its revenues from the Asia Pacific region and other high growth developing markets, and Mecrom a publisher of local newspapers in Continental Europe with a rapidly growing online business and resilient subscription revenues. We are attracted to online business models given their inherent scalability, and one new and highly successful business of this type is Blinkx, where revenue growth is expected to remain strong. We also invested in a few IPOs, including Supergroup whose share price has more than doubled since the IPO, we have accordingly taken some profits.

Portfolio positioning

Our portfolio positioning has not changed materially. The portfolio is built around good quality growth companies which we know well, are run by management we regard highly, which are truly differentiated and have the ability to maintain organic growth and margins, generate cash, and which have strong balance sheets. These are our core holdings. We particularly like companies with high levels of overseas earnings, especially from Asia Pacific, for example, Spirax Sarco and

Hutchison China Meditech. We also like companies with good revenue visibility or predictability, such as Abcam and ITE Group. A key part of our strategy is to invest in companies with high levels of intellectual property or strong brands, examples include Fidessa and Aveva, these are protected by strong, sustainable barriers to entry and have real pricing power. We generally prefer companies which have their own products, rather than service companies, these tend to be able to scale more quickly.

We are always looking to invest in interesting new companies which have the potential to become core holdings in the future. Inevitably new holdings start off as small holdings in our portfolio until our confidence grows or until they give cause for concern or fail to meet our expectation, in which case we usually sell.

The CFD portfolio long positions are invariably in our core holdings, but the aggregate of our long only position and long CFD position will not under normal circumstances exceed 3.0% of net assets at the individual stock level. Our short CFD positions are in companies we see as flawed, operating in commoditised, highly competitive industries, such as food producers, or facing structural challenges, for instance from internet based competitors. Our individual short positions are small and liquid. The CFD portfolio was net long throughout the year. The net long position was slightly reduced in the autumn, at the end of the financial year it was approximately 6% net long.

Outlook

We are encouraged by the performance of our portfolio holdings over the last year. Management of most of these companies are positive but cautious. Many are well run businesses exposed to higher growth parts of the world such as the Asia Pacific region and Brazil. Within developed markets data from the US has been mixed but seems to be gradually improving, and Germany is faring well. Europe generally looks set for an extended period of low growth relative to other parts of the world. In the UK the coalition government is taking steps to rebalance the economy which require austerity at both government and consumer level. Whilst we continue to consider companies that give us good quality exposure to UK consumers with low risk and attractive valuations, these are not easy to find. On the whole therefore, our portfolio remains weighted towards quality, international franchises.

Looking ahead we continue to believe that a carefully chosen portfolio of smallcap and midcap companies should continue to outperform larger capitalisation companies' indices. We expect the CFD portfolio to continue to add value.

Mike Prentis and Richard Plackett
BlackRock Investment Management (UK) Limited
4 February 2011

Fifty Largest Investments

as at 30 November 2010

Company		Market value £'000	% of net assets	Prospective PE ratio*	Description
Aveva Group	Ordinary shares	2,867			Development and marketing of engineering computer software
	Long CFD position	957	3.0	26.1	
Domino Printing Sciences	Ordinary shares	2,614			Manufacture of inkjet and laser commercial printers
	Long CFD position	898	2.8	15.3	
Abcam *	Ordinary shares	2,456			Production and distribution of research grade antibodies and associated products
	Long CFD position	870	2.6	28.5	
Spirax Sarco Engineering	Ordinary shares	2,457			Design and manufacture of steam management systems
	Long CFD position	809	2.6	15.6	
Oxford Instruments	Ordinary shares	1,817			Design and manufacture of scientific instruments
	Long CFD position	979	2.2	17.3	
Fidessa group		2,710	2.1	17.3	Development and marketing of financial trading connectivity software
Rotork	Ordinary shares	1,766			Engineering, manufacturing and design of valve actuators
	Long CFD position	868	2.1	18.0	
Renishaw	Ordinary shares	1,658			Design and manufacture of instruments used for calibration purposes
	Long CFD position	817	1.9	18.0	
Victrex	Ordinary shares	1,618			Manufacture and supply of PEEK thermoplastic products
	Long CFD position	837	1.9	16.3	
Hutchison China Meditech *		2,396	1.9	-	Development and supply of traditional Chinese medicines to the Chinese market
ITE Group	Ordinary shares	1,873			Organisation of trade exhibitions in Russia and other FSU countries
	Long CFD position	374	1.8	14.0	
Spectris	Ordinary shares	1,270			Development and marketing of productivity enhancing instrumentation and controls
	Long CFD position	948	1.7	13.3	
Avocet Mining *	Ordinary shares	1,633			Gold exploration and production
	Long CFD position	561	1.7	11.7	
IQE *		2,168	1.7	31.5	Manufacture and supply of compound semiconductor wafers
Cove Energy #		2,150	1.7	-	Exploration for oil & gas offshore East Africa
City of London Investment Group		2,116	1.7	11.6	Management of investment funds primarily invested in emerging markets
Rathbone Brothers	Ordinary shares	1,498			Private client fund management
	Long CFD position	612	1.7	15.5	
Senior	Ordinary shares	1,248			Manufacture and supply of components for the aerospace and automotive sectors
	Long CFD position	704	1.5	11.1	
Western Coal *		1,949	1.5	9.3	Metallurgical and thermal coal production
Gulfsands Petroleum *		1,750	1.4	8.0	Exploration and production of oil in Syna, other Middle Eastern countries and North Africa
Immunodiagnostic Systems *		1,717	1.4	21.0	Development and supply of diagnostic testing systems
Premier Farnell	Ordinary shares	1,009			Design and distribution of electronic components
	Long CFD position	664	1.3	15.7	
Spirent Communications	Ordinary shares	831			Design and supply of telecoms testing systems
	Long CFD position	821	1.3	19.7	
Robert Walters	Ordinary shares	1,089			Provision of recruitment services
	Long CFD position	547	1.3	18.7	
Booker	Ordinary shares	810			Wholesale of grocery products
	Long CFD position	826	1.3	15.3	
Brewin Dolphin Holdings		1,581	1.3	9.7	Fund management and stockbroking
Eastern Platinum *		1,580	1.2	36.4	Exploration, development and production of platinum group metals
Hargreaves Services *		1,575	1.2	6.8	Mining, importing, processing and supply of coal and related products
Bellway		1,513	1.2	14.8	Housebuilding
Dialight	Ordinary shares	971			Design and manufacture of light emitting diode solutions
	Long CFD position	470	1.1	18.4	
Gooch & Housego *		1,411	1.1	19.2	Manufacture of precision optical components
SDL	Ordinary shares	634			Supply of multilingual translation software and translation services
	Long CFD position	745	1.1	18.2	
Hyder Consulting		1,354	1.1	9.5	Provision of engineering design services
Encore Oil *		1,339	1.1	-	Exploration for oil & gas in the North Sea
Keller Group	Ordinary shares	1,017			Provision of ground engineering solutions
	Long CFD position	285	1.0	9.0	

Company		Market value £'000	% of net assets	Prospective PE ratio*	Description
Shaftesbury	Ordinary shares	833			
	Long CFD position	435	1.0	32.7	Investment in London West End real estate
Xaar		1,173	0.9	25.7	Design and manufacture of ink jet print heads
Alterian		1,159	0.9	15.1	Development and sale of software to improve customer communication and marketing
Hargreaves Lansdown		1,149	0.9	26.8	Provision of investment management services
Aurelian Oil & Gas #		1,124	0.9	-	Exploration and development of oil & gas in Eastern Europe
Highland Gold Mining #		1,119	0.9	9.4	Production of gold in Russia and the former Soviet Union
Elementis		1,089	0.9	12.0	Manufacture of speciality chemicals
Yule Catto		1,088	0.9	8.9	Manufacture of speciality chemicals
Endace #		1,078	0.8	55.0	Design and manufacture of solutions to monitor data networks
Bahamas Petroleum #		1,062	0.8	-	Exploration for oil & gas in the Bahamas
Valiant Petroleum #		1,054	0.8	6.7	Exploration and production of oil and gas in the North Sea region
Petra Diamonds #		1,053	0.8	30.1	Production of diamonds
Intermediate Capital Group	Ordinary shares	620			
	Long CFD position	412	0.8	9.9	Provision of mezzanine capital mainly to private companies
Bowleven #		1,024	0.8	-	Exploration and development of oil & gas offshore in West Africa
Inchcape		951	0.7	10.0	Distribution and retail of cars and aftermarket services
50 largest investments		89,460	70.3		

* Prospective PE ratio derived using late 2010 analyst estimates and relates to the next set of full year results for each company

Traded on the Alternative Investment Market ("AIM") of the London Stock Exchange

All investments are in equity shares unless otherwise stated

Disclosure of the Company's smaller holdings would not add materially to shareholders' understanding of the Company's portfolio structure and priority investment themes, hence only the fifty largest investments have been disclosed

Comparative for Ten Largest Investments

		2009	
Company		Market value £'000	% of net assets
Aveva Group	Ordinary shares	2,289	
	Long CFD position	1,007	3.1
Domino Printing Sciences	Ordinary shares	1,930	
	Long CFD position	820	2.6
Abcam	Ordinary shares	2,058	
	Long CFD position	920	2.8
Sprax Sarco Engineering	Ordinary shares	1,616	
	Long CFD position	804	2.3
Oxford Instruments	Ordinary shares	139	
	Long CFD position	348	0.5
Fidessa group		2,498	2.3
Rotork	Ordinary shares	1,703	
	Long CFD position	1,105	2.6
Renishaw		557	0.5
Victrex	Ordinary shares	1,780	
	Long CFD position	832	2.4
Hutchison China Meditech		1,217	1.1

Distribution of Investments

as at 30 November 2010

Sector	% of long only portfolio	% of long CFD portfolio	% of short CFD portfolio	% of net asset value
Oil & Gas Producers	10.4	4.4	0.0	11.7
Oil Equipment, Services & Distribution	0.5	0.0	0.0	0.5
Oil & Gas	10.9	4.4	0.0	12.2
Chemicals	2.9	4.0	0.0	3.7
Industrial Metals	1.4	0.0	0.0	1.5
Mining	9.1	4.4	0.0	10.4
Other Basic Materials	0.3	0.0	0.0	0.3
Basic Materials	13.7	8.4	0.0	15.9
Construction & Materials	1.3	1.3	-1.6	1.5
Aerospace & Defence	0.9	5.5	-8.0	1.3
General Industrials	0.5	0.0	-0.2	0.5
Electronic & Electrical Equipment	9.3	19.5	-4.4	12.7
Industrial Engineering	7.4	7.9	0.0	9.1
Industrial Transportation	0.5	0.0	-3.8	0.2
Support Services	8.3	8.7	-34.7	7.6
Total Industrials	28.2	42.9	-52.7	32.9
Beverages	1.8	4.1	0.0	2.6
Food Producers	0.5	0.0	-9.1	-0.2
Household Goods & Home Construction	1.8	3.2	-1.7	2.3
Consumer Goods	4.1	7.3	-10.8	4.7
Health Care Equipment & Services	2.8	0.0	-4.2	2.6
Pharmaceuticals & Biotechnology	2.7	0.0	-4.3	2.5
Food & Drug Retailers	0.6	3.9	-4.6	0.9
Health Care	6.1	3.9	-13.1	6.0
General Retailers	3.2	0.0	-16.7	2.1
Media	5.1	1.8	0.0	5.7
Travel & Leisure	2.7	2.0	-2.4	3.0
Consumer Services	11.0	3.8	-19.1	10.8
Fixed Line Telecommunications	0.7	0.0	0.0	0.7
Telecommunications	0.7	0.0	0.0	0.7
Electricity	0.6	0.0	0.0	0.6
Utilities	0.6	0.0	0.0	0.6
Non-life Insurance	0.4	0.0	0.0	0.4
Real Estate Holdings & Development	0.9	2.6	0.0	1.4
Real Estate Services	0.5	0.0	0.0	0.5
Industrial & Office REITs	1.0	0.0	0.0	1.1
Retail REITs	0.6	2.1	0.0	1.0
Specialty REITs	0.3	0.0	0.0	0.3
Financial Services	7.3	7.1	0.0	8.9
Equity Investment Instruments	0.2	0.0	0.0	0.2
Financials	11.2	11.8	0.0	13.8
Software & Computer Services	10.0	11.8	-4.3	12.2
Technology Hardware & Equipment	3.5	5.7	0.0	4.6
Technology	13.5	17.5	-4.3	16.8
Total Investments	100.0	100.0	-100.0	114.4

Historical Record

Assets

Year to 30 November	NAV absolute return %	Issued share capital £'000	Total assets less current liabilities £'000	Creditors amounts falling due after more than one year £'000	Equity shareholders' funds £'000	NAV per share p	Mid-market price per share p
2010	+47.5	3,494	127,296	-	127,296	212.8	163.0
2009	+54.2	4,224	106,917	-	106,917	144.3	115.8
2008	-51.9 ¹	6,863	77,029	-	77,029	93.5 ¹	62.8
2007	-2.4	7,003	304,683	32,169	272,514	194.6 ²	152.0
2006	+16.2	8,179	358,381	32,169	326,212	199.4 ²	164.3
2005	+27.8	9,130	345,553 ²	32,169	313,384 ²	171.6 ^{2,3}	142.0
2004	+28.0	11,488	340,746 ³	32,194	308,552 ³	134.3 ^{2,3}	110.3
2003	+35.4	11,600	277,557	34,119	243,438	104.9 ²	84.0
2002	-24.9	11,863	228,953	45,126	183,827	77.5	59.0
2001	-9.7	11,886	290,332	45,126	245,206	103.2	81.0

1 Undiluted NAV per continuing share

2 Prior charges at par

3 Restated for changes in accounting policies: the principal changes were to value investments at bid (previously mid) market value and to account for dividends in the period in which they are paid

4 Includes £5.5 million in respect of the write-back of prior years' VAT

Revenue

Year to 30 November	Total gross revenue £'000	Revenue finance costs £'000	Revenue expenses £'000	Net revenue before taxation £'000	Taxation £'000	Available for distribution £'000	Revenue return per share p	Dividends per share p
2010	2,596	2	655	1,939	8	1,931	2.85	3.00
2009	4,896 ⁵	2	1,785	3,109	4	3,105	3.86	4.75
2008	7,562 ⁶	798	1,912	4,852	4	4,848	3.85	5.40
2007	6,196	1,983	1,851	2,362	14	2,348	1.54	2.20
2006	7,113	1,937	1,915	3,261	-	3,261	1.84	2.00
2005	7,064	1,973	1,898	3,193	-	3,193	1.58	1.75
2004	7,428	2,136	1,715	3,577	-	3,577	1.55	1.60
2003	7,383	2,550	1,510	3,323	-	3,323	1.40	1.50
2002	7,177	2,582	1,472	3,123	58	3,065	1.29	1.50
2001	8,092	2,611	1,926	3,555	196	3,359	1.40	1.50

5 Includes interest of £2,469,000 received in relation to the refund of prior years' VAT. 2009 revenue has been restated following the Company's decision to adopt IFRS

6 Includes £2,284,000 in respect of the write-back of prior years' VAT

Directors

Richard Bernays

(Chairman)

was appointed to the Board in 2002 and became Chairman of the Company in March 2005. He spent 21 years with Mercury Asset Management before joining Hill Samuel Asset Management as chief executive in 1991. Between 1998 and 2001 he was chief executive of Old Mutual International. He is a director of a number of other listed companies including Gartmore Global Trust PLC and Impax Environmental Markets plc. He is also a member of the Supervisory Board of National Provident Life.

Simon Beart*

was appointed to the Board in March 2007 and has been chief executive of Managed Support Services plc since December 2007. He qualified as a chartered accountant in 1984 and acted as a financial adviser for a number of UK and US investment banks until 1992 when he co-founded the international packaging supplier Britton Group plc.

The Rt Hon The Lord Latymer*

was appointed to the Board in March 2007. He is a non-executive director of Manek Investment Management Limited, Chairman of UCLH Charity and a trustee of the Astor Foundation. He spent much of his career in banking in London and New York, including periods at Bankers Trust, Paine Webber and Coutts. He retired from Cazenove Capital Management in 2009.

Eric St C Stobart*

was appointed to the Board in 2004 and is chairman of the Company's Audit Committee. He was formerly Senior Group Adviser and Director of Public Policy and Regulation for Lloyds TSB Group plc. He is a non-executive director of Norwich & Peterborough Building Society, Falcon Managers Limited, Bermuda Commercial Bank Limited, Capita Managing Agency Limited and Utilico Limited. He is also a trustee of the Lloyds TSB Group Pension Schemes, chairing its Investment and Funding Committee, and a trustee of the Lloyd's Superannuation Fund. He is a fellow of the Institute of Chartered Accountants in England and Wales.

Harry Westropp*

was appointed to the Board in 2003. He began his career at Lazard Brothers & Co Limited before moving into industry in 1972. Since that time he has acted as chief executive or chairman to a number of small to mid-sized industrial companies in both the private and quoted sectors and remains a director of a number of industrial companies.

* Member of the Audit Committee

All the Directors are non-executive, independent of the Manager and members of the Management Engagement Committee and the Nomination Committee.

Directors' Report

The Directors present the annual report and financial statements of the Company and its subsidiaries for the year ended 30 November 2010

Business Review

Principal activity

The Company carries on business as an investment trust. Its principal activity is portfolio investment. The Company's investment policy is set out on page 1.

The Company's wholly owned subsidiaries are T T Finance PLC and The Third Throgmorton Trust Limited. Their principal activities are as a financing subsidiary of the Company and dealing in stocks, shares and other instruments respectively.

Status of the Company

In the opinion of the Directors, the Company has conducted its affairs during the year under review, and subsequently, so as to qualify as an investment trust for the purposes of section Chapter 4 of Part 24 of the Corporation Tax Act 2010. The last accounting period for which the Company has been treated as approved as an investment trust by HM Revenue & Customs was for the year ended 30 November 2009. It is the Company's intention to continue to seek approval under Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company is registered as an investment company as defined in section 833 of the Companies Act 2006 and operates as such.

The Company is not a close company within the meaning of the provisions of the Corporation Tax Act 2010 and has no employees other than the Directors.

The Company's ordinary and subscription shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account ("ISA").

Portfolio analysis

A detailed analysis of the portfolio has been provided on pages 8 to 11.

Performance

In the year to 30 November 2010, the Company's undiluted NAV per share increased by 52.2% (diluted NAV +43.5%) and the Company's ordinary share price rose by 46.4%, (all percentages calculated in sterling terms with income reinvested).

The Investment Manager's report on pages 6 and 7 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The results for the Group are set out in the Consolidated Statement of Comprehensive Income on page 29. The total return for the year, after taxation, was £43,820,000 (2009: £45,239,000) of which the revenue return amounted to £1,931,000 (2009: £3,105,000), and the capital return £41,889,000 (2009: £42,134,000).

An interim dividend of 0.58 pence per share (2009: 0.55 pence per share) was paid on 31 August 2010.

The Directors recommend the payment of a final dividend of 2.42 pence (2009: 2.20 pence) and a special dividend of 2.00 pence per share. Subject to approval at the AGM, the dividends will be paid on 25 March 2011 to shareholders on the register of members at the close of business on 18 February 2011.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators ("KPIs") used to measure the progress and performance of the Company over time and which are comparable to those reported by other investment trusts are set out below.

	Year ended 30 November 2010	Year ended 30 November 2009
Undiluted net asset value ¹	+52.2%	+64.4%
Diluted net asset value	+43.5%	+64.4%
Ordinary share price ²	+46.4%	+100.0%
Discount to net asset value ⁴	18.8%	19.8%
Revenue return per share	2.85p	3.86p
Total expense ratio ³	1.2%	1.3%

1. Calculated in accordance with the Association of Investment Companies ("AIC") guidelines.

2. Calculated on a mid to mid basis with income reinvested.

3. Operating expenses (excluding interest costs, performance fees and any VAT written back) as a % of average daily shareholders' funds.

4. Discount to fully diluted net asset value.

The Board monitors the KPIs at each meeting. Additionally, it regularly reviews a number of indices and ratios to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also assesses the Company's performance against its peer group of investment trusts with similar investment objectives. During the period under review, the benchmark index, the Hoare Govett Smaller Companies plus AIM (ex Investment Companies) Index, returned 23.4% (2009: 59.4%).

The Directors recognise that it is in the long term interests of shareholders that shares do not trade at a significant discount to their prevailing NAV. The discount to NAV on ordinary shares on a capital only basis has ranged between a discount of 12.0% and 23.2%, with the average being a discount of 17.3%. The shares ended the year at a discount of 18.8%. To enable the Board to take action to deal with any overhang or shortage of stock in the market, it seeks approval from shareholders each year to buy back and issue shares. The volatility of the discount during the year reflects the ongoing volatility in stock markets and the Board is mindful of this and will act when it feels that it is in the interests of shareholders to do so.

Principal risks

The key risks faced by the Company are set out below. The Board regularly reviews and agrees policies for managing each risk, as summarised overleaf.

- ▶ **Performance risk** – The Board is responsible for deciding the investment strategy to fulfil the Company's objective and for monitoring the performance of the Investment Manager. An inappropriate strategy may lead to poor performance. To manage this risk the Investment Manager provides an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio. The Board monitors and maintains an adequate spread of investments in order to minimise the risks associated with factors specific to particular sectors, based on the diversification requirements inherent in the Company's investment policy.
- ▶ **Income/dividend risk** – The amount of dividends and future dividend growth will depend on the Company's underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company may reduce the level of dividends received by shareholders. The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting.
- ▶ **Regulatory risk** – The Company operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such the Company is exempt from capital gains tax on the profits realised from the sale of its investments. The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of half yearly dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting.
- ▶ **Operational risk** – In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager and the Company's other 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 procedures to mitigate such risks, is prepared by the Investment Manager and reviewed by the Audit Committee at least twice a year. The Investment Manager, BNYM and BMLI each produce an annual SAS70 report which is reviewed by their auditors and gives assurance regarding the effective operation of controls. The reports are also reviewed by the Audit Committee.
- ▶ **Market risk** – Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection, unquoted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.

- ▶ **Financial risks** – The Company's investment activities expose it to a variety of financial risks that include foreign currency risk and interest rate risk. The Company has approximately 39.0% of its net portfolio value invested in AIM traded securities, and, by the very nature of its investment objective, largely invests in smaller companies, and liquidity in these securities can from time to time become constrained, making these investments difficult to realise at or near published prices, giving rise to additional liquidity risk. This is taken into consideration by the Directors when determining the valuation of these holdings. There are also risks linked to the Company's use of derivative transactions including CFDs. Further details are disclosed in note 18 on pages 45 to 50, together with a summary of the policies for managing these risks and liquidity and credit risks.

Social and community issues

As an investment trust, the Company has no direct social or community responsibilities. However, the Company believes that it is in shareholders' interests to consider environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investments are set out on page 25 and 26.

Future prospects

The Board's main focus is the achievement of capital growth and an attractive total return. The future of the Company is dependent upon the success of the investment strategy and to a large extent, on the performance of financial markets. The outlook for the Company is discussed in the Investment Manager's report on page 7.

Investment management and administration

BlackRock Investment Management (UK) Limited ("BlackRock") provides management services to the Company under a contract which is terminable by either party on six months' notice. BlackRock also acted as the Secretary and Administrator of the Company throughout the year.

The terms of the investment management agreement with BlackRock provide for a basic management fee, payable quarterly in arrears, of 0.7% per annum on the gross asset value of the Company's long only portfolio plus the gross value of the underlying equities, long and short, to which the Company is exposed through its CFD portfolio. In addition, BlackRock is entitled to a performance fee of 12.5% of any net asset value (total return) outperformance against the Hoare Govett Smaller Companies plus AIM (ex Investment Companies) Index. The performance fee is subject to a high watermark such that, if in a performance period the Company underperforms the Index, in a future performance period a performance fee is only payable on the net asset value return that represents the net outperformance. In addition, the performance fee in any performance period will be capped at 4.99% of the average value of the Company's assets, calculated in the same way as for the basic management fee, during the performance period. Any performance fee that would otherwise exceed 4.99% of such amount will be carried forward and become payable in future periods to the extent that it does not result in a

Directors' Report continued

performance fee payment exceeding 4.99% of the relevant assets in any performance period

No penalty on termination of the investment management agreement is payable by the Company in the event that six months' written notice is given to BlackRock. There are no provisions relating to payment of fees in lieu of notice.

BlackRock agreed to meet the costs of terminating the management agreement with AXA of £444,000 and other costs associated with the change of Manager and restructuring of the Company in 2008 totalling £624,000 by way of a management fee waiver which has been amortised over two years.

BlackRock is a subsidiary of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm. The Bank of America Corporation, The PNC Financial Services Corporation, Inc. and Barclays PLC each has a significant economic interest in BlackRock, Inc. PNC Financial Services Corporation, Inc. and Bank of America Corporation are both US public companies.

At the start of the year, Bank of America Merrill Lynch International ("BMLI") provided prime brokerage and custody services to the Company under the terms of an agreement dated 9 September 2008. With effect from 4 February 2010, the Board appointed Bank of New York Mellon in place of BMLI as custodian. BNYM receives a fee payable at rates dependent on the number of trades effected. The custody agreement is terminable with 30 days notice by either party. BMLI continues to act as CFD counterparty to the Company under an International Swaps and Derivatives Association ("ISDA") master agreement dated 24 November 2009. The ISDA agreement is terminable subject to 30 days' notice by either party.

Appointment of the Investment Manager

The Board keeps the resources and performance of the Investment Manager under review, and a review of the terms of their engagement is undertaken annually. The Board believes that the continuing appointment of the Investment Manager, on the terms disclosed above, is in the interests of shareholders as a whole. The specialist nature of the Company's investment remit is, in the Board's view, best served by the UK Smaller Companies team at BlackRock, which has a proven track record in successfully investing in this sector.

Change of control

There are no agreements which the Company is party to that might be affected by a change in control of the Company.

Voting policy

The exercise of voting rights attached to shares in the Company's portfolio has been delegated to the Investment Manager, whose voting policy states:

- ▶ we intend to vote at all shareholder meetings of companies in which our clients are invested. In cases where there are significant obstacles to voting such as share-blocking or requirements for a

power of attorney we will review the resolutions to assess the extent of the restrictions on voting against the potential benefits,

- ▶ we will vote in favour of proposals which we expect to enhance shareholder value, and on routine issues where we are supportive of a company's management,
- ▶ we will vote against proposals which we believe may damage shareholders' rights or economic interests,
- ▶ we will abstain on proposals where we wish to indicate to the company issues over which we have some concerns, and

In all situations the economic interests of our clients will be paramount.

Going concern

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective on page 1 and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Ongoing annual expenses (excluding any performance fees) are approximately 1.2% of net assets.

Directors

The Directors of the Company on 30 November 2010 are set out in the table below together with their interests in the ordinary and subscription shares of the Company. All of the Directors held office throughout the year under review.

	Ordinary shares	
	30 November 2010	30 November 2009
Richard Bernays	40,000	40,000
Simon Beart	18,958	14,540
Crispin Latymer	5,757	4,291
Eric Stobart	10,496	10,323
Harry Westropp	20,000	20,000

	Subscription shares	
	30 November 2010	30 November 2009
Richard Bernays	8,000	8,000
Simon Beart	2,715	2,715
Crispin Latymer	810	810
Eric Stobart	2,064	2,064
Harry Westropp	4,000	4,000

All of the holdings of the Directors are beneficial. Since the year end there have been a number of changes to the Directors' share interests. At the date of this report Mr Beart holds 21,019 ordinary shares (including 1,613 ordinary shares held by Mrs Beart), Lord Latymer holds 5,915 ordinary shares and Mr Stobart holds 10,803 ordinary shares. All other shareholdings remain unchanged.

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office and offer themselves for re-

election each year and additionally, in compliance with the provisions of the Combined Code on Corporate Governance (the "Combined Code") issued by the Financial Reporting Council in June 2008, any Director who was a Director at the preceding two AGMs and who has not retired in the interim, is required to retire from office and offer himself for re-election in order that each Director is re-elected every three years. At the 2011 AGM, Mr Stobart will retire by rotation and Mr Bernays, having served on the Board for more than nine years, will also retire. Mr Stobart and Mr Bernays will accordingly offer themselves for re-election at the forthcoming AGM.

There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. None of the Directors has a service contract with the Company. No Director is entitled to compensation for loss of office on the takeover of the Company.

Directors' indemnity

In addition to Directors' and Officers' liability insurance cover, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour. The Company has entered into Deeds of Indemnity with each of the Directors individually which are available for inspection at the Company's registered office and will be available at the AGM.

Conflicts of interest

The Company has changed its Articles of Association to reflect the codification of certain directors' duties arising from the Companies Act 2006 and in particular the duty for Directors to avoid conflicts of interest which became effective from 1 October 2008.

To meet the requirements of the Act, the Board has put in place a framework in order for Directors to report conflicts of interest or potential conflicts of interest. All Directors are required to notify the Company Secretary of any situations, or potential situations where they consider that they have or may have a direct or indirect interest or duty that conflicted or possibly conflicted with the interests of the Company. The Board has considered that the framework worked effectively throughout the year.

All existing situations were duly authorised by the Board prior to 1 October 2008 and all new situations, or changes to previously reported situations are reviewed on an individual basis and reviewed annually. Directors are also reminded at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise or any changes that may occur to a previously notified situation.

It is the Board's intention to continue to review all existing situations on an annual basis.

Articles of Association

Any amendments to the Company's Articles of Association must be made by special resolution.

Remuneration Report

The Directors' Remuneration Report is set out on pages 21 and 22. An ordinary resolution to approve this report will be put to members at the forthcoming AGM.

Substantial share interests

As at 26 January 2011, the Company had received notification in accordance with the FSA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital:

	Number of Ordinary Shares	% of Issued Share Capital
Rensburg Sheppards Investment Management Limited	9,355,009	15.6%
BlackRock, Inc*	5,604,823	9.4%
Prudential plc	4,395,627	7.3%
Cazenove Capital Management	3,446,476	5.8%
City of Bradford Metropolitan District Council	2,454,000	4.1%
AEGON UK	2,319,990	3.9%
Includes 2,895,440 ordinary shares held by BlackRock UK Income Fund		

	Number of Subscription Shares	Combined % of Issued Share Capital
Rensburg Sheppards Investment Management Limited	1,357,533	17.9%
BlackRock, Inc	-	9.4%
Prudential plc	749,292	8.6%
Cazenove Capital Management	156,200	6.0%
AEGON UK	463,998	4.9%
City of Bradford Metropolitan District Council	290,800	4.4%

The Board is also aware that 0.4% of the Company's ordinary share capital is held through the BlackRock Investment Trusts Savings Plan and ISA.

No other shareholder has notified an interest of 3% or more in the Company's shares up to 26 January 2011.

Share capital

Full details of the Company's share capital and voting rights are given in note 16 on page 43. Details of the voting rights in the Company's shares as at the date of this report are also given in note 16 to the Notice of Annual General Meeting on page 60. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of the ordinary or subscription shares. The subscription shares do not have any voting rights or the

Directors' Report continued

right to receive dividends. There are no shares which carry specific rights with regard to the control of the Company.

Cancellation of share premium

Pursuant to a special resolution passed at a general meeting on 1 July 2010, the Company applied to the Court for cancellation of its share premium account, so that the amount standing to the credit of that account immediately following the issue of ordinary shares pursuant to the offer be cancelled.

Court approval was received on 28 July 2010 and £35,272,000 was transferred from the share premium account to distributable reserves.

Share issues and repurchases

The Company has the authority to purchase ordinary shares in the market to be held in treasury or for cancellation and to issue new ordinary shares for cash. No ordinary shares were purchased (other than by way of tender) or issued under either authority during the year. The Directors consider that it is in the interests of shareholders as a whole that the price of the ordinary shares reflects, as closely as possible, the NAV per share. The Directors will consider the issue or repurchase of ordinary shares to correct any supply/demand imbalance in the market. Any such issues or repurchases will enhance the NAV for continuing shareholders.

The latest authority to repurchase ordinary shares was granted to Directors on 12 March 2010 and expires on the conclusion of the AGM in 2011. The Directors are proposing that their authority to buy back shares to be held in treasury, or for cancellation, and to issue new shares or sell shares from treasury be renewed at the forthcoming AGM.

During the year the Company has issued a total of 1,512,289 ordinary shares, following the conversion of subscription shares into ordinary shares for a total consideration of £2,208,000. Following the latest conversion opportunity on 31 January 2011, a further 977,559 ordinary shares were issued on 2 February 2011, subject to listing on 7 February 2011, for a total consideration of £1,427,000. Following the listing of the additional shares, the Company will have 60,797,273 ordinary shares (excluding 7,400,000 shares currently held in treasury) and 12,333,053 subscription shares in issue.

Although the Investment Manager initiates the buybacks, the policy and parameters are set by the Board and reviewed at regular intervals. The Company intends to raise the cash needed to finance the purchase of shares either by selling securities in the Company's portfolio or by short term borrowing.

Subscription shares

The latest authority to purchase up to 2,221,952 subscription shares for cancellation was granted to the Directors on 12 March 2010 and expires at the conclusion of the AGM in 2011. The Directors are proposing that their authority to buy back subscription shares for cancellation be renewed at the forthcoming AGM.

Each subscription share confers the right, exercisable on each of 30 April, 31 July and 31 October 2011 inclusive, to subscribe for all or any of the ordinary shares to which the subscription shares relate at a price of 146 pence per ordinary share.

From 1 December 2009 up to the date of this report, 1,512,289 subscription shares were converted into ordinary shares. A further 977,559 subscription shares were converted on 2 February 2011 subject to listing on 7 February 2011.

Further details on the subscription shares, including their exercise price and how they can be exercised, are available on the Company's website at www.blackrock.co.uk/its and on page 53 of this report.

Tender offers

On 1 July 2010 the Company held a general meeting at which shareholders approved proposals which were designed to

- ▶ provide for a final tender offer for up to 25% of the ordinary shares in issue on 12 April 2010, the record date (excluding ordinary shares held in treasury) with a 9% exit charge and associated costs,
- ▶ authorise the Directors to make subsequent repurchases of up to 14.99% of the ordinary shares in issue on the record date,
- ▶ remove the obligation of the Board to consider tender offers on a twice-yearly basis, and
- ▶ cancel the Company's share premium account to provide additional distributable reserves which may be required to allow the Company to undertake the purchase of ordinary shares.

It was announced on 29 June 2010 that the tender offer was undersubscribed, with valid tenders received for 21.3% of the Company's ordinary shares. The Board therefore concluded that it was not in the interest of shareholders as a whole to implement the subsequent repurchase of up to 14.99% of the ordinary shares in issue. 10,132,913 ordinary shares were tendered for cash and 5,675,770 ordinary shares were tendered for shares pursuant to the in specie distribution option. An amount of £14,156,000 (139.37 pence per share) was paid to exiting shareholders under the cash exit option.

It is the current intention of the Board not to make any further tender offers to shareholders.

Treasury shares

At the 2010 AGM, the Company was authorised to repurchase its own ordinary shares to be held in treasury for reissue or cancellation at a further date. No ordinary shares were purchased during the year under review, other than through the June tender offer.

Resolutions to renew the authority to reissue shares from treasury will be put to shareholders at the 2011 AGM. Both the repurchase of ordinary shares and the use of treasury shares should assist the Investment Manager in the objective of providing a discount control.

mechanism and enhancing the NAV of the Company's shares. This will provide the Directors with additional flexibility to manage the Company's investment portfolio.

Treasury shares will only be reissued at prices at or above the prevailing fully diluted NAV per share thereby giving the Company the ability to reissue shares quickly and cost effectively, improving liquidity and providing the Company with additional flexibility in the management of its capital base. It also ensures a positive overall effect for shareholders when shares are bought back at a discount and then sold at a price at or above the NAV per share.

Following completion of the June tender offer the Company repurchased a total of 15,808,683 ordinary shares. 7,400,000 shares held in treasury at that time were cancelled and 7,400,000 of the ordinary shares repurchased pursuant to the tender offer were placed in treasury, the remaining 8,408,683 ordinary shares repurchased were cancelled.

Derivative transactions

During the year the Company entered into a contract with BMLI that enables it to take long and short positions through CFDs. Further details are given in note 13 on page 42.

Donations

The Company made no political or charitable donations during the year.

Payment of suppliers

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. Suppliers of goods and services are generally paid within 30 days of the date of any invoice. The Company has no trade creditors.

Annual General Meeting

The following information to be discussed at the forthcoming AGM is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM.

Resolution 8 Directors' remuneration

It is proposed that pursuant to Article 101 of the Company's Articles of Association, with effect from the financial year commencing

1 December 2010 each of the Directors shall be paid a fee for his services at such a rate (if any) as the Board shall from time to time determine provided that the aggregate remuneration of the Directors (excluding amounts payable under any other provisions of the Articles) shall not exceed the sum of £150,000 per annum. Directors' fees were last increased with effect from 1 December 2004 and this will provide flexibility to keep Directors' fees competitive in the years ahead. Further details of Directors' remuneration are given in the Directors' Remuneration Report on pages 21 and 22.

Resolution 9 Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £168,049 per annum, which is equivalent to 3,360,980 ordinary shares of 5p each and represents 5% of the Company's issued ordinary share capital including treasury shares as at the date of the Notice of the Annual General Meeting. This resolution will expire at the conclusion of the next AGM of the Company to be held in 2012 unless renewed prior to that date at an earlier general meeting.

Resolution 10 Authority to disapply pre-emption rights

By law, Directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 10 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £168,049 which is equivalent to 3,360,980 ordinary shares of 5p each and represents 5% of the Company's issued ordinary share capital including treasury shares as at the date of the Notice of the Annual General Meeting. This resolution will expire at the conclusion of the next AGM of the Company to be held in 2012 unless renewed prior to that date at an earlier general meeting.

Resolution 11 Authority to buy back ordinary shares

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own ordinary shares.

Purchases of ordinary shares will only be made through the market for cash at prices below the prevailing NAV per ordinary share. Under the Listing Rules of the Financial Services Authority, the maximum price which can be paid shall be the higher of (i) 5% above the average of the market values of the ordinary shares for the five business days immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out. In making purchases, the Company will deal only with member firms of the London Stock Exchange. The Directors are seeking authority to purchase up to 10,076,235 ordinary shares (being 14.99% of the issued ordinary share capital including treasury shares as at the date of this report). This authority, unless renewed at an earlier

Directors' Report continued

general meeting, will expire at the conclusion of the next AGM of the Company to be held in 2012

Resolution 12 Authority to buy back subscription shares

Resolution 12 will seek shareholders approval to renew the authority granted to Directors on 12 March 2010, enabling the Company to purchase its own subscription shares

Repurchases of subscription shares will be made at the discretion of the Board, and will only be made when market conditions are considered by the Board to be appropriate. The purchases of subscription shares will only be made through the market in accordance with the Listing Rules of the Financial Services Authority. Under the Listing Rules, the maximum price which may be paid for a subscription share shall be the higher of (i) 5% above the average of the middle market quotation (as derived from the Official List) for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of subscription shares on the trading venue where the purchase is carried out. The minimum price which may be paid for a subscription share shall be 1p

In making purchases, the Company will deal only with member firms of the London Stock Exchange. The Directors are seeking authority to purchase up to 1,848,724 subscription shares (being 14.99% of the subscription shares in issue). The authority, unless renewed at an earlier general meeting, will expire at the conclusion of the next AGM of the Company to be held in 2012.

Any ordinary shares purchased pursuant to resolution 10 above shall be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act. Any subscription shares purchased pursuant to this resolution 12 shall be cancelled immediately upon completion of the purchase.

The main objective of any buyback is to enhance the NAV per share of the remaining shares in issue. Although the Investment Manager initiates the buy backs, the policy and parameters are set by the Board and reviewed at regular intervals.

The Company intends to raise the cash needed to finance the purchase of any ordinary or subscription shares either by selling securities in the Company's portfolio or by borrowing.

Recommendation

Your Board considers that the resolutions to be proposed at the AGM are in the best interests of shareholders as a whole and recommends that shareholders vote in favour of each resolution, as the Directors intend to do in respect of their own beneficial holdings.

Corporate Governance

Full details are given in the Corporate Governance Statement on pages 23 to 26. The Corporate Governance Statement forms part of this Directors' Report.

Change of accounting policies

The accounting policies were changed on 1 December 2009 to reflect the Company's conversion to International Financial Reporting Standards ("IFRS") reporting. Previously the financial statements were prepared under UK Generally Accepted Accounting Principles ("UK GAAP"). The transition to IFRS is accounted for in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards, with 1 December 2009 as the date of transition. The changes in accounting policies as a consequence of the transition to IFRS are described in Note 2 on page 33, and the reconciliations of the effects of the transition to IFRS are presented in the notes to the financial statements.

Audit information

As required by section 418 of the Companies Act 2006 the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the 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 are aware of that information.

Auditors

The auditors Ernst & Young LLP, have indicated their willingness to continue in office and resolutions proposing their reappointment and authorising the Directors to determine their remuneration for the ensuing year will be submitted at the AGM.

By order of the Board

BlackRock Investment Management (UK) Limited
Secretary
4 February 2011

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2010 which has been prepared in accordance with Sections 420 – 422 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to members at the forthcoming AGM.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 28.

Remuneration Committee

The Board as a whole fulfils the function of the Remuneration Committee and considers any change in Directors' remuneration policy. The Board is of the opinion that a Remuneration Committee is not appropriate for a Company of its size and nature and a separate Committee has therefore not been established. The Company has no employee other than its Directors, all of whom are non-executive and are independent of the Investment Manager.

Remuneration policy

The Board's policy is that the remuneration of the Directors needs to be sufficient to attract and retain Directors with suitable knowledge and experience and should be fair and reasonable in relation to the duties and responsibilities involved. It is intended that this policy will continue for the forthcoming year.

The Secretary provides a comparison of the Directors' remuneration with other investment trusts of similar size and/or mandate, as well as taking into account any data published by the AIC. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary.

Performance

The graph below compares the Company's NAV and share price total return with the total return on an equivalent investment in the Hoare Govett Smaller Companies plus AIM (excluding Investment Companies) Index. This index has been selected for comparison purposes, as it has been used as its benchmark against which performance was measured during the year.

Remuneration and service contracts

There are currently no limits contained within the Company's Articles of Association in respect of the aggregate annual remuneration of the Directors. Resolution 8 in the Notice of Meeting on page 57 proposes that, pursuant to Article 101 of the Company's Articles of Association, with effect from the financial year commencing 1 December 2010 each of the Directors shall be paid a fee for his services at such a rate (if any) as the Board shall from time to time determine provided that the aggregate remuneration of the Directors (excluding amounts payable under any other provisions of the Articles) shall not exceed the sum of £150,000 per annum. No element of the Directors' remuneration is performance related. The Company has not awarded any share options or long term performance incentive to any of the Directors.

None of the Directors has a service contract with the Company or receives any non-cash benefits or pension entitlements. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company.

Directors' Remuneration

Director	2010 £	2009 £
Richard Bernays (Chairman)	30,000	30,000
Simon Beart	17,000	17,000
Cnsprin Latymer	17,000	17,000
Simon Stevens (retired 19/03/09)	n/a	6,000
Eric Stobart*	19,000	19,000
Harry Westropp	17,000	17,000
Total	100,000	106,000

The information in this table has been audited
Chairman of the Audit Committee

The amounts paid by the Company to the Directors were for services as non-executive Directors.

Directors' Remuneration Report continued

For the year ended 30 November 2010 the annual remuneration of the Chairman was £30,000. The Directors received remuneration of £17,000 which included an audit committee fee of £2,000. The Chairman of the Audit Committee received an additional fee of £2,000.

Directors' fees were last increased with effect from 1 December 2004. Subject to the passing of Resolution 8 at the forthcoming AGM, the annual remuneration of the Chairman will be increased to £33,000, the Chairman of the Audit Committee to £23,000 and the other Directors to £20,000, with effect from 1 December 2010.

Compensation for loss of office

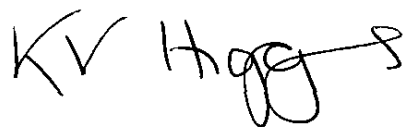
During the year no past director was compensated for loss of office.

By order of the Board

BlackRock Investment Management (UK) Limited

Secretary

4 February 2011

A handwritten signature in black ink, appearing to read 'KV Haggis', with a stylized flourish at the end.

Corporate Governance

Background

The Company is committed to maintaining high standards of corporate governance and is accountable to shareholders for the governance of the Company's affairs

The Board has put in place a framework for corporate governance which it believes is suitable for an investment trust and which will enable the Company to comply with the relevant provisions of the Combined Code 2008. Additionally, as the Company is a member of the Association of Investment Companies (the "AIC"), the Board has taken account of the recommendations of the AIC's Code of Corporate Governance (the "AIC Code") which complements the Combined Code and provides a framework of best practice for investment trust companies

Compliance

The Board has made the appropriate disclosures in this report to ensure the Company meets its continuing obligations. It should be noted that as an investment trust, most of the Company's day to day responsibilities are delegated to third parties, the Company has no employees and the Directors are non-executive. Thus, not all of the provisions of the Combined Code are directly applicable to the Company

The Board considers that the Company has complied with the provisions contained within the Combined Code throughout this accounting period, except as explained below, and this statement describes how the relevant principles of governance are applied to the company

The Board

The Board currently consists of five non-executive Directors all of whom are considered by the Board to be independent of the Company's Investment Manager and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Directors' biographies, on page 13, demonstrate a breadth of investment knowledge, business and financial experience relevant to the Company's business which enables the Board to provide effective strategic leadership and proper governance of the Company. The structure of the Board is such that, in common with many investment trusts, it is considered unnecessary to identify a Senior Independent Director. The provision of the Combined Code which relates to the combination of the roles of chairman and chief executive does not apply as the Company has no executive directors

In accordance with the Company's Articles of Association a Director appointed during the year is required to retire and seek election by shareholders at the next AGM. The Articles also require that one third of the Directors retire by rotation each year and seek re-election at the AGM. Notwithstanding the provisions of the Articles each Director will also submit himself for re-election at least every three years. Any Director who is not considered by the Board to be independent of the Investment Manager or who has served on the Board for more than nine years will be subject to annual re-election. The Directors support a planned and progressive renewing of the Board

The Directors retiring by rotation in accordance with the Company's Articles of Association are Mr Bernays and Mr Stobart. The Board has considered the position of Mr Bernays and Mr Stobart as part of the evaluation process and believes that it would be in the Company's best interests for both of them to be proposed for re-election at the 2011 AGM, given their material level of contribution

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company. When a new Director is appointed to the Board, he or she is provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend some time with representatives of the Investment Manager whereby he or she will become familiar with the various processes which the Investment Manager considers necessary for the performance of its duties and responsibilities to the Company

The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the auditors and the Company Secretary regarding any proposed developments or changes in law or regulations that could affect the Company and/or the Directors

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. The Board determines strategic issues and all operational matters of a material nature

The Company has maintained appropriate Directors' Liability Insurance cover throughout the year

Board's Responsibilities

The Board meets at least six times a year and between these meetings there is regular contact with the Investment Manager

The Board is responsible to shareholders for the overall management of the Company. It reserves to itself decisions relating to the determination of investment policy, any change in investment strategy, strategic gearing policy, policy on the buyback and issue of shares, the implementation of tender offers, whether to hold shares in treasury, and entering into any material contracts. The Board also sets investment parameters, such as the acquisition or disposal of substantial interests, the maximum amount that may be invested in any one company and the maximum amount that can be invested in unquoted investments. In addition, changes relating to the Company's capital structure, approval of circulars to shareholders and listing particulars, relevant press releases and Stock Exchange announcements along with any significant change in accounting policies or practices must also be approved by the Board. A formal schedule of matters specifically reserved for decision by the Board has been adopted

Corporate Governance continued

The Directors also have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that the Company complies with applicable rules and regulations. Where necessary, in the furtherance of their duties, the Directors may seek independent professional advice at the expense of the Company.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with the Companies Act. It is the Board's responsibility to present a balanced and understandable assessment, which extends to half yearly and other price sensitive public reports.

The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Evaluation of the Board and its Committees

The Board reviews its performance formally on an annual basis, together with that of its Committees.

An appraisal system has been agreed by the Board for evaluation of itself, its Committees and its individual Directors, including the Chairman. The annual evaluation for the year ended 30 November 2010 has been carried out. This took the form of questionnaires followed by discussions to identify how the effectiveness of its activities, policies or processes might be enhanced. The results of the evaluation process were presented to and discussed by the Board and its Committees and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience, and that the Board, as a whole, and its Committees were functioning effectively.

Delegation of responsibilities

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been delegated to the Investment Manager. The Investment Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day to day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company. Custody and settlement services are provided by BNYM. BMLI acts as CFD counterparty.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on page 16.

Committees of the Board

The Board has appointed a number of committees as set out below. Copies of the terms of reference of each committee are available on request from the Company's registered office and are also available on

the BlackRock website at www.blackrock.co.uk/its in the investment trust literature section.

Audit Committee

An Audit Committee chaired by Mr Stobart has been established and currently consists of all the Directors of the Company, except Mr Bernays. The Board considers that at least one member of the Audit Committee has sufficient recent and relevant financial experience for it to discharge its function effectively.

The Committee meets three times a year and, amongst other things, examines the effectiveness of the control systems. Two of the meetings are held prior to the Board meetings to approve the half yearly and annual results. During the year the principal activities of the Audit Committee included:

- ▶ considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and the external auditors' report thereon,
- ▶ reviewing the scope, results, cost effectiveness, independence and objectivity of the external auditors,
- ▶ reviewing and approving the audit and non audit fees payable to the external auditors and the terms of their engagement,
- ▶ reviewing and approving the external auditors' plan for the following financial year,
- ▶ reviewing the appropriateness of the Company's accounting policies,
- ▶ ensuring the adequacy of the internal controls systems and standards, and
- ▶ considering the remuneration of the Investment Manager and reviewing the terms of the investment management agreement.

The Committee has also reviewed and accepted the 'whistleblowing' policy that has been put in place by the Investment Manager under which its staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting in so far as they affect the Company.

The Committee considers the risks associated with audit firms withdrawing from the market and the relationship with the Company's auditors. The appointment of the auditors is reviewed each year and the audit partners changed at least every five years. There are no contractual obligations that restrict the Company's choice of auditors.

Total fees of £34,000 (excluding VAT) were paid to Ernst & Young LLP in respect of other non audit services. Of this amount, £25,000 was paid for assurance services provided in respect of the tender offer and charged in full to capital reserves. A further £5,000 was paid for services provided in relation to the review of the half yearly financial statements and £4,000 in relation to the conversion to IFRS. The

Committee considers whether the skills and experience of the auditor make them a suitable supplier of the non audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of such services. The Board considers that the auditors remain independent.

The external auditors are invited to attend the Audit Committee meetings. At these meetings they have the opportunity to meet with the Committee without representatives of the Investment Manager being present.

Nomination Committee

The Board has a Nomination Committee, chaired by Mr Bernays. The Committee meets when necessary to consider suitable candidates to recommend to the Board for appointment as new directors. All members of the Board are members of the Committee. An external search consultant may be used.

The Investment Manager has no role in the appointment of directors to the Company and the final decision is taken by the Board, all such appointments are subject to confirmation by shareholders.

Management Engagement Committee

There is a Management Engagement Committee, comprising all of the Directors and chaired by Mr Bernays, which considers the remuneration of the Investment Manager and reviews the terms of the investment management and administration contract.

	Formal Board Meetings	Audit Committee Meetings	Management Engagement Committee Meeting
Number of meetings held	6	3	1
Number of meetings attended			
Richard Bernays	6	n/a	1
Simon Beart	6	3	1
Crispin Latymer	5	3	1
Eric Stobart	6	3	1
Harry Westropp	6	3	1

Remuneration of the Chairman and Directors is determined by the Board. It is not considered necessary to have a separate Remuneration Committee as the Directors are not employed by and are not former employees of the Investment Manager. The remuneration of the Chairman and Directors is reviewed against the fees paid to directors of other specialist investment trusts and investment trusts of a comparable size, as well as taking account of any data published by the AIC.

Internal controls

The Board is responsible for the internal controls of the Company and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable, and for regularly monitoring compliance with regulations governing the operation of investment trusts. The Board reviews the effectiveness of the internal

control systems on an ongoing basis to identify, evaluate and manage the Company's significant risks. As part of that process, there are procedures designed to capture and evaluate any failings or weaknesses and should a matter be categorised by the Board as significant, procedures exist to ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Investment Manager and the custodian during the year. There is a monitoring and reporting process to review these controls, which has been in place throughout the year under review and up to the date of this report, carried out by the Investment Manager's corporate audit department which is in accordance with the guidance in the Turnbull Report.

The Investment Manager reports to the Company on its review of internal controls, formally on a semi-annual basis. The Audit Committee also receives a report from the custodian on the internal controls of its custodial operations. The Company does not have its own internal audit function, as all the administration is delegated to the Investment Manager and other third party service providers. This matter is kept under review.

The Board recognises that these control systems can only be designed to manage rather than to eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by the Investment Manager and the custodian.

The Investment Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance at each Board meeting.

The Board and the Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

Financial reporting

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 27, the Report of the Independent Auditor on page 28 and the statement of going concern on page 16.

Socially responsible investment

The Company invests primarily in securities of UK smaller companies which are listed on the main market or traded on AIM. The Board believes that it is important to invest in companies whose boards act responsibly in respect of environmental, ethical and social issues. The Investment Manager's evaluation procedure and financial analysis of the companies within the portfolio includes research and appraisal, and also takes into account environmental policies and other business issues.

Corporate Governance continued

The Investment Manager's policies on Socially Responsible Investment and Corporate Governance are detailed on the website www.blackrock.co.uk/its, in the Investment Trust literature section. The Investment manager is supportive of the UK Stewardship Code which is voluntary and operates on a "comply or explain" basis.

Relations with shareholders

All shareholders have the opportunity to attend and vote at the AGM. The Notice of the AGM sets out the business of the Meeting and any item not of an entirely routine nature is explained in the Directors' Report. The Notice of AGM and related papers are sent to shareholders at least 20 working days before the meeting. Separate resolutions are proposed for substantive issues.

Regular updates on performance are sent to shareholders and the Investment Manager reviews the Company's activities at the AGM, where the Directors, including the Chairman of the Board and the Chairman of the Audit Committee and representatives of the Investment Manager will be available to answer shareholders' queries. Proxy voting figures are announced to the shareholders at the AGM. Proxy voting results will be available on the Investment Manager's website shortly after the Meeting.

The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders, and it also receives reports from its corporate broker.

There is a section within this report entitled "Shareholder Information", on pages 53 to 56, which provides an overview of useful information available to shareholders.

The Company's accounts are also published on www.blackrock.co.uk/its, which is the website maintained by the Investment Manager, BlackRock. The work undertaken by the auditors does not involve consideration of the maintenance and integrity of the website and accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

Disclosure and Transparency Rules

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 14 to 20 because it is information which refers to events that have taken place during the course of the year.

The following is a list of that information:

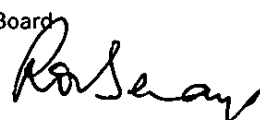
- ▶ Directors' shareholdings,
- ▶ Substantial share interests,
- ▶ Share capital,
- ▶ Share issues, and
- ▶ Share repurchases.

By order of the Board

Richard Bernays

Chairman

4 February 2011



Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those IFRS as adopted by the European Union

Under Company law the Directors must not approve the Group financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that period. In preparing the Group financial statements, the Directors are required to

- ▶ select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently,
- ▶ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- ▶ state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements,
- ▶ provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance, and
- ▶ make judgements and estimates that are reasonable and prudent

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and to enable them to ensure that the Group's financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulations. The Directors are also responsible for ensuring that the Report of the Directors is prepared in accordance with Company law in the United Kingdom and that the Annual Report includes information required by the Listing Rules of the Financial Services Authority. They are also responsible for safeguarding the assets of the Company and the Group and for taking such steps as are reasonably open to them for the prevention and detection of fraud and other irregularities.

The Directors have delegated responsibility to the Investment Manager for the maintenance and the integrity of the Group's corporate and financial information included on the Investment Manager's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors, to the best of their knowledge, state that

- ▶ the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit/(loss) of the Company and the Group, and
- ▶ this Annual Report includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Richard Bernays

4 February 2011

Chairman



Report of the Independent Auditors

to the members of The Throgmorton Trust PLC

We have audited the financial statements of The Throgmorton Trust PLC for the year ended 30 November 2010, which comprise the Consolidated Statement of Comprehensive Income, Group and Company Statements of Changes in Equity, Group and Company Statements of Financial Position, Group and Company Cash Flow Statements, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 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 on page 27, 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 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 Group's and 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 Company's financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 November 2010 and of the Group's net return for the year then ended,
- ▶ the Group's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- ▶ the Company's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and

- ▶ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- ▶ the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- ▶ the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

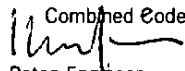
We have nothing to report in respect of the following

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

- ▶ adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- ▶ the Company's 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 on page 16 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



Ratan Engineer

Senior Statutory Auditor

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

4 February 2011

Consolidated Statement of Comprehensive Income

for the year ended 30 November 2010

	Notes	Revenue 2010 £'000	Revenue 2009 £'000	Capital 2010 £'000	Capital 2009 £'000	Total 2010 £'000	Total 2009 £'000
Gains on investments held at fair value through profit or loss	11	-	-	41,570	40,197	41,570	40,197
Net returns on contracts for difference	13	212	142	7,029	1,305	7,241	1,447
Income from investments held at fair value through profit and loss	3	2,380	2,232	-	-	2,380	2,232
Other income	3	4	53	-	-	4	53
Interest on write back of prior years' VAT	3	-	2,469	-	-	-	2,469
Total revenue		2,596	4,896	48,599	41,502	51,195	46,398
Investment management and performance fees	4	(249)	(210)	(6,865)	(981)	(7,114)	(1,191)
Other expenses	5	(399)	(565)	329	532	(70)	(33)
Total operating expenses		(648)	(775)	(6,536)	(449)	(7,184)	(1,224)
Net return before finance costs and taxation		1,948	4,121	42,063	41,053	44,011	45,174
Finance costs	7	(2)	(2)	-	-	(2)	(2)
Costs on redemption of debenture stocks		-	-	-	(30)	-	(30)
Change in tender offer provision		(7)	(1,010)	(174)	1,111	(181)	101
Return on ordinary activities before taxation		1,939	3,109	41,889	42,134	43,828	45,243
Taxation on ordinary activities	8	(8)	(4)	-	-	(8)	(4)
Net return for the year after taxation		1,931	3,105	41,889	42,134	43,820	45,239
Earnings per ordinary share - basic and diluted	10	2 85p	3 86p	61 74p	52 45p	64 59p	56 31p

The total column of this statement represents the Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS, as adopted by the European Union. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. All income is attributable to the equity holders of The Throgmorton Trust PLC. There are no minority interests.

The net return of the Group for the year was £43,820,000 (2009: £45,239,000).

The change in tender offer provision represents the movement in the value of the tender pool between the tender date and the final distribution date to tendering shareholders. Of this change, the movement within the capital column represents the change in market value of tendered investments since the tender date, and the movement within the revenue column represents changes in income on tendered investments that fell due to tendering shareholders. In addition the movement in tender offer provision of £1,010,000 in 2009 included £967,000 relating to interest on VAT recovered in relation to prior years.

The Group does not have any other recognised gains or losses. The net return for the year disclosed above represents the Group's Comprehensive Income.

Statements of Changes in Equity

for the year ended 30 November 2010

Group	Note	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2010								
At 30 November 2009		4,224	35,272	-	11,114	48,954	7,353	106,917
Total Comprehensive Income								
Return for the year		-	-	-	-	41,889	1,931	43,820
Transactions with owners, recorded directly to equity								
Exercise of subscription shares		61	2,147	-	-	-	-	2,208
Cancellation of treasury shares		(791)	-	-	791	-	-	-
Cancellation of share premium account		-	(35,272)	35,272	-	-	-	-
Transfer of assets to tender pool		-	-	-	-	(22,197)	-	(22,197)
Dividends paid and declared (see (a) below)	9	-	-	-	-	-	(3,452)	(3,452)
At 30 November 2010		3,494	2,147	35,272	11,905	68,646	5,832	127,296
For the year ended 30 November 2009								
At 30 November 2008		6,863	35,272	-	8,327	17,872	8,695	77,029
Total Comprehensive Income								
Return for the year		-	-	-	-	42,134	3,105	45,239
Transactions with owners, recorded directly to equity								
Exercise of subscription shares		148	-	-	-	(148)	-	-
Share issue costs		-	-	-	-	(265)	-	(265)
Transfer of assets to tender pool		-	-	-	-	(10,639)	-	(10,639)
Shares purchased and cancelled		(2,787)	-	-	2,787	-	-	-
Dividends paid and declared (see (b) below)	9	-	-	-	-	-	(4,447)	(4,447)
At 30 November 2009		4,224	35,272	-	11,114	48,954	7,353	106,917
Company								
For the year ended 30 November 2010								
At 30 November 2009		4,224	35,272	-	11,114	50,432	5,875	106,917
Total Comprehensive Income								
Return for the year		-	-	-	-	41,892	1,928	43,820
Transactions with owners, recorded directly to equity								
Exercise of subscription shares		61	2,147	-	-	-	-	2,208
Cancellation of treasury shares		(791)	-	-	791	-	-	-
Cancellation of share premium account		-	(35,272)	35,272	-	-	-	-
Transfer of assets to tender pool		-	-	-	-	(22,197)	-	(22,197)
Dividends paid and declared (see (a) below)	9	-	-	-	-	-	(3,452)	(3,452)
At 30 November 2010		3,494	2,147	35,272	11,905	70,127	4,351	127,296
For the year ended 30 November 2009								
At 30 November 2008		6,863	35,272	-	8,327	19,648	6,919	77,029
Total Comprehensive Income								
Return for the year		-	-	-	-	41,836	3,403	45,239
Transactions with owners, recorded directly to equity								
Exercise of subscription shares		148	-	-	-	(148)	-	-
Share issue costs		-	-	-	-	(265)	-	(265)
Transfer of assets to tender pool		-	-	-	-	(10,639)	-	(10,639)
Shares purchased and cancelled		(2,787)	-	-	2,787	-	-	-
Dividends paid and declared (see (b) below)	9	-	-	-	-	-	(4,447)	(4,447)
At 30 November 2009		4,224	35,272	-	11,114	50,432	5,875	106,917

- a Final dividend of 2.20p per share and special dividend of 2.00p per share for the year ended 30 November 2009, declared on 29 January 2010 and paid on 26 March 2010 and Interim dividend of 0.58p per share for the year ended 30 November 2010 declared on 20 July 2010 and paid on 31 August 2010
- b Final dividend of 1.85p per share and special dividend of 3.00p per share for the year ended 30 November 2008, declared on 1 April 2009 and paid on 1 May 2009 and Interim dividend of 0.55p per share for the year ended 30 November 2009 declared on 21 July 2009 and paid on 27 August 2009

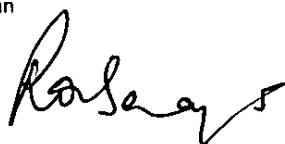
The notes on pages 33 to 50 form part of these financial statements

Statements of Financial Position

as at 30 November 2010

	Notes	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Non current assets					
Investments held at fair value through profit or loss	11	134,627	136,428	105,755	107,553
Current assets					
Other receivables	14	619	619	350	350
Amounts due in respect of contracts for difference	13	8,066	8,066	2,784	2,784
Cash		1,256	653	1,032	17
		9,941	9,338	4,166	3,151
Total assets		144,568	145,766	109,921	110,704
Current liabilities					
Other payables	15	(9,307)	(10,505)	(2,222)	(3,005)
Bank overdraft		-	-	(40)	(40)
Collateral pledged in respect of contracts for difference	13	(7,965)	(7,965)	-	-
Amounts due in respect of contracts for difference	13	-	-	(742)	(742)
		(17,272)	(18,470)	(3,004)	(3,787)
Net assets		127,296	127,296	106,917	106,917
Equity attributable to equity holders					
Share capital	16	3,494	3,494	4,224	4,224
Share premium account	17	2,147	2,147	35,272	35,272
Special reserve	17	35,272	35,272	-	-
Capital redemption reserve	17	11,905	11,905	11,114	11,114
Capital reserves	17	68,646	70,127	48,954	50,432
Revenue reserve	17	5,832	4,351	7,353	5,875
Total equity shareholders' funds		127,296	127,296	106,917	106,917
Net asset value per ordinary share – undiluted	10	212 80p	212 80p	144 26p	144 26p
Net asset value per ordinary share – diluted	10	200 64p	200 64p	144 26p	144 26p

The financial statements on pages 29 to 50 were approved and authorised for issue by the Board of Directors on 4 February 2011 and signed on its behalf by Mr Richard Bernays, Chairman



The Throgmorton Trust PLC
Registered in England, No 594634

The notes on pages 33 to 50 form part of these financial statements

Annual Report and Financial Statements 30 November 2010

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Consolidated Cash Flow Statement

For the year ended 30 November 2010

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Operating activities				
Profit before taxation	43,828	43,828	45,243	45,243
Add back interest paid	165	165	303	303
Gains on investments held at fair value through profit or loss including transaction costs	(48,603)	(48,606)	(41,501)	(41,203)
Net movement on foreign exchange	4	4	(1)	(1)
Net movement in investments held at fair value through profit or loss	95,694	95,694	116,922	116,922
In specie transfer of assets to tendering shareholders	(7,793)	(7,793)	-	-
Purchases of investments held at fair value through profit or loss	(81,828)	(81,828)	(91,155)	(91,155)
(Increase)/decrease in other receivables	(27)	(27)	458	458
(Increase)/decrease in amounts due from brokers	(228)	(228)	595	595
Increase/(decrease) in amounts due to brokers	646	646	(167)	(167)
Increase/(decrease) in other payables	6,390	6,805	(1,410)	(1,708)
Scrip dividends included in investment income	-	-	(5)	(5)
Net cash inflow from operating activities before interest and taxation	8,248	8,660	29,282	29,282
Interest paid	(165)	(165)	(303)	(303)
Taxation on overseas income	-	-	(10)	(10)
Net cash inflow from operating activities	8,083	8,495	28,969	28,969
Financing activities				
Distributions to tender shareholders	(14,286)	(14,286)	(28,306)	(28,306)
Proceeds from exercise of subscription shares	2,208	2,208	-	-
Subscription share issue costs paid	(250)	(250)	-	-
Redemption of debenture stock	-	-	(30)	(30)
Dividends paid	(3,452)	(3,452)	(4,447)	(4,447)
Net cash outflow from financing activities	(15,780)	(15,780)	(32,783)	(32,783)
Decrease in cash and cash equivalents	(7,697)	(7,285)	(3,814)	(3,814)
Effect of foreign exchange rate changes	(4)	(4)	1	1
Change in cash and cash equivalents	(7,701)	(7,289)	(3,813)	(3,813)
Cash and cash equivalents at the start of year	992	(23)	4,805	3,790
Cash and cash equivalents at the end of the year	(6,709)	(7,312)	992	(23)
Comprised of				
Cash	1,256	653	1,032	17
Collateral pledged in respect of contracts for difference	(7,965)	(7,965)	-	-
Bank overdraft	-	-	(40)	(40)
Total	(6,709)	(7,312)	992	(23)

The notes on pages 33 to 50 form part of these financial statements

Notes to the Financial Statements

1 Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010

The Company has two subsidiaries, The Third Throgmorton Trust Limited the principal activity of which was investment dealing in shares and other investments and T T Finance PLC which acted as a financing subsidiary

2 Accounting policies

The policies set out below have been applied consistently throughout the year

(a) Basis of preparation

The financial statements of the Group have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. Insofar as the Statement of Recommended Practice ("SORP") for investment trust companies and venture capital trusts issued by the AIC, revised in January 2009, is compatible with IFRS, the financial statements have been prepared in accordance with guidance set out in the SORP. Previously the financial statements were prepared in accordance with UK Generally Accepted Accounting Practices. These comprise standards and interpretations of the International Accounting Standards and Standard Interpretations Committee as approved by the International Accounting Standards Committee that remain in effect, to the extent that IFRS have been adopted by the European Union.

The functional currency of the Group is UK pounds sterling as this is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise stated.

Group comparative results are presented for all primary statements with effect from this annual reporting date being 30 November 2010.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings, T T Finance PLC and The Third Throgmorton Trust Limited, made up to 30 November 2010. The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Statement of Comprehensive Income and related notes. All of the Group's operations are of a continuing nature.

(c) Presentation of Consolidated Statement of Comprehensive Income

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 Consolidated Statement of Comprehensive Income between items of a revenue and a capital nature has been presented alongside the Consolidated Statement of Comprehensive Income. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006 and section 1158 of the Corporation Tax Act 2010, net capital returns may not be distributed by way of dividend.

(d) Investments held at fair value through profit or loss

The Company's investments are classified as held at fair value through profit or loss in accordance with IAS 39 – Financial Instruments Recognition and Measurement and are managed and evaluated on a fair value basis in accordance with its investment strategy.

All investments are designated upon initial recognition as held at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. The sales of assets are recognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.

The fair value of the long only portfolio is the bid price of the securities, without deduction for estimated future selling costs. Under IFRS, the investments in the subsidiaries are carried at fair value which is deemed to be the total equity of the subsidiaries.

Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines.

These policies apply to all current and non current asset investments of the Company and the Group.

Notes to the Financial Statements continued

2 Accounting policies continued

(d) Investments held at fair value through profit or loss continued

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this heading are transaction costs in relation to the purchase or sale of investments.

(e) Derivatives

Derivatives are held at fair value based either on traded prices or Directors' fair valuation to the extent that traded prices are unavailable. Gains and losses on derivative transactions are recognised in the Consolidated Statement of Comprehensive Income. They are recognised as capital and are shown in the capital column of the Consolidated Statement of Comprehensive Income if they are of a capital nature and are recognised as revenue and shown in the revenue column of the Consolidated Statement of Comprehensive Income if they are of a revenue nature. To the extent that any gains or losses are of a mixed revenue and capital nature, they are apportioned between revenue and capital accordingly.

(f) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

(g) Income

Dividends receivable on equity shares are recognised on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provisions are made for any dividends not expected to be received. Fixed returns on non equity securities are recognised on a time apportionment basis so as to reflect the effective yield on the security.

Interest income is accounted for on an accruals basis.

(h) Expenses

All expenses, including finance costs, are accounted for on an accruals basis. Expenses have been charged wholly to the revenue column of the Consolidated Statement of Comprehensive Income, except as follows:

- ▶ expenses including finance costs which are incidental to the acquisition or disposal of investments are included within the cost of the investments. Details of transaction costs on the purchases and sales of investments are disclosed in note 11 on page 41.
- ▶ the investment management fee has been allocated 75% to the capital column and 25% to the revenue column of the Consolidated Statement of Comprehensive Income in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio.
- ▶ performance fees have been allocated 100% to the capital column of the Consolidated Statement of Comprehensive Income, as performance has been predominantly generated through capital returns from the investment portfolio.
- ▶ BlackRock, has agreed to waive investment management fees of £1,068,000 which includes AXA's termination fee of £444,000 and other costs relating to the change of management and restructuring of the Company of £624,000. The value of this fee waiver benefit has been amortised over the 24 month initial term of the investment management agreement, which is terminable on 6 months notice after an initial 18 month period, and has been allocated to capital. The fee waiver was fully amortised during the year.

(i) Finance costs

Finance costs are accounted for on an accruals basis. Finance costs are allocated, insofar as they relate to the financing of the Company's investments, 75% to the capital column and 25% to the revenue column of the Consolidated Statement of Comprehensive Income in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

(j) Taxation

Deferred taxation is recognised in respect of all temporary differences at the financial reporting 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 financial reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted.

Where expenses are allocated between capital and revenue any tax relief in respect of the expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

(k) Dividends payable

Under IFRS, final dividends, should not be accrued in the financial statements unless they have been approved by shareholders before the financial reporting date. Interim dividends should not be accrued in the financial statements unless they have been paid.

Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been approved by shareholders in the case of a final dividend or paid in the case of an interim dividend, and have become a liability of the Company.

(l) 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 and that are subject to an insignificant risk of changes in value.

3 Income

	2010 £'000	2009 £'000
Investment income		
UK listed dividends	2,161	1,963
Overseas listed dividends	219	269
	2,380	2,232
Other income		
Deposit interest	2	20
Underwriting commission	2	33
	4	53
Interest on VAT refunded	-	2,469
Total	2,384	4,754
Total income comprises		
Dividends	2,380	2,232
Interest	2	20
Other income	2	33
Interest on VAT refunded	-	2,469
	2,384	4,754

Notes to the Financial Statements continued

4 Investment management and performance fees

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	249	748	997	210	628	838
Performance fee	-	6,117	6,117	-	353	353
Total	249	6,865	7,114	210	981	1,191

The terms of the investment management agreement with BlackRock provide for a basic management fee, payable quarterly in arrears, of 0.7% per annum on the gross asset value of the Company's long only portfolio plus the gross value of the underlying equities, long and short, to which the Company is exposed through the CFD portfolio. In addition, BlackRock is entitled to a performance fee of 12.5% of any net asset value (total return) outperformance against the Hoare Govett Small Companies plus AIM (ex Investment Companies) Index. The performance fee is subject to a high watermark such that, if in a performance period the Company underperforms the Index, in a future performance period a performance fee is only payable on the net asset value return that represents the net outperformance. In addition, the performance fee in any performance period will be capped at 4.99% of the average value of the Company's assets.

Performance fees have been wholly allocated to the capital column of the Consolidated Statement of Comprehensive Income as the performance has been predominantly generated through capital returns from the investment portfolio. As at 30 November 2010, there was a performance fee payable to the Investment Manager of £6,117,000 (2009: £353,000).

The net asset value and share price performance with income reinvested which have been disclosed in the financial highlights on page 3 include the subscription share reinvestment, assuming the subscription share entitlement per share was sold and the proceeds reinvested on the first day of trading. This reinvestment factor has been excluded from the calculation of the total return for the purposes of calculating the performance fee. In addition, the accounting adjustments relating to the management fee waiver and the basic management fee have also been excluded from the performance fee computation. After adjusting for these factors, changes in capital structure, material inflows and outflows and including the impact of the reinvestment of dividends paid in the period, the cum-income, total return NAV used to calculate the performance fee amounted to 231.14p, generating outperformance of 34.3% above the benchmark index and a performance fee of £6,117,000.

BlackRock has agreed to waive the management fees payable by the Company up to the level of transition and restructuring costs of £1,068,000. This fee waiver benefit has been amortised over the initial period of the management contract of 24 months. A credit of £309,000 (2009: £532,000) has been applied to termination costs in the capital column of the Consolidated Statement of Comprehensive Income. The fee waiver was fully amortised during the year.

5 Other operating activities

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Other operating expenses						
Auditors' remuneration						
- audit services ^(a)	28	-	28	28	-	28
- other services	9	-	9	25	-	25
Registrar's fee	55	-	55	41	-	41
Directors' remuneration	100	-	100	106	-	106
Termination costs	-	(329)	(329)	-	(532)	(532)
Other administrative costs	207	-	207	365	-	365
	399	(329)	70	565	(532)	33

(a) Auditors' remuneration - other services comprised £9,000 of which £5,000 relate to the interim review and £4,000 relate to services in respect of the conversion to IFRS. Fees of £25,000 (2009: £40,000) were also paid to Ernst & Young in respect of non-audit services provided in relation to the tender offer (2009: tender offer and subscription share issue). These fees were charged directly to the capital reserve in line with all other tender costs.

	2010	2009
(b) The Company's total expense ratio ("TER"), calculated as a percentage of average net assets and using expenses, excluding performance fee, interest costs and VAT written back ^(a)	1.2%	1.3%

(b) The Company's TER was calculated using total expenses of £1,396,000 (comprising of investment management fees totalling £997,000 and other operating expenses of £399,000) and average net assets of £117,107,000.

BlackRock has agreed to waive the management fees payable by the Company up to the level of transition and restructuring costs of £1,068,000. This fee waiver benefit has been amortised over the initial period of the management contract of 24 months. A credit of £309,000 (2009: £532,000) has been applied to termination costs in the capital column of the Consolidated Statement of Comprehensive Income. The fee waiver was fully amortised during the year.

6 Directors' emoluments

The aggregate emoluments of the Directors, excluding VAT, where applicable, for the year ended 30 November 2010 were £100,000 (2009: £106,000). The emoluments of the Chairman, who was also the highest paid Director, were £30,000 (2009: £30,000). The Company does not have a share option scheme or any incentive scheme. No pension contributions were made in respect of the Directors. There were no employees other than the Directors.

Details of the Directors' emoluments are given in the Directors' Remuneration Report on pages 21 and 22.

7 Finance Costs

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overdraft interest	2	-	2	2	-	2
	2	-	2	2	-	2

Finance costs are allocated, insofar as they relate to financing the Company's investments, 75% to the capital column and 25% to the revenue column of the Consolidated Statement of Comprehensive Income, to reflect the Directors' expected long term split of returns from the investment portfolio.

Notes to the Financial Statements continued

8 Taxation

a) Analysis of charge in the year

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Overseas tax	8	-	8	4	-	4
Total tax (note 8(b))	8	-	8	4	-	4

b) Factors affecting current taxation charge for the year

The taxation assessed for the period is lower than the standard rate of corporation tax in the UK for a large company of 28% (2009 28%). The differences are explained below

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before tax	1,939	41,889	43,828	3,109	42,134	45,243
Return on ordinary activities multiplied by standard rate of corporation taxation at 28% (2009 28%)	543	11,729	12,272	871	11,797	12,668
Effects of						
UK dividend income	(605)	-	(605)	(554)	-	(554)
Non-taxable stock dividends	-	-	-	(1)	-	(1)
Non-taxable overseas dividends	(41)	-	(41)	(21)	-	(21)
Utilisation of taxation losses	(79)	-	(79)	(581)	114	(467)
Disallowable expenses	4	-	4	-	-	-
Income taxable in different periods	-	-	-	3	-	3
Withholding tax suffered	8	-	8	4	-	4
Disallowed loss on redemption of debenture	-	-	-	-	8	8
Disallowed/non-taxable charge in tender offer provision	2	49	51	283	(311)	(28)
Capital gains not taxable/losses not allowable	176	(11,778)	(11,602)	-	(11,608)	(11,608)
	(535)	(11,729)	(12,264)	(867)	(11,797)	(12,664)
Current taxation charge (note 8 (a))	8	-	8	4	-	4

c) At 30 November 2010 the Company had net surplus management expenses of £42.2 million (2009 £34.7 million), a non-trade loan relationship deficit of £47.6 million (2009 £47.9 million) giving total unutilised losses of £89.8 million (2009 £82.6 million). A deferred tax asset has not been recognised in respect of these losses because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses, loan relationship deficits or eligible unrelieved foreign tax. There was an unrecognised deferred tax asset of £24.3 million at the financial reporting date (2009 £23.1 million).

Due to the Company's intention to meet the conditions required to obtain approval under section 1158 of the Corporation Tax Act 2010, it has not provided deferred tax on any capital gains or losses.

9 Dividends

Dividends paid or proposed on equity shares	Record date	Payment date	2010 £'000	2009 £'000
2008 final of 1 85p	3 April 2009	1 May 2009	-	1,523
2008 special of 3 00p	3 April 2009	1 May 2009	-	2,471
2009 interim of 0 55p	31 July 2009	27 August 2009	-	453
2009 final of 2 20p	19 February 2010	26 March 2010	1,631	-
2009 special of 2 00p	19 February 2010	26 March 2010	1,482	-
2010 interim of 0 58p	30 July 2010	31 August 2010	339	-
			3,452	4,447

The Directors have proposed a final dividend of 2 42p per share (2009 Final 2 20p, special 2 00p) The dividend will be paid, subject to shareholders approval on 25 March 2011, to shareholders on the Company's register on 18 February 2011 The proposed final dividend has not been included as a liability in these financial statements as final dividends are only recognised in the financial statements when they have been approved by shareholders

The total dividends payable in respect of the year which form the basis of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts proposed, meet the relevant requirements as set out in the legislation and are as follows

	2010 £'000	2009 £'000
Dividends paid or proposed on equity shares		
Interim paid 0 58p (2009 0 55p)	339	453
Final proposed of 2 42p* (2009 2 20p)	1,471	1,631
Special dividend of 0 00p* (2009 2 00p)	-	1,482
	1,810	3,566

* based upon 60,797 273 ordinary shares

Notes to the Financial Statements continued

10 Consolidated return and net asset value per ordinary share

Revenue and capital returns per share are shown below and have been calculated using the following

	2010	2009
Net revenue return attributable to continuing ordinary shareholders (£'000)	1,931	3,105
Net capital return attributable to continuing ordinary shareholders (£'000)	41,889	42,134
Total equity attributable to continuing ordinary shareholders (£'000)	43,820	45,239
Total equity (£'000)	127,296	106,917
The weighted average number of ordinary shares in issue during each year, on which the return per ordinary share was calculated, was	67,839,455	80,343,189
The number of ordinary shares in issue at the end of the year, on which the undiluted net asset value was calculated, was	59,819,714	74,116,108
The number of ordinary shares in issue at the end of the year, on which the diluted net asset value was calculated, was	73,130,326	88,939,009
Actual number of subscription shares in issue at the year end	13,310,612	14,822,901
Undiluted		
Revenue earnings per share	2 85p	3 86p
Capital earnings per share	61 74p	52 45p
Total earnings per share	64 59p	56 31p
Net asset value per share	212 80p	144 26p
Diluted		
Revenue earnings per share	2 85p	3 86p
Capital earnings per share	61 74p	52 45p
Total earnings per share	64 59p	56 31p
Net asset value per share	200 64p	144 26p
Ordinary share price	163 00p	115 75p
Subscription share price	24 25p	8 00p

At the year end, the Company had in issue 13,310,612 subscription shares which confer the right to subscribe at set times for all or any of the ordinary shares to which the subscription shares relate at a price of 146p per share. As the Company's NAV was in excess of the exercise price, the subscription shares are considered to be dilutive and a fully diluted NAV per share was calculated by adjusting the total equity for consideration receivable on the exercise of all subscription shares in existence at the time. There was no dilution to the earnings per share as the average share price of the ordinary shares was below the exercise price of the subscription shares.

11 Investments held at fair value through profit or loss

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
UK equity listed investments held at fair value	79,749	79,749	70,368	70,368
Dublin equity listed investments held at fair value (cash fund)	721	721	14	14
AIM traded stocks	54,157	54,157	35,373	35,373
Total equity investments	134,627	134,627	105,755	105,755
Investments in subsidiaries	-	1,801	-	1,798
	134,627	136,428	105,755	107,553
Valuation at 1 December 2009	105,755	107,553	90,946	93,042
Investment holding (gains)/losses at 1 December 2009	(5,540)	(7,018)	66,752	64,976
Opening cost of equity investments	100,215	100,535	157,698	158,018
Acquisitions at cost	80,353	80,353	90,836	90,836
Disposals proceeds	(93,055)	(93,055)	(116,223)	(116,223)
Gains/(losses) on sales	16,260	16,260	(32,096)	(32,096)
Cost at 30 November 2010	103,773	104,093	100,215	100,535
Investment holding gains	30,854	32,335	5,540	7,018
Valuation of equity investments at 30 November 2010	134,627	136,428	105,755	107,553

During the year transaction costs of £341,000 were incurred on the acquisition of investments (2009 £343,000). Costs relating to disposals of investments during the year amounted to of £82,000 (2009 £93,000). All transactions costs have been included within the capital column of the Consolidated Statement of Comprehensive Income. The Group and Company investments are identical with the exception of the Company's equity investment in its subsidiaries which amounted to £1,801,000 (2009 £1,798,000).

Gains on investments held at fair value through profit or loss

	2010 £'000	2009 £'000
Gains/(losses) on sales	16,260	(32,096)
Changes in investment holdings gains	25,314	72,292
(Losses)/gains on foreign currency translations	(4)	1
	41,570	40,197

12 Investment in subsidiary undertakings

At 30 November 2010, the Company had two wholly owned subsidiaries which are registered in England and Wales. The Third Throgmorton Trust Limited and T T Finance PLC were incorporated on 6 January 1956 and 8 July 1985 respectively.

	Description of shares	Authorised and issued share capital		Principal activity
		2010	2009	
The Third Throgmorton Trust Limited	£1	£70,000	£70,000	Share dealing
T T Finance PLC	£1	£50,000	£50,000	Financing

Under IFRS the investments in the subsidiaries are carried at fair value which is deemed to be the total equity value of The Third Throgmorton Trust Limited which amounts to £504,000 (2009 £506,000) and T T Finance PLC which amounts to £1,297,000 (2009 £1,292,000).

Notes to the Financial Statements continued

13 Derivatives

Whilst the Company may use a variety of derivative contracts, the only derivatives entered into during the year were contracts for difference under a master agreement with the Company's CFD counterparty BMLI to enable the Company to gain long and short exposure to individual securities through CFDs. CFDs are synthetic equities and are valued by reference to the investments' underlying market values.

The sources of the returns under the derivative contract (e.g. notional dividends, financing costs, interest returns and capital changes) are allocated to the revenue and capital accounts in alignment with the nature of the underlying source of income and in accordance with the guidance given in the AIC SORP. Notional dividend income or expense arising on long or short positions is apportioned wholly to the revenue account. Notional interest income on short positions is allocated wholly to the revenue account. Notional interest expense on long positions is apportioned between revenue and capital in accordance with the Board's long term expected returns of the Company (currently determined to be 25% to the revenue account and 75% to capital reserves). Changes in value relating to underlying price movements of securities in relation to CFD exposures are allocated to capital reserves. A summary of the various sources of return on the derivative contract is given in the table below.

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net realised and unrealised gains relating to underlying price movements	-	7,188	7,188	-	1,551	1,551
Notional dividend income on long positions	47	-	47	196	-	196
Notional dividend expense on short positions	(319)	-	(319)	(288)	-	(288)
Notional interest income on short positions	537	-	537	316	-	316
Notional interest expense on long positions	(53)	(159)	(212)	(82)	(246)	(328)
Total return on derivative contracts for the period	212	7,029	7,241	142	1,305	1,447

The net fair value of the CFDs at 30 November 2010 was £8,066,000 (2009 £2,042,000), comprising revaluation gains of £8,066,000 (2009 £2,784,000) recorded in current assets and revaluation losses of nil (2009 £742,000) recorded in creditors. Net realised gains of £1,164,000 (2009 £375,000) comprised realised gains of £4,017,000 (2009 £4,141,000) and realised losses of £2,853,000 (2009 £3,766,000).

14 Other receivables

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Sales for future settlement	427	427	199	199
Prepayments and accrued income	117	117	90	90
Taxation recoverable	44	44	30	30
Other receivables	31	31	31	31
	619	619	350	350

15 Other payables

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Purchases for future settlement	927	927	281	281
Amounts owed to subsidiaries	-	1,198	-	783
Subscription share issue costs payable	15	15	265	265
Tender costs payable	647	647	348	348
Other payables	7,718	7,718	1,328	1,328
	9,307	10,505	2,222	3,005

16 Share capital

	Continuing ordinary shares in issue number	Tender shares number	Treasury shares number	Subscription shares in issue number	Total shares number	£'000
Allotted, called up and fully paid share capital comprised						
Ordinary shares of 5p each						
At 1 December 2009	74,116,108	-	7,400,000	14,822,901	96,339,009	4,224
Shares cancelled from treasury on 26 July 2010	-	-	(7,400,000)	-	(7,400,000)	(370)
Tendered - June 2010	(15,808,683)	15,808,683	-	-	-	-
Cancelled/transferred to treasury on 30 July 2010 following tender offer	-	(15,808,683)	7,400,000	-	(8,408,683)	(421)
	58,307,425	-	7,400,000	14,822,901	80,530,326	3,433
Subscription shares of 1p each						
Conversion of subscription shares into ordinary shares	1,512,289	-	-	(1,512,289)	-	61
	1,512,289	-	-	(1,512,289)	-	61
At 30 November 2010	59,819,714	-	7,400,000	13,310,612	80,530,326	3,494

With the exception of the July 2010 tender offer no ordinary shares were purchased or cancelled in the year (2009 nil, with the exception of the August 2009 tender offer). On 26 July 2010, 7,400,000 ordinary treasury shares were cancelled. On 30 July 15,808,683 ordinary shares were tendered and 8,408,683 shares were cancelled (2009 8,235,089) and 7,400,000 shares were transferred to treasury. 5,675,770 ordinary shares were purchased pursuant to the in specie distribution and a further 10,132,913 ordinary shares were purchased under the cash exit option. During the year the Company has issued a total of 1,512,289 ordinary shares, following the conversion of subscription shares into ordinary shares for a total consideration of £2,208,000. Following the latest conversion opportunity on 31 January 2011, a further 977,559 ordinary shares were issued on 2 February 2011, subject to listing on 7 February 2011, for a total consideration of £1,427,000. Following the listing of the additional shares, the Company will have 60,797,273 ordinary shares (excluding 7,400,000 shares currently held in treasury) and 12,333,053 subscription shares in issue.

The subscription shares were allotted as a bonus issue to ordinary shareholders on 30 September 2009, on the basis of one subscription share for every five ordinary shares. Each subscription share confers the rights but not the obligation to subscribe for one ordinary share, at a pre-determined price of 146p per ordinary share, exercisable quarterly on 30 April, 31 July and 31 October 2011, after which the rights of the subscription shares will lapse.

The ordinary shares (including new ordinary shares issued as a result of the exercise of subscription share rights) carry the right to receive any dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of ordinary shares.

The subscription shares do not carry the right to receive any dividends and do not have any voting rights. There are no restrictions on the transfer of the subscription shares.

Notes to the Financial Statements continued

17 Reserves

Group	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (arising on investments sold) £'000	Capital reserve (arising on revaluation of investments held) £'000	Revenue reserve £'000
At 1 December 2009	35,272	-	11,114	41,372	7,582	7,353
Movement during the year						
Cancellation of treasury shares	-	-	791	-	-	-
Revenue return for the year	-	-	-	-	-	1,719
Cancellation of share premium account	(35,272)	35,272	-	-	-	-
Transfer to tender pool	-	-	-	(22,197)	-	-
Change in value of tender pool	-	-	-	(174)	-	-
Exercise of subscription shares	2,147	-	-	-	-	-
Gains on realisation of investments	-	-	-	16,260	-	-
Change in investment holding gains	-	-	-	-	25,314	-
Loss on foreign currency transactions	-	-	-	(4)	-	-
Gains on contracts for difference	-	-	-	1,005	6,024	212
Finance costs, investment management and performance fee charged to capital after taxation	-	-	-	(6,536)	-	-
Dividends paid during the year	-	-	-	-	-	(3,452)
At 30 November 2010	2,147	35,272	11,905	29,726	38,920	5,832

Company	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (arising on investments sold) £'000	Capital reserve (arising on revaluation of investments held) £'000	Revenue reserve £'000
At 1 December 2009	35,272	-	11,114	41,372	9,060	5,875
Movement during the year						
Cancellation of treasury shares	-	-	791	-	-	-
Revenue return for the year	-	-	-	-	-	1,716
Cancellation of share premium account	(35,272)	35,272	-	-	-	-
Transfer to tender pool	-	-	-	(22,197)	-	-
Change in value of tender pool	-	-	-	(174)	-	-
Exercise of subscription shares	2,147	-	-	-	-	-
Gains on realisation of investments	-	-	-	16,260	-	-
Change in investment holding gains	-	-	-	-	25,317	-
Loss on foreign currency transactions	-	-	-	(4)	-	-
Gains on contracts for difference	-	-	-	1,005	6,024	212
Finance costs, investment management and performance fee charged to capital after taxation	-	-	-	(6,536)	-	-
Dividends paid during the year	-	-	-	-	-	(3,452)
At 30 November 2010	2,147	35,272	11,905	29,726	40,401	4,351

The special reserve arising on the cancellation of the share premium account may be used as distributable profits for all purposes and in particular the acquisition by the Company of its own ordinary shares

18 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to achieve its investment objective as stated on page 1. In pursuing its investment objective, the Group is exposed to a variety of risks that could result in either a reduction in the Group's net assets or a reduction in the revenue available for distribution by the way of dividends.

These financial risks, including market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk, and the Directors' approach to the management of them, are set out below. The Investment Manager, in close cooperation with the Board of Directors, coordinates the Group's risk management. The objectives, policies and processes for managing these risks, and the methods used to manage these risks are set out below and they have not changed from the previous accounting period.

(i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate due to changes in market prices. This market price risk comprises currency risk (see note 18(ii)), interest rate risk (see note 18(iii)) and market price risk (see note 18(iv)). The Board of Directors reviews and agrees policies for managing these risks. The Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(ii) Currency risk

As the Group's objective is to achieve capital growth for shareholders through investment mainly in smaller UK quoted companies, substantially all of the Group's assets are sterling denominated. From time to time the Group may hold an overseas line of stock to the extent that the underlying investment has exposure to the UK market, and consequently at any time a very small proportion of the Group's assets, liabilities and income may be denominated in currencies other than sterling (the Group's functional currency and that in which it reports its results).

There were no material non-sterling denominated investments held within the Group's portfolio at 30 November 2010 and consequently no currency exposure in this respect.

(iii) Interest rate risk

Interest rate risk movements may affect

- the level of income receivable from fixed interest securities and cash at bank and on deposit, and
- the interest payable on the Company's variable rate borrowings.

The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's equity. Movements in interest rates will also have an impact on the valuation of the CFD derivative contract, see below for further details.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing. The Group, generally, does not hold significant cash balances, with short term borrowings being used when required. The Company finances part of its activities through securitised debt cash balances with the prime broker which is monitored by the Investment Manager.

Notes to the Financial Statements continued

18 Financial risk management policies and procedures continued

(iii) Interest rate risk continued

Interest rate exposure

The exposure at 30 November 2010 of financial assets and financial liabilities, all due within one year, to interest rate risk is shown in the table below with reference to floating interest rates – where the interest rate is due to be re-set

	2010 Due Within one year £'000	2009 Due Within one year £'000
Exposure to floating interest rates		
CFD derivative contract		
– Notional long positions	21,117	19,505
– Notional short positions	(9,545)	(9,534)
BlackRock's Institutional Cash Fund	721	14
Cash at bank	1,256	1,032

The Group is exposed to interest rate risk on positions within the CFD portfolio. The Company incurs a charge based on LIBOR plus 25 basis points for long positions and receives a benefit based on LIBOR minus 35 basis points for short positions. Notional interest is determined on a gross basis, i.e. for this purpose long and short positions or exposures within the master agreement are not netted. Further details of notional interest arising in the year in relation to the CFD portfolio are given in note 13.

The Group has exposure to interest rate risk on its holding in BlackRock's Institutional Cash Fund ("the Cash Fund"), in relation to the continuing portfolio's holding in this fund. Interest received on this holding in the year was on average 0.30%.

Interest received on cash balances, or paid on bank overdrafts respectively, was approximately 0.15% and 1.7% per annum (2009: 0.95%, 1.07%). The Group has exposure to interest rate risk in respect of cash holdings attributable to the continuing portfolio.

The above year end amounts are not representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made, borrowings are drawn down and repaid, and the mix of borrowings between floating and fixed interest rates change.

Interest rate sensitivity

The Group is not materially exposed to changes in interest rates.

(iv) Market price risk

Market price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the quoted and unquoted investments. The Group's equity investments are susceptible to market price risk arising from uncertainties about future prices of the investments. In addition, the Group has exposure to market price risk relating to the positions within the CFD portfolio.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Investment Manager's compliance with the Company's objectives and is directly responsible for investment strategy.

The Company's exposure to other changes in market prices at 30 November 2010 on its equity investments, excluding its holding in the Cash Fund, was £133,906,000 (2009: £105,741,000). The Company's net exposure to these price changes through its CFD portfolio was £11,572,000 (2009: £9,971,000) (see note 18(xi)).

Concentration of exposure to market price risks

An analysis of the Company's fifty largest investments, and sector analysis, is shown on pages 8 to 11. At 30 November 2010, this shows the majority of the investments' value is in UK companies. Accordingly, there is concentration of exposure to the UK, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

The sensitivity of the return after taxation for the year and the equity to an increase or decrease of 20% in the fair values of the Company's net assets is given below. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Group's equities and equity exposure through CFDs at each reporting date, with all other variables held constant.

The impact of a 20% movement in the value of investments on the Company's accounts is given in the table below.

	20% increase in value of investments			20% decrease in value of investments		
	Capital £'000	Revenue £'000	Total £'000	Capital £'000	Revenue £'000	Total £'000
Price sensitivity analysis						
Equity portfolio	26,784	(47)	26,737	(26,784)	47	(26,737)
CFD portfolio	2,301	(4)	2,297	(2,301)	4	(2,297)
Total	29,085	(51)	29,034	(29,085)	51	(29,034)

(v) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

The Group maintains a diversified portfolio consisting almost entirely of securities which are listed on the Official List and admitted to trading on the main market of the London Stock Exchange, or are traded on the AIM. In general the Company does not have holdings that are unduly large in individual securities. Nevertheless, the Company, by the very nature of its investment objective, invests in smaller companies, and liquidity in such securities can from time to time, become constrained, making the investment difficult to realise at, or near, published market prices. The Investment Manager has regard to the liquidity of individual securities when making investment decisions and the Company manages its liquid resources to ensure that sufficient cash is available to meet its contractual commitments.

The Board of Directors gives guidance to the Investment Manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should remain fully invested in normal market conditions and that short term borrowings be used to fund short term cash requirements.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 30 November based on the earliest date on which payment can be required were as follows:

	2010 Less than 1 year £'000	2009 Less than 1 year £'000
Collateral pledged in respect of contracts for difference	7,965	-
Amounts due in respect of contracts for difference	-	742
Bank overdraft	-	40
Other payables	9,307	2,222

The Directors are satisfied that the liquidity of the Company's investment portfolio is sufficient to meet its financial liabilities.

Notes to the Financial Statements continued

18 Financial risk management policies and procedures continued

(vi) Credit risk

The failure of the counterparty to a transaction to discharge its obligations under the transaction could result in the Group suffering a loss

Management of the risk

The risk is managed as follows

- The Company only buys and sells through brokers which have been approved by the Investment Manager as an acceptable counterparty. The creditworthiness of counterparties is reviewed by BlackRock's Credit and Control Committee prior to trading, and is monitored on an ongoing basis. Limits are set on the amount that may be due from any one broker.
- The credit ratings of banks that the Company holds cash with are reviewed and monitored regularly by BlackRock's independent risk management team. Levels of cash on deposit are reviewed daily and any significant amounts of surplus cash are invested in stable NAV money market funds which aim to preserve capital and provide liquidity and yield.
- Cash balances with the custodian are monitored daily and any significant balances are invested into stable NAV money market funds.
- The credit position with the Company's prime broker is reviewed daily by the Investment Manager, BlackRock and their independent risk management team.
- With the proposed investment strategy for the Company there is limited leverage (30% of gross assets of the long only portfolio) and no intended physical stock loan.

In summary, the exposure to credit risk at 30 November 2010 was

	2010			2009
	£'000	Counterparty	Credit rating	£'000
Cash held at CFD counterparty	-	BMLI	A+(Standard & Poors)	-
Cash at bank	1,256	HSBC	AA (Standard & Poors)	1,032
Institutional Cash Fund	721	BlackRock's Institutional Cash Fund	AAA (Standard & Poors)	14
CFD portfolio	8,066	BMLI	A+(Standard & Poors)	2,784
	10,043			3,830

The master agreement covering the CFD portfolio offers the right of set-off on a termination event. The CFD exposure net of positions with revaluation gains is £8,066,000 (2009: £2,042,000).

(vii) Fair values of financial assets and financial liabilities

Investments are held at fair value through profit or loss. All current liabilities are held in the Statement of Financial Position at a reasonable approximation of fair value.

(viii) Fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 7 fair value hierarchy

Financial assets at fair value through profit or loss at 30 November 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity Investments	134,627	-	-	134,627
Contracts for difference	-	8,066	-	8,066
Total	134,627	8,066	-	142,693

(ix) Fair value hierarchy disclosures

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data

There have been no transfers between levels during the year

The valuation techniques used by the Group are explained in the accounting policies note on page 33

(x) Capital management policies and procedures

The Group's capital management objectives are to

- ensure it will be able to continue as a going concern, and
- secure long term capital growth and an attractive total return primarily through investing in quoted securities in the UK, as well as through investment in a portfolio of contracts for differences and/or comparable equity derivatives

This is to be achieved through an appropriate balance of equity capital and gearing. The policy is that any leverage arising through the Company's CFD portfolio, should not exceed 30% of gross assets held in the long only portfolio. Additionally net cash borrowings should not exceed 20% of gross assets

(xi) Risks associated with derivatives

The Group may utilise both exchange traded and over-the-counter derivatives, including, but not limited to, CFDs, as part of its investment policy. These instruments can be highly volatile and potentially expose investors to a higher risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or loss which is high in proportion to the value of the net exposures in the underlying CFD positions. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

The Company's current investment strategy specifically utilises CFDs. The Company limits the gross market exposure, and therefore the leverage, of this strategy to approximately 30% of the Company's long only portfolio value. The CFDs utilised have a linear performance to referenced stocks quoted on exchanges and therefore have a volatility profile similar to the underlying stocks.

Notes to the Financial Statements continued

18 Financial risk management policies and procedures continued

(xi) Risks associated with derivatives continued

Management of the risk

- Economic exposure through derivatives is restricted to approximately 30% of the gross asset value of the Company's long only portfolio. The gross value represents the aggregate of the long and short exposures without netting and so within this limit market exposure may be significantly less.
- Exposures are monitored daily by the Investment Manager, BlackRock, and its independent risk management team. The Company's Board also reviews exposures regularly.
- The CFD positions are diversified, comprising 63 positions (2009: 63) as at 30 November 2010.

The gross underlying notional exposures within the CFD portfolio at 30 November 2010 were

	2010 £'000	% of long only equity portfolio
CFDs - gross exposure relating to short positions	9,545	7.1
CFDs - gross exposure relating to long positions	21,117	15.7
Gross economic exposure subject to a 30% restriction (see above)	30,662	22.8
Net market exposure	11,572	8.6

The economic exposures within the CFD portfolio can be closed out at any time by the Company with immediate effect.

Details of securities and exposures to market risk, interest rate risk and credit risk implicit within the CFD portfolio are given in note 18(i), (iii) and (vi).

19 Related party disclosure

The related party transaction with BlackRock Investment Management (UK) Limited is set out in the Directors' Report on pages 15 and 16. The related party transactions with the Directors are set out in the Directors' Report on pages 16 and 17 and the Directors' Remuneration report on pages 21 and 22.

The investment management fee for the year charged by BlackRock was £997,000 (2009: £838,000). In addition a performance fee was payable of £6,117,000 (2009: £353,000). BlackRock agreed to waive management fees payable by the Company up to the level of transition and restructuring costs of £1,068,000. At the year end, an amount of £7,362,000 was outstanding in respect of management and performance fees, net of the management fee waiver (2009: £905,000).

The Company's CFD counterparty BMLI, is associated with BlackRock. At the year end, the Company had a cash balance of nil (2009: an overdrawn cash balance of £40,000) with the CFD counterparty. The Company also had an investment in BlackRock's Institutional Cash Fund of £721,000 (2009: £14,000) at the year end.

Analysis of Ordinary Shareholders

30 November 2010

By type of holder

	Number of shares	% of total 2010	% of total 2009	Number of holders	% of total 2010	% of total 2009
Direct private investors	6,395,413	9.5	8.7	1,230	72.1	71.3
Banks and nominee companies	49,652,968	73.9	70.0	411	24.1	24.9
Treasury shares	7,400,000	11.0	9.1	1	0.1	0.0
Others	3,771,333	5.6	12.2	64	3.7	3.8
	67,219,714	100.0	100.0	1,706	100.0	100.0

By size of holding

	Number of shares	% of total 2010	% of total 2009	Number of holders	% of total 2010	% of total 2009
1 – 10,000	4,529,724	6.7	6.1	1,335	78.3	77.3
10,001 – 100,000	7,657,164	11.4	10.9	306	17.9	18.5
100,001 – 1,000,000	17,078,475	25.4	26.3	51	3.0	3.3
1,000,001 – 5,000,000	30,554,351	45.5	47.6	13	0.7	0.8
Over 5,000,000	7,400,000	11.0	9.1	1	0.1	0.1
	67,219,714	100.0	100.0	1,706	100.0	100.0

Management & Administration

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Computershare Investor Services PLC*#
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone 0870 707 4016

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Custodian and Banker

Bank of New York Mellon*
One Canada Square
London E14 5AL

Stockbrokers

Oriel Securities*
125 Wood Street
London EC2V 7AN

Solicitors

Stephenson Harwood
One, St Paul's Churchyard
London EC4M 8SH

Savings Plan and ISA Administrator

Freepost RLTX - KHUH - KZSB
BlackRock Investment Management (UK) Limited*
PO Box 9036
Chelmsford CM99 2XD
Telephone 0800 44 55 22

* Authorised and regulated by the Financial Services Authority

Replaced Capita Registrars as the Company's registrars with effect from 1 December 2010

Shareholder Information

Financial calendar

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below

February

Preliminary results announced and annual report and financial statements published

March

Annual General Meeting
Final dividend paid

July

Interim figures announced and half yearly financial report published

September

Interim dividend paid

Dividend

The proposed final dividend in respect of the year ended 30 November 2010 is 2.42 pence per share

Ex-dividend date (shares transferred without the dividend)	16 February 2011
Record date (last date for registering transfers to receive the dividend)	18 February 2011
Dividend payment date	25 March 2011

Subscription shares exercise dates

Notice to exercise the subscription share rights may be given quarterly on each of 30 April, 31 July, and 31 October 2011, inclusive

The subscription price, being equal to the unaudited published NAV attributable to one ordinary share as at 5.00 pm on 30 September 2009 plus a 1% premium rounded up to the nearest whole penny, is 146.00 pence

Exercise of subscription share rights

Conversion of shares held in certificated form

Shareholders who hold their shares in certificated form and wishing to exercise their subscription share rights should refer to the instructions on the reverse of the subscription share certificate(s)

Shareholders must lodge the relevant subscription share certificate(s) at the office of the Company's Registrar, Computershare Priority Applications, Corporate Actions, Bristol BS99 6AJ during the period of 30 days ending on the Business Day prior to the relevant Subscription Date, having completed the notice of exercise of Subscription Share Rights accompanied by a remittance for the total subscription price for the ordinary shares in respect of which the subscription share Rights are being exercised

Ordinary shares issued pursuant to the exercise of subscription share rights which are conferred by any certificated subscription shares will be allotted within 10 business days of the first business day of the calendar month following the month in which the relevant notice of exercise of subscription share rights is given, save in the case of the final subscription date when the relevant ordinary shares will be allotted not later than 14 business days from the final subscription date

Conversion of shares held in uncertificated form

Shareholders holding shares in uncertificated form wishing to exercise their subscription share rights are required to send an uncertificated subscription notice via a USE message, using the following CREST information, during the period of 30 days ending on the Business Day prior to the relevant Subscription Date

CREST Participant ID – ORA52 CREST Member Account ID – WARTHROG

Subscription Shares held through the BlackRock Stocks and Shares ISA or Savings Plan

Investors holding shares through the BlackRock Stocks and Shares ISA or Savings Plan wishing to exercise their Subscription Share Rights should download the Savings Plan Notice of Exercise of Subscription Share Rights, complete and return it to the address at the top of the form. Forms must be received at least 7 business days before the relevant subscription date

Ordinary shares issued pursuant to the exercise of subscription share rights held through the BlackRock Stocks and Shares ISA or Share Plan will be issued within 10 business days of the relevant subscription date

Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website www.investorcentre.co.uk, on 0870 707 4016 or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Tax vouchers will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date

Dividend reinvestment scheme ("DRIP")

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website www.investorcentre.co.uk, or on 0870 707 4016. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 4 March 2011

Shareholder Information continued

Share price

The Company's mid-market ordinary and subscription share prices are quoted daily in The Financial Times and The Times under "Investment Companies" and in The Daily Telegraph under "Investment Trusts". The share price is also available on the BlackRock website at www.blackrock.co.uk/its

ISIN/SEDOL numbers

The ISIN/SEDOL numbers and mnemonic codes for the Company's shares are

	Ordinary Shares	Subscription Shares
ISIN	GB000891055	GB000B44STM29
SEDOL	0891055	B44STM2
Reuters Code	THRG L	THGS L
Bloomberg Code	THRG LN	THGS LN

Share dealing

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service.

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has both internet and telephone share dealing services. To access the internet share dealing service, log on to www.uk.computershare.com/Investor/ShareDealing.asp. The telephone share dealing service is available on 0870 703 0084. To use these services, you will need your shareholder reference number, which is detailed on your certificate or form of proxy. Shareholders who hold a share certificate which has been issued by Capita Registrars should insert a "C" before the number quoted on the certificate.

Internet dealing - The fee for this service is 0.5% of the value of each sale or purchase of shares (subject to a minimum of £15). Stamp duty of 0.5% is payable on purchases.

Telephone dealing - The fee for this service will be 1% of the value of the transaction (subject to a minimum of £25).

Electronic communications

Computershare provides a service to enable shareholders to receive correspondence electronically (including annual and half yearly financial reports) if they wish. If a shareholder opts to receive documents in this way, paper documents will only be available on request (unless electronic submission fails, in which case a hard copy will be mailed to the investor's last known address).

Shareholders who opt for this service would receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and printed.

For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at

www-uk.computershare.com/investor (you will need your shareholder reference number, which is given on your share certificate or tax voucher).

Electronic proxy voting

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at www.e-proxyappointment.com using a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

CREST

The Company's shares have joined CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

Risk factors

- ▶ Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors, could substantially and adversely affect the Company's prospects.
- ▶ The Company invests in some securities which are not denominated or quoted in sterling, the base currency of the Company. The Company's NAV will be reported in sterling and any dividends and / or redemption payments will be declared and paid in sterling. The movement of exchange rates between sterling and any other currencies in which the Company's investments are denominated or the base currency of an investment may have a separate effect, unfavourable as well as favourable, on the return otherwise experienced on the investments made by the Company.

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

- ▶ Certain transactions in securities which the Company enters into expose it to 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 Manager as an acceptable counter-party. In addition, limits are set as to the maximum exposure to any individual broker at any time. These limits are reviewed regularly.

however, despite these safeguards there is no guarantee that the counter-party will not default on its obligations

- ▶ The Company invests in smaller companies. As smaller companies do not generally have the financial strength, diversity and resources of large companies they may find it more difficult to overcome periods of economic slow down or recession. In addition, the relatively small market capitalisation of such companies may make the market in their shares less liquid. In the event that smaller companies take a downturn, this may affect the performance of smaller companies in which the Company is invested
- ▶ The Manager and its respective affiliates serve as investment manager or investment adviser to other clients and may be involved in other financial, investment or professional activities. In particular, they may provide investment management, investment advice or other services in relation to funds which may have similar investment policies to that of the Company. As a result, they may have conflicts of interest in allocating investments among the Company and other clients, including ones in which they may have a greater financial interest. The Manager may give advice and take action with respect to any of its other clients or for its own account which may differ from the timing or nature of action taken by the Manager with respect to the Company

The Manager will have regard to its obligations under its agreement with the Company or otherwise to act in a manner that it considers fair, reasonable and equitable having regard to its obligations to other clients, when potential conflicts of interest arise

- ▶ The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of the 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 Company and the Manager have endeavoured to ensure that the principal members of their management teams are suitably incentivised, but the retention of such staff cannot be guaranteed
- ▶ The Company will utilise both exchange traded and over-the-counter derivatives, including, but not limited to, contracts for differences, as part of its investment policy. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Transactions in over-the-counter

contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery

- ▶ Ordinary Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Ordinary Shares constitutes part of a diversified investment portfolio, and who fully understand and are willing to assume the risks involved in investing in the Company
- ▶ Past performance is not necessarily a guide to future performance. The value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuates

Nominee code

Where shares are held in a nominee company name, the Company undertakes

- ▶ to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance,
- ▶ to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available,
- ▶ that investors in the BlackRock Investment Trusts Savings Plan and ISA are automatically sent shareholder communications, including details of general meetings, together with a form of direction to facilitate voting and to seek authority to attend, and

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings

Publication of NAV/portfolio analysis

The NAV per share of the Company is calculated daily, with details of the Company's investments and performance being published monthly

The daily NAV and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at [www.blackrock.co.uk/its] and through the Reuters News Service under the code "BLRKINDEX", on page 8800 on Topic 3 (ICV terminals) and under "BLRK" on Bloomberg (monthly information only)

Internet

Other details about the Company are also available on the BlackRock website at [www.blackrock.co.uk/its]

Shareholder Information continued

The financial statements and other literature are published on the BlackRock website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at www.investorcentre.co.uk

To access Computershare's website you will need your shareholder reference number (SRN) which can be found on paper or electronic communications you have previously received from Computershare. Shareholders who hold a share certificate which has been issued by Capita Registrars should insert a "C" before the shareholder reference number quoted on the certificate.

Listed below are the most frequently used features of the website:

- ▶ Holding enquiry – view balances, values, history, payments and reinvestments
- ▶ Payments enquiry – view your dividends and other payment types
- ▶ Address change – change your registered address
- ▶ Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque
- ▶ e-Comms sign-up – choose to receive email notification when your shareholder communications become available instead of paper communications
- ▶ Outstanding payments – reissue payments using the online replacement service
- ▶ Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms

Savings Plan

The Company participates in the BlackRock Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call BlackRock free on 0800 44 55 22.

Stocks and Shares Individual Savings Accounts ("ISA")

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BlackRock Investment Trust stocks and shares Individual Savings Account. From 6 April 2010, investors have an annual ISA allowance of £10,200. Details are available from BlackRock by calling free on 0800 44 55 22.

Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes the shareholder reference number, available from either the share certificate, form of proxy or tax voucher or other electronic communications previously received from Computershare. Shareholders who hold a share certificate which has been issued by Capita Registrars should insert a "C" before the shareholder reference number quoted on the certificate.

The address of the Computershare website is www.investorcentre.co.uk. Alternatively please contact the registrar on 0870 707 4016.

Changes of name or address must be notified to the registrar either through Computershare's website, or in writing to:

Computershare Investor Services PLC,
The Pavilions,
Bridgwater Road,
Bristol BS99 6ZZ,

General enquiries

Enquiries about the Company should be directed to:

The Secretary
The Throgmorton Trust PLC
33 King William Street
London EC4R 9AS
Telephone 0800 44 55 22

Enquiries about the Savings Plan or ISA should be directed to:

Freepost RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited
PO Box 9036
Chelmsford CM99 2XD
Telephone 0800 44 55 22

Notice of Annual General Meeting continued

Notice is hereby given that the fifty fourth Annual General Meeting of The Throgmorton Trust PLC will be held at the offices of BlackRock Investment Management (UK) Limited, 33 King William Street, London EC4R 9AS on Friday, 11 March 2011 at 12 00 noon to transact the following business

Ordinary business

- 1 To receive the report of the Directors and the financial statements for the year ended 30 November 2010, together with the report of the auditors' thereon
- 2 To approve the Directors' Remuneration Report for the year ended 30 November 2010
- 3 To declare a final dividend of 2 42 pence per share
- 4 To re-elect Mr Bernays as a Director
- 5 To re-elect Mr Stobart as a Director
- 6 To re-appoint Ernst & Young LLP as auditors to the Company
- 7 To authorise the Directors to determine the auditors' remuneration

Special business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions

- 8 That, pursuant to Article 101 of the Company's Articles of Association, with effect from the financial year commencing 1 December 2010 each of the Directors shall be paid a fee for his services at such a rate (if any) as the Board shall from time to time determine provided that the aggregate remuneration of the Directors (excluding amounts payable under any other provisions of the Articles) shall not exceed the sum of £150,000 per annum
- 9 That, in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that, unless renewed prior to that time, such authority shall be limited to the allotment of shares and grant of rights in respect of shares with an aggregate nominal amount of up to £168,049, (being 5% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012 but so that the Company may, before such expiry, make any offer or agreement which would or might require Securities to be allotted pursuant to any such offer or agreement as if the authority hereby conferred had not expired

To consider and, if thought fit, pass the following resolutions as special resolutions

- 10 That, in substitution for all existing authorities and subject to the passing of resolution 9 above, the Directors of the Company be and are hereby empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act), including the grant of rights to subscribe for or to convert securities into ordinary shares of the Company, and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority granted by resolution 9 above, as if section 561(1) of the Act did not apply to any such allotment and sales of equity securities, provided this authority
 - (a) shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot and sell equity securities in pursuance of such offers or agreements,
 - (b) shall be limited to allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £168,049, (representing 5% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice), and
 - (c) in the case of the allotment or sale of ordinary shares, at a price of not less than the fully diluted net asset value per share as close as practicable to the allotment or sale
- 11 That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 5p in the Company ("ordinary shares"), the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases of ordinary shares (within the meaning of section 693 of the Act), provided that
 - (a) the maximum number of ordinary shares hereby authorised to be purchased is 10,076,235, (being 14.99% of the Company's issued ordinary share capital at the date of this notice),
 - (b) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 5p,
 - (c) the maximum price (exclusive of expenses) which may be paid for a share shall be the higher of (i) 5% above the average of the market values of the ordinary shares of that class for the five business days immediately preceding the date of purchase as derived from the Daily Official List of the London Stock Exchange, and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out, and

Notice of Annual General Meeting continued

- (d) unless renewed prior to such time, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012 save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after such expiry

All ordinary shares purchased pursuant to the above authority shall be either

- (i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act, or
- (ii) cancelled immediately upon completion of the purchase

12 That, in substitution for the Company's existing authority to make market purchases of subscription shares of 1p in the Company ("subscription shares"), the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases of subscription shares (within the meaning of section 693 of the Act), provided that

- (a) the maximum number of subscription shares hereby authorised to be purchased is 1,848,724, or if less, that number of subscription shares which is equal to 14.99% of the Company's issued subscription share capital at the date of this notice),
- (b) the minimum price (exclusive of expenses) which may be paid for a subscription share shall be 1p,
- (c) the maximum price (exclusive of expenses) which may be paid for a subscription share shall not exceed the higher of (i) 5% above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) of the subscription shares for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of subscription shares on the trading venue where the purchase is carried out, and
- (d) unless renewed prior to such time, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012 save that the Company may make a contract to purchase subscription shares under the authority hereby conferred prior to the expiry of the authority and may make a purchase of subscription shares pursuant to any such contract notwithstanding such expiry

All subscription shares purchased pursuant to the above authority shall be cancelled immediately upon completion of the purchase

By Order of the Board

BlackRock Investment Management (UK) Limited
4 February 2011

Registered Office
33 King William Street
London EC4R 9AS

Notes

- 1 A member entitled to attend and vote at the meeting convened by the above Notice is also entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. Members are not entitled to attend and vote at the meeting, in person or by proxy, in respect of their holding of subscription shares in the Company.
- 2 To appoint a proxy you may use the form of proxy enclosed with this annual report. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or notationally certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions printed thereon as soon as possible and in any event by not later than 12 noon on 9 March 2011. Alternatively, you can vote or appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 12 00 noon 9 March 2011.
- 3 Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person.
- 4 Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 1 to 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- 5 Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
- 6 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6 00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of the ordinary shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6 00 p.m. two days prior to the time of adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 7 In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- 8 Shareholders who hold their ordinary shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
- 9 If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 10 Holders of ordinary shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
- 11 If the Chairman, as a result of a proxy appointments, is given discretion as to how the votes subject of those proxies are cast and voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and Financial Services Authority.
- 12 Any questions relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer had already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 13 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

Notice of Annual General Meeting continued

- 14 Under section 527 Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to
- (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting, or
 - (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 Companies Act 2006

The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 Companies Act 2006. Where the Company is required to place a statement on a website under section 527 Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 Companies Act 2006 to publish on a website.

- 15 Under sections 338 and 338A Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company
- (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
 - (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business

A resolution may properly be moved or a matter may properly be included in the business unless

- (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise),
- (b) it is defamatory of any person or
- (c) it is frivolous or vexatious

Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 28 January 2011, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

- 16 As at the date of this report, the Company's issued share capital consisted of 59,819,714 ordinary shares carrying one vote each, excluding shares held in treasury and 13,310,612 subscription shares carrying no vote. Therefore the total voting rights in the Company as at the date of this report are 59,819,714. Following the listing of a further 977,559 ordinary shares on 7 February 2011, the Company will have 60,797,273 ordinary shares carrying one vote each (excluding shares held in treasury) and 12,333,053 subscription shares carrying no vote. Therefore the total voting rights in the Company will be 60,797,273.
- 17 Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting, can be accessed at www.blackrock.co.uk/its
- 18 No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Glossary

Net asset value per share ("NAV")

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing "total equity" by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2010, total equity was £127,296,000 and there were 59,819,714 ordinary shares in issue (excluding treasury shares), the NAV was therefore 212.80p per ordinary share.

The diluted net asset value per share at 30 November 2010 was calculated by adjusting total equity for consideration receivable on the exercise of 13,310,612 subscription shares, at an exercise price of 146.00p, and dividing by the total number of shares that would have been in issue at 30 November 2010 had all the subscription shares been exercised.

Total equity is calculated by deducting from the Company's total assets, its current and long term liabilities and provision for liabilities and charges.

Discount

Investment trust shares frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV. In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. For example, if the share price was 90p and the NAV 100p, the discount would be 10%.

Premium

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 100p and the NAV 90p, the premium would be 11.1%.

Discounts and premia are mainly the consequence of supply and demand for the shares on the stock market.

Statement of Financial Position/Balance Sheet

The Statement of Financial Position is the primary statement previously known as the Balance Sheet.