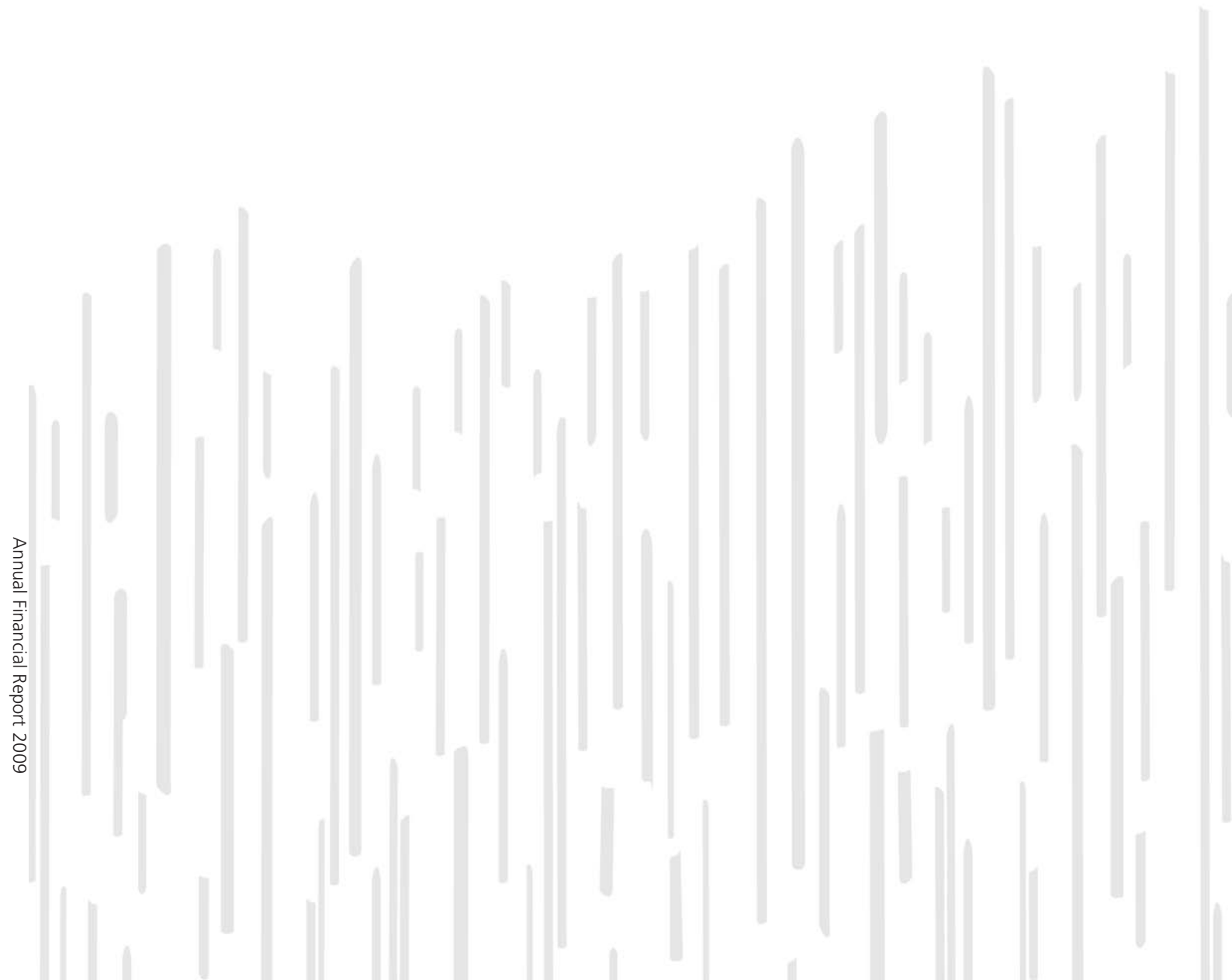




Invesco English and International Trust plc
ANNUAL FINANCIAL REPORT
YEAR ENDED 31 MARCH 2009



If you have any queries about Invesco English and International Trust plc or any of the other specialist funds managed by Invesco Perpetual, please contact our Customer Services Team on

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🌐 www.invescopetual.co.uk/investmenttrusts

Front Cover: Close up of surface flows of basal, UK

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Investment Objective

The Company seeks to achieve capital growth through investment mainly in UK quoted smaller companies. Its benchmark is the Hoare Govett Smaller Companies plus AIM (excluding Investment Trusts) Index. It seeks to invest in companies offering particular value and holds a large number of investments in order to maximise investment opportunity while controlling the impact of stock-specific risk. Sector weightings are primarily a consequence of stock selection.

Share and Loan Capital

At 31 March 2009 the Company's issued share capital consisted of 50,000 management shares of 100p each and 24,276,125 ordinary shares of 25p each, excluding 2,100,000 ordinary shares held in Treasury. During the year, following receipt of valid redemption requests, 3,859,907 ordinary shares were redeemed and cancelled. In addition, 372,041 ordinary shares were bought back and cancelled whilst 1,000,000 ordinary shares held in Treasury were cancelled.

Since the year end a further 1,025,223 ordinary shares were redeemed and cancelled leaving 23,250,902 ordinary shares in issue (excluding 2,100,000 ordinary shares held in Treasury).

The facility for shareholders to request redemption of their shares on a quarterly basis at near asset value should reduce the risk that the Company's shares trade at a wide discount to net asset value, and should reduce the volatility of the discount.

Gearing

The Company has a flexible policy towards gearing with a usual maximum of 120% and minimum of 90%.

During the year the Company utilised a £12.5 million loan facility. Subsequent to the year end this facility expired.

It remains the Board's policy that the Company may employ gearing in appropriate circumstances and the Board is in discussions regarding new alternative borrowing facility.

ISA Eligibility

The ordinary shares of the Company are eligible for investment in an ISA.

Glossary of Terms

There is a glossary of terms on page 57 which defines some of the more technical references used in the report.

FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

The Benchmark Index of the Company is the Hoare Govett Smaller Companies plus AIM (excluding Investment Trusts)

Performance Statistics

Terms marked † are defined in the Glossary of Terms on page 57.

(1) Source: Datastream and Invesco.

	AT 31 MARCH 2009	AT 31 MARCH 2008	% CHANGE
Shareholders' funds (£'000)	41,502	86,071	-51.8
Gearing†: actual	100%	103%	
effective	100%	103%	
Net asset value per ordinary share:			
– balance sheet	171.0p	301.9p	-43.4
– after charging proposed dividends (capital NAV)	164.0p	300.6p	-45.4
Mid-market price per ordinary share ⁽¹⁾	139.5p	283.0p	-50.7
Discount† per ordinary share:	18.4%	6.3%	
Capital return:			
Benchmark Index ⁽¹⁾	1,850.3	3,287.1	-43.7
FTSE Small Cap Index ⁽¹⁾	1,443.6	2,716.6	-46.9
Portfolio performance ⁽¹⁾			-46.0

	ACCOUNTING YEAR END		
	31 MARCH 2009	31 MARCH 2008	
Gross income† (£'000)			
– excluding refunds of VAT on management fees and interest thereon	1,332	1,704	-21.8
Net revenue available for ordinary shares (£'000)	2,011	540	
Total expense ratio†	1.3%	1.2%	
Return per ordinary share			
Revenue return	7.6p	1.7p	
Capital return	(141.6)p	(69.7)p	
Total return	(134.0)p	(68.0)p	
Dividend per ordinary share			
Final proposed	1.3p	1.3p	
Special	5.7p	—	
Total	7.0p	1.3p	

HISTORICAL RECORD OF THE GROUP

Ten Year Record

Terms marked † are defined in the Glossary on page 57.

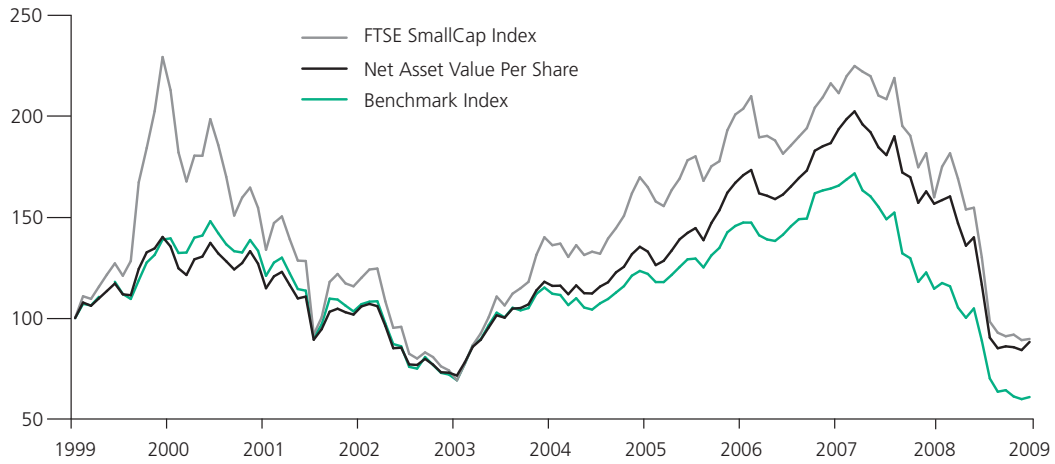
Year/Period End	Gross income† £'000	Net revenue available for ordinary shares† £'000	Dividends on ordinary shares		Total assets less current liabilities £'000	Net asset value† per ordinary share p	Mid-market price per ordinary share p
			Cost £'000	Rate p			
5 April 2000	9,716	4,650	1,763	2.0	349,082	344.2	270.0
5 April 2001	7,157	2,066	1,940	2.2	266,438	234.4	183.5
5 April 2002	6,000	1,105	1,940	2.2	246,414	211.7	155.5
5 April 2003	5,254	945	1,058	1.2	169,330	124.2	84.3
5 April 2004 ⁽¹⁾	5,437	1,289	1,058	1.2	271,669	245.7	190.0
5 April 2005 ⁽²⁾	5,309	1,555	1,068	1.3	290,929 ⁽³⁾	287.1 ⁽³⁾	247.3
5 April 2006 ⁽³⁾	4,840	911	804	1.3	264,635	361.5	315.8
31 March 2007 ⁽⁴⁾	2,491	274	433	1.3	134,675	375.5	354.5
31 March 2008 ⁽⁵⁾	1,704	540	371	1.3	86,071	301.9	283.0
31 March 2009⁽⁶⁾	1,332⁽⁸⁾	2,011	1,628⁽⁷⁾	7.0⁽⁷⁾	41,502	171.0	139.5

The dividends shown above are those that were proposed in respect of each financial period.

- (1) The accounts have been restated for International Financial Reporting Standards from 5 April 2005 onwards.
- (2) During 2005, 2,115,000 ordinary shares were bought back and cancelled resulting in shares in issue at 5 April 2005 of 86,050,987. A further 7,687,000 ordinary shares were bought back and cancelled after the year end. The interim dividend was thus paid on 88,165,987 shares and the final dividend was paid on 78,363,987 shares.
- (3) During 2006, 24,499,546 ordinary shares were redeemed/bought back and cancelled. A further 500,000 ordinary shares were bought back and held in Treasury. As a result, the ordinary shares in issue at 5 April 2006 were 61,051,441 (excluding Treasury shares). The interim dividend was paid on 78,063,987 shares and the final dividend was paid on 51,697,591 shares.
- (4) The Company's year end was changed to 31 March for 2007. During 2007, 25,185,309 ordinary shares were redeemed/bought back and cancelled. In addition, 880,000 ordinary shares held in Treasury were cancelled. As a result, there were 35,866,132 ordinary shares in issue at 31 March 2007 (excluding 3,500,000 Treasury shares). The final dividend was paid on 31,584,359 shares.
- (5) During 2008, 7,358,059 ordinary shares were redeemed/bought back and cancelled. In addition, 400,000 ordinary shares held in Treasury were cancelled. As a result, there were 28,508,073 ordinary shares in issue at 31 March 2008 (excluding 3,100,000 Treasury shares). The final dividend was paid on 27,901,092 ordinary shares.
- (6) During 2009, 4,231,948 ordinary shares were redeemed/bought back and cancelled. In addition, 1,000,000 ordinary shares held in Treasury were cancelled. As a result, there were 24,276,125 ordinary shares in issue at 31 March 2009 (excluding 2,100,000 Treasury shares). The final dividend is payable on 23,250,902 ordinary shares.
- (7) Includes a special dividend of 5.7p per ordinary share.
- (8) Excludes refunds of VAT on management fees and interest thereon.

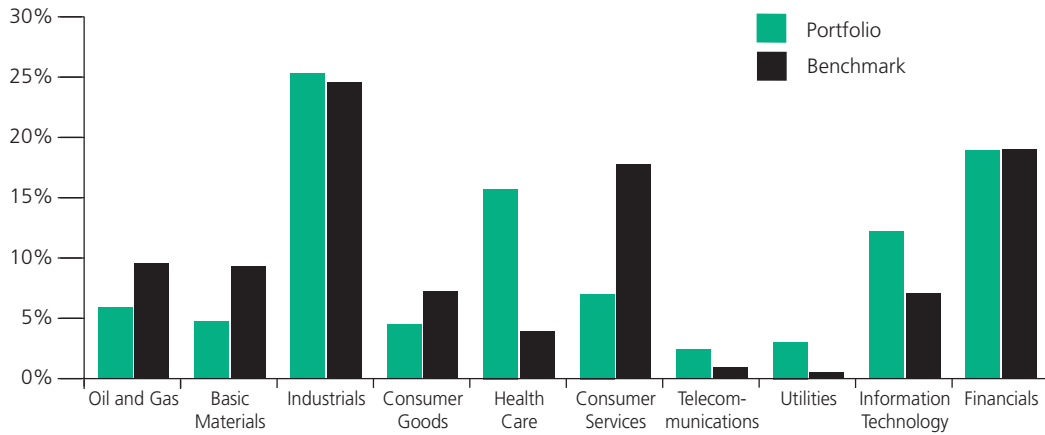
Comparison of Net Asset Value per Share to Benchmark Index and FTSE Small Cap Index

All figures rebased to 100 as at 31 March 1999.



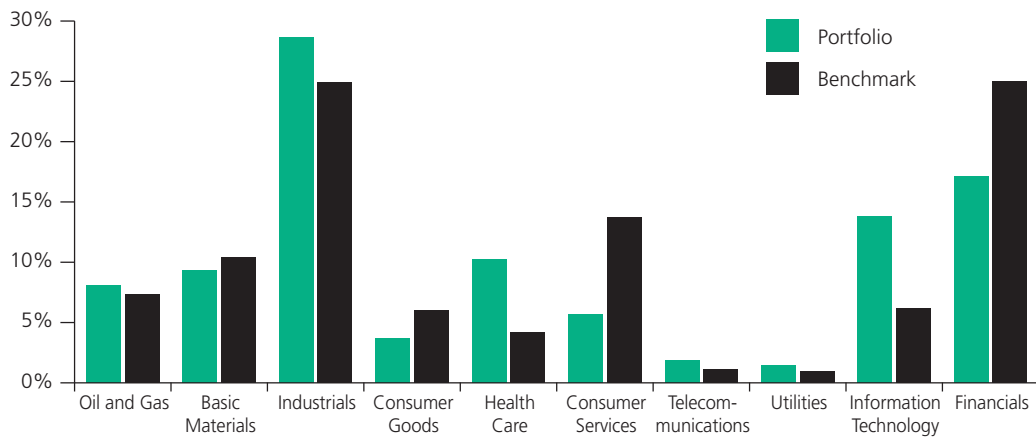
Sector Allocation of Portfolio vs Benchmark

At 31 March 2009



Sector Allocation of Portfolio vs Benchmark

At 31 March 2008



CHAIRMAN'S STATEMENT

Markets

The year under review has been an unprecedented one for financial markets. The banking crisis around the world has necessitated bail outs by governments of an almost unimaginable magnitude. The scale of the calamity in financial markets has had a severe effect on broader economic activity, to the extent that the IMF is predicting that global economic activity will decline for the first time since 1946. Governments have attempted to boost economies with fiscal stimulus packages, but these, coupled with the effect of recession on government finances and the costs of the bail outs of financial institutions has led to unprecedented government borrowing. In the UK in the current year, the deficit is expected to be over 12% of GDP, and the national debt is expected to double over three years.

Performance

During the year the FTSE All Share Index fell by 32% and the companies benchmark index the Hoare Govett Smaller Companies plus AIM (excluding investment trusts) index fell by nearly 44%. In such a turbulent environment, it is perhaps unsurprising that smaller companies with their perceived higher levels of risk, underperformed their larger counterparts with, for example, the FTSE Small Cap (excluding investment trusts) falling 47% and the FTSE AiM All Share Index by some 57%. The net asset value per share fell by 43.4%, which was the result of portfolio performance during the year as well as other factors such as costs charged to capital and the effects of share buy backs and redemptions, as demonstrated in the Performance Attribution table shown in the Manager's Report. This fall was marginally less than that of the benchmark index, but clearly a disappointing result in absolute terms. The portfolio fell in value by 46%, which was represented by an underperformance of the benchmark. This underperformance was mainly a consequence of a greater than average exposure to AiM and the smaller end of the small company market, whose share prices generally were weaker than larger, main market listed smaller companies.

The Company has a policy of maintaining gearing normally between 90% (i.e. less than fully exposed to the market) and 120%. Actual gearing during the year was modest, beginning at 103% and ending the year at 100%. The crisis in the banking industry has resulted in the committed bank facility not being renewed earlier this year, and therefore, currently, the Company is unable to increase gearing to over 100%. The Company is actively seeking a bank facility, which will enable the Manager to gear the Company when appropriate.

Dividend

It is proposed that a final dividend of 1.3p per share and a special dividend of 5.7p be paid on 27 July 2009, to shareholders on the register 3 July 2009. The special dividend arises from the VAT refund on management fees as detailed below.

Outlook

The actions taken by governments around the world appear to have prevented a complete meltdown of the global financial system. Furthermore, there is some evidence that the rate of decline of economic activity has begun to slow. Nevertheless, it is clear that the recession will be both long and deep, with the Chancellor's view that growth will resume by the end of 2009 widely regarded as over optimistic. The credit markets remain difficult for individuals and corporates alike and house prices continue to fall. The government's fiscal position is likely to lead to both tax increases and cuts in government spending for many years to come. Therefore, while there is considerable valuation support for the UK equity market, it is likely that progress for share prices is likely to be capped by weak earnings, and large amounts of equity issuance as companies attempt to rebuild their balance sheets. Therefore, while the medium term prospects for the Company remain good, and downside risk to shares is modest, the immediate outlook is one of caution.

VAT on Management Fees

Following the European Court of Justice ruling in 2007 that investment trusts should be regarded as special investment funds, no VAT is payable by investment trusts on management fees.

The Managers have been liaising with HM Revenue & Customs to recover on the Company's behalf VAT paid in the past on fees. As a result, £1,956,000 has been recovered after the year end from HM Revenue & Customs for the period 2001 to 2007. This was paid in full to the Company and accordingly has been credited £978,000 to revenue and £978,000 to capital, in the same proportion as originally charged to the income statement. In addition, estimated interest thereon of £355,000 has

CHAIRMAN'S STATEMENT

continued

been recognised in revenue. Based on shares in issue at the year end of 24,276,125 these amounts added 9.5p per share to the net asset value, of which 5.5p was revenue. The Board has resolved to distribute the revenue amount to shareholders in full thus, following a decrease post the year end in the shares in issue to 23,250,902, a special dividend of 5.7p per share will be declared at the same time as the final dividend.

The Board expects the Company to receive additional refunds of VAT and interest thereon. However, as the amounts involved and the timing of receipts is uncertain, no provision has been made in these accounts.

Annual General Meeting

The Annual General Meeting of the Company will be held at 12 noon on 15 July 2009, at 30 Finsbury Square, London EC2A 1AG. This is an opportunity for shareholders to be briefed on the Company's performance and to meet with and ask questions of the Board and the Investment Manager.

There are five items of Special Business at the Annual General Meeting, two to be proposed as Ordinary Resolutions and three to be proposed as Special Resolutions.

Authority to Allot Shares and Authority to Buy Back Shares

Ordinary Resolution 8 seeks authority for the Directors to issue new shares and Special Resolution 9 seeks authority to issue new shares, whilst disapplying pre-emption rights within the set limits set out in the Resolution. New shares will not be issued at prices below the net asset value.

Special Resolution 10 seeks authority to buyback up to 14.99% of the Company's issued ordinary shares, subject to the restrictions referred to in the Notice of the Annual General Meeting.

Notice Period for General Meetings

Special Resolution 11 is required in contemplation of the EU Shareholder Rights Directive. It is expected that when this directive is brought into force, it will increase the notice period for general meetings of companies to 21 days unless certain conditions are met, in which case it may be 14 days' notice. For the latter to apply a shareholder resolution reducing the period of notice to not less than 14 days must have been passed at the immediately preceding AGM. Since at the time of printing this report, it is not known whether any alternating transitional provisions will be included in the legislation implementing the EU Shareholder Rights Directive, it is prudent to include this resolution in this year's AGM.

Rule 9 Waiver

Ordinary Resolution No 12 seeks to renew approval from independent shareholders, to the waiver of the obligation on the Invesco Perpetual Funds to make a general offer for the entire issued share capital which may otherwise arise as a result of the purchase by the Company of any of its own shares. The waiver, if approved, will expire at the conclusion of the Annual General Meeting of the Company in 2010. Further details, of the waiver (including the Directors' recommendation) are set out in a Circular dated 15 June 2009 and posted to shareholders with this annual financial report.

The Directors have considered all the resolutions proposed in the Notice of the Annual General Meeting and consider them all to be in the best interests of the Company and therefore recommend them to shareholders for approval.

I look forward to meeting shareholders at the Annual General Meeting.

John Sands

Chairman

15 June 2009

MANAGER'S REPORT

Introduction

In last year's report I wrote that the UK would experience recession, rather than the Government's then forecast growth of over 2% for 2008 and 2009. Unfortunately, the economic downturn has proved to be much more severe than even I had expected. The economic crisis is without precedent this side of the Great Depression. The effective failures of Bear Sterns, AIG, RBS, Lehman, Freddie Mac, Fannie Mae and Chrysler; the 6.8% annualised decline in the US's first quarter of GDP; and the scale of the bank bailout packages were all monumental events. The world is a different place to what it was three years ago.

The declines in equity prices around the world meant that 2008 was amongst the worst years on record for investors. Looking forward, undoubtedly, the economy will recover at some point in the future, and it is likely that equities will anticipate the economic recovery by some months. The decline in share prices had meant that there is considerable valuation support for equities, which are likely to limit downside, and will, over time, lead to good returns from here.

Portfolio

Again sales of shares, at approximately £30 million, exceeded purchases (£20 million) during the year as cash was raised to meet redemptions. The most significant completed sales during the year included **Aveva**, the business which produces design software for process and shipbuilding industries; **Begbie Tranor**, an insolvency practitioner and **Lamprell**, which builds oil rigs in The Gulf. These sales all realised good profits for the Company. New purchases included **Lancashire**, a Lloyds insurer; **H & T**, a pawnbroker and **Sportingbet** an online sports betting business. Given our caution about the economic outlook, we have attempted to avoid businesses with high levels of debt, or businesses whose earning are sensitive to the economic cycle. Takeover activity was subdued because of the financial crisis, but two companies held (**Econergy** and **SPI Lasers**) were acquired during the year, both at healthy premiums.

The strongest contributors to performance over the year were **Advanced Medical Solutions**, the wound care manufacturers; **Penna**, the outplacement business, which traded well as redundancies soared; **Healthcare Locums**, the medical temping business, which has been growing extremely rapidly and **H & T Group**, the pawn broker. Weaker performances were delivered by **Landkom**, the Ukrainian farming business which suffered from both falling grain prices and the political problems in the Ukraine; **Applied Intellectual Capital**, which was written down to zero after the company delisted from AiM having failed to secure additional finance to further develop its technologies and **Romag**, which suffered as prospects for solar power appeared to weaken as oil prices fell.

Performance Attribution for the year ended 31 March 2009

	ABSOLUTE %
Net asset value capital return	(45.4)
Benchmark capital return	(43.7)
.....	
Relative performance	(1.7)
<hr/>	
Analysis of Relative Performance	
Portfolio capital return	(46.0)
Less benchmark capital return	43.7
.....	
Portfolio (under)/outperformance	(2.3)
Net gearing effect	(3.0)
Costs to capital – interest	(0.1)
Costs to capital – expenses	(0.4)
Effect of VAT refund	3.2
Current period revenue reserves	0.6
Effect of share buy backs	0.3
.....	
Total	(1.7)

MANAGER'S REPORT

continued

<i>Performance attribution</i>	analyses the Company's performance relative to its benchmark.
<i>Portfolio (under)/outperformance</i>	measures the relative effect of the Company's investment portfolio against that of its benchmark.
<i>Net gearing effect</i>	measures the impact of borrowings and cash on the Company's relative performance.
<i>Costs to capital</i>	reduce the level of assets and therefore result in a negative effect for relative performance.
<i>Effect of VAT refund</i>	from management fees and interest thereon adds to the assets of the Company.
<i>Current period revenue reserves</i>	will increase the level of assets and therefore is a positive effect on the relative performance.
<i>Effect of share buy backs</i>	measures the effect of shares bought back on the Company's relative performance.

From the above table, it can be seen that the portfolio return of -46% was behind the benchmark return of -43.7%, giving an underperformance for the year of 2.3%. The main component of relative performance after the portfolio return arises from the refund of VAT on management fees and interest thereon in the year. The next largest factor is gearing which, even though again reduced this year, resulted in a drag on relative performance of just over 3%. Other negative impacts totalling 0.5% are the management fee and interest costs allocated to capital. Counterbalancing these are the 0.6% addition to relative performance arising from revenue reserves retained for the year and the enhancement to the NAV of 0.3% arising from shares bought back both in the market and through the redemption process.

Outlook

While the economic backdrop is clearly poor for the reasons touched on above, much of the bad news is already reflected in share prices. This valuation support gives considerable comfort that on a medium term view good returns are likely to be made with equities from this level. Looking forward, the recovery which is likely to be both weaker and later than many expect, may leave the share prices of cyclical stocks, which appear to be pricing in a sharp bounce back in economic activity, exposed to earnings disappointments. However, strong businesses, which are able to demonstrate real growth in a low growth environment, with strong balance sheets are likely to become more highly valued by investors; and therefore, I view the outlook for the portfolio as good.

Andy Crossley

Invesco Asset Management Limited

15 June 2009

CLASSIFICATION OF INVESTMENTS

YEAR ENDED 31 MARCH

	UK		NON UK	2009 TOTAL		2008 TOTAL	
	QUOTED %	UNQUOTED %		%	%	%	%
Equities							
Oil and Gas							
Oil and Gas Producers	4.73	–	–	4.73		5.85	
Oil Equipment, Services & Dist.	1.20	–	–	1.20		2.23	
Oil and Gas	5.93	–	–		5.93		8.08
Basic Materials							
Chemicals	0.29	–	–	0.29		0.43	
Mining	2.52	–	1.52	4.04		8.27	
Industrial Metals	0.42	–	–	0.42		0.59	
Basic Materials	3.23	–	1.52		4.75		9.29
Industrials							
Aerospace & Defence	1.87	–	–	1.87		1.10	
Construction & Materials	0.82	–	–	0.82		2.30	
General Industrials	1.83	–	–	1.83		2.70	
Electronic & Electrical Equipment	3.08	–	–	3.08		4.47	
Industrial Engineering	1.78	–	0.19	1.97		3.74	
Industrial Transportation	2.02	–	–	2.02		2.65	
Support Services	13.73	–	–	13.73		11.72	
Industrials	25.13	–	0.19		25.32		28.68
Consumer Goods							
Automobiles & Parts	–	–	–	–		0.63	
Food Producers & Processors	3.17	–	1.32	4.49		3.05	
Consumer Goods	3.17	–	1.32		4.49		3.68
Health Care							
Health Care Equipment & Services	6.52	–	–	6.52		4.07	
Pharmaceuticals & Biotechnology	9.24	–	–	9.24		6.21	
Health Care	15.76	–	–		15.76		10.28
Consumer Services							
General Retailers	3.34	–	–	3.34		1.85	
Media	1.90	–	–	1.90		2.80	
Travel & Leisure	1.82	–	–	1.82		1.06	
Consumer Services	7.06	–	–		7.06		5.71
Telecommunications							
Fixed Line Communications	0.86	–	–	0.86		0.40	
Mobile Communications	1.60	–	–	1.60		1.45	
Telecommunications	2.46	–	–		2.46		1.85
Utilities							
Electricity	2.70	–	–	2.70		1.22	
Gas, Water & Multi Utilities	0.38	–	–	0.38		0.28	
Utilities	3.08	–	–		3.08		1.50
Information Technology							
Software & Computer Services	6.43	–	2.66	9.09		8.44	
Technology Hardware & Equipment	3.14	–	–	3.14		5.37	
Information Technology	9.57	–	2.66		12.23		13.81
Financials							
Non-Life Insurance	3.06	–	2.55	5.61		4.97	
Life Insurance	2.62	–	–	2.62		1.09	
Real Estate	0.44	–	–	0.44		0.26	
General Finance	10.07	–	0.18	10.25		10.80	
Financials	16.19	–	2.73		18.92		17.12
TOTAL 31 March 2009	91.58	–	8.42		100.00		100.00
TOTAL 31 March 2008	98.44	1.25	0.31		100.00		100.00

INVESTMENTS IN ORDER OF VALUATION

YEAR ENDED 31 MARCH 2009

Ordinary shares unless stated otherwise

^{UQ} Unquoted

^{AIM} Alternative Investment Market

INVESTMENT	SECTOR	MARKET VALUE £'000	MARKET VALUE £'000	PERCENTAGE OF PORTFOLIO %
Advanced Medical Solutions ^{AIM}	Health Care Equipment & Services		1,328	3.4
RWS ^{AIM}	Support Services		1,170	3.0
Novae	Non-life Insurance		1,098	2.8
SDL	Software & Computer Services		1,096	2.8
Just Retirement ^{AIM}	Life Insurance		1,027	2.6
Esprit Capital ^{UQ}	Venture Capital Partnership		980	2.5
Biocompatibles	Health Care Equipment & Services		949	2.4
H & T ^{AIM}	General Retailers		948	2.4
Lancashire Holdings ^{AIM}	Non-life Insurance		792	2.0
Renewable Energy ^{AIM}	Electricity		746	1.9
Chemring	Aerospace & Defense		734	1.9
Healthcare Locums ^{AIM}	Support Services		728	1.9
SQS Software ^{AIM}	Software & Computer Services		684	1.7
Penna Consulting	Support Services		675	1.7
Vectura ^{AIM}	Pharmaceuticals & Biotechnology		651	1.7
Talvivaara Mining	Industrial Metals		597	1.5
Avocet Mining ^{AIM}	Mining		544	1.4
Telos ^{UQ}	Software & Computer Services			
Class 'B' Common		236		
Series A1 Red Prf NPV		122		
Series A2 Red Prf NPV		171		
			529	1.3
New Britain Palm Oil	Food Producers		516	1.3
Hill & Smith	Industrial Engineering		507	1.3
JKX Oil & Gas	Oil & Gas Producers		496	1.3
Proximagen Neuroscience ^{AIM}	Pharmaceuticals & Biotechnology		467	1.2
Smiths News	Support Services		454	1.2
International Personal Finance	General Financial		444	1.1
Vitec	Industrial Engineering		422	1.1
BTG	Pharmaceuticals & Biotechnology		421	1.1
Trading Emissions ^{AIM}	General Financial		417	1.1
Ark Therapeutics	Pharmaceuticals & Biotechnology		406	1.0
Euromoney	Media		401	1.0
Landkom International ^{AIM}	Food Producers		397	1.0
Concateno ^{AIM}	Pharmaceuticals & Biotechnology		390	1.0
Innovision ^{AIM}	Electronic & Electrical Equipment		389	1.0
Regeneris ^{AIM}	Technology Hardware & Equipment		384	1.0
Plethora Solutions ^{AIM}	Pharmaceuticals & Biotechnology		371	0.9
Dignity	General Retailers		362	0.9
Mears	Support Services		348	0.9
Amino Technologies ^{AIM}	Technology Hardware & Equipment		337	0.9
Paypoint	Support Services		326	0.8
Fairpoint ^{AIM}	General Financial		322	0.8
Robert Wiseman	Food Producers		321	0.8
Mitie	Support Services		317	0.8
Latchways	Support Services		313	0.8
Enterworks	Software & Computer Services		313	0.8
Hilton Food	Food Producers		310	0.8
Office2office	Support Services		306	0.8
Halma	Electronic & Electrical Equipment		297	0.8
Abcam ^{AIM}	Health Care Equipment & Services		295	0.8
Abbey Protection ^{AIM}	General Financial		292	0.7
Iofina ^{AIM}	Oil & Gas Producers		280	0.7

INVESTMENT	SECTOR	MARKET VALUE £'000	MARKET VALUE £'000	PERCENTAGE OF PORTFOLIO %
City of London Investment ^{AIM}	General Financial		279	0.7
System C Healthcare ^{AIM}	Software & Computer Services		278	0.7
IQE ^{AIM}	Technology Hardware & Equipment		270	0.7
Fisher(J) & Sons	Industrial Transportation		265	0.7
IP	General Financial		264	0.7
Island Gas Resources ^{AIM}	Electricity		252	0.6
Faroe Petroleum ^{AIM}	Oil & Gas Producers		245	0.6
Win ^{AIM}	Mobile Telecommunications		244	0.6
Encore Oil ^{AIM}	Oil & Gas Producers		241	0.6
Zenergy Power ^{AIM}	Electronic & Electrical Equipment		239	0.6
BATM	Technology Hardware & Equipment		239	0.6
Augean ^{AIM}	Support Services		238	0.6
Fidessa	Software & Computer Services		238	0.6
Synergy Health	Health Care Equipment & Services		236	0.6
Homeserve	Support Services		232	0.6
European Goldfields	Mining		225	0.6
Staffline Recruitment ^{AIM}	Support Services		225	0.6
Shore Capital	General Financial		221	0.6
Sportingbet ^{AIM}	Travel & Leisure		220	0.5
Inspired Gaming	Software & Computer Services			
Ord 1p		20		
Conv Pref Shares 1p		198		
			218	0.5
M P Evans ^{AIM}	Food Producers		217	0.5
Ceramic Fuel Cells ^{AIM}	Electronic & Electrical Equipment		214	0.5
Wetherspoon (J.D.)	Travel & Leisure		212	0.5
Management Consulting	Support Services		207	0.5
Hardy Underwriting Bermuda	Non-life Insurance		206	0.5
Psion	Technology Hardware & Equipment		206	0.5
Heritage Oil	Oil & Gas Producers		199	0.5
Sepura	Technology Hardware & Equipment		189	0.5
Allergy Therapeutics ^{AIM}	Pharmaceuticals & Biotechnology		184	0.5
Helical Bar	Real Estate		172	0.4
Wellstream	Oil Equipment, Services & Distribution		168	0.4
European Nickel ^{AIM}	Mining		166	0.4
Cape ^{AIM}	Construction & Materials		163	0.4
Romag ^{AIM}	Construction & Materials		160	0.4
Ambrian Capital ^{AIM}	General Financial		160	0.4
AEA Technology	Support Services		159	0.4
Sterling Energy ^{AIM}	Oil & Gas Producers		157	0.4
Syntopix ^{AIM}	Pharmaceuticals & Biotechnology		156	0.4
ACM Shipping ^{AIM}	Oil Equipment, Services & Distribution		155	0.4
Geiger Counter	Unit/Investment Trust/Other		154	0.4
Mission Marketing ^{AIM}	Media		154	0.4
Energetix ^{AIM}	Electronic & Electrical Equipment		153	0.4
Novera Energy ^{AIM}	Gas, Water & Multiutilities		147	0.4
Getech ^{AIM}	Oil Equipment, Services & Distribution		146	0.4
ANT ^{AIM}	Software & Computer Services		143	0.4
Pace	Technology Hardware & Equipment		139	0.4
Morson ^{AIM}	Support Services		138	0.4
Axis-Shield	Pharmaceuticals & Biotechnology		133	0.3
Phorm ^{AIM}	Software & Computer Services		128	0.3
Cadogan Petroleum	Oil & Gas Producers		125	0.3
Avingtrans ^{AIM}	Industrial Engineering		125	0.3
Zinc Resources ^{AIM}	Mining		116	0.3
Emerald Energy	Oil & Gas Producers		111	0.3

INVESTMENTS IN ORDER OF VALUATION

continued

INVESTMENT	SECTOR	MARKET VALUE £'000	MARKET VALUE £'000	PERCENTAGE OF PORTFOLIO %
Tenon ^{AIM}	Support Services		103	0.3
Tawa ^{AIM}	Non-life Insurance		102	0.3
Ten Alps ^{AIM}	Media		101	0.3
Wogen ^{AIM}	General Financial		100	0.3
Enfis ^{AIM}	Technology Hardware & Equipment		95	0.2
Oxford Catalysts ^{AIM}	Chemicals		90	0.2
Sport Media ^{AIM}	Media		89	0.2
Cantono ^{AIM}	Software & Computer Services			
Conv Loan Notes		75		
Ord 1p		<u>8</u>		
			83	0.2
Brookwell	Unit/Investment Trust/Other		75	0.2
Endace ^{AIM}	Software & Computer Services		74	0.2
Interbulk ^{AIM}	Industrial Transportation		74	0.2
Minorplanet Systems ^{AIM}	Electronic & Electrical Equipment		74	0.2
Sarante ^{AIM}	Technology Hardware & Equipment		74	0.2
Somero Enterprises ^{AIM}	Industrial Engineering		73	0.2
Maxima ^{AIM}	Software & Computer Services		73	0.2
Ontario Santa Maria ^{UQ}	Food Producers		72	0.2
ITIS ^{AIM}	Technology Hardware & Equipment		72	0.2
Third Advance Value	Unit/Investment Trust/Other		70	0.2
Synairgen ^{AIM}	Pharmaceuticals & Biotechnology		70	0.2
Clyde Process Solutions ^{AIM}	Industrial Engineering		66	0.2
All Leisure ^{AIM}	Travel & Leisure		63	0.2
Rurelec ^{AIM}	Electricity		60	0.2
Alexander Mining ^{AIM}	Mining		60	0.2
Cobra Bio Manufacturing ^{AIM}	Pharmaceuticals & Biotechnology		46	0.1
Software Radio ^{AIM}	Technology Hardware & Equipment		44	0.1
Intercytex ^{AIM}	Health Care Equipment & Services		43	0.1
Noventa ^{AIM}	Mining		43	0.1
Axeon ^{AIM}	Technology Hardware & Equipment		30	0.1
Clean Energy Brazil ^{AIM}	Chemicals		25	0.1
Summit ^{AIM}	Pharmaceuticals & Biotechnology		19	–
Foreverblue Technologies ^{UQ}	Technology Hardware & Equipment		11	–
Neuropharm ^{AIM}	Pharmaceuticals & Biotechnology		10	–
Oxagen ^{UQ}	Pharmaceuticals & Biotechnology		8	–
Total Value of Investments			39,220	100.0

The total number of holdings in the portfolio (excluding those with nil value) at the year end was 135 (2008: 171) and the holding in AIM stocks was 52.3% (2008: 58.2%) as a percentage of the portfolio.

DIRECTORS

John Sands (Chairman)

Joined the Board on 10 May 2004 and was elected Chairman on 3 January 2006. He is Chairman of Wear Inns Limited and has a long career at senior management level in the Brewing industry. He is a former Chairman of Pubmaster Limited (now Punch Taverns (PML) Limited). He is a director of both Piscari Limited and Tyne and Wear Community Foundation Limited and a partner in the Delphi Partnership. He is Chairman of the Management Engagement and Nominations Committees.

Dr. Gwyn Jones

Joined the Board on 29 September 1993. He is Chairman of the international management consultants RogenSi and a director of Unit Superheaters Engineering Ltd. He is Chairman of the Advisory Board of the University of Essex Business School and a former Director of Tesco plc. He is the Senior Non-Executive Director of the Company and a member of the Audit, Management Engagement and Nominations Committees.

James Cox

Joined the Board on 26 November 1999. He was previously a director and Head of UK Equity Strategy at Schroder Investment Management which he joined in 1987, having been a Fund Manager at Prudential Assurance Company. He is an adviser to Alta Advisors. He is a member of the Audit, Management Engagement and Nominations Committees.

Sarah Bates

Joined the Board on 26 November 1999. She has considerable experience of the investment management industry and is currently non-executive director of St. James's Place plc, JPMorgan American Investment Trust plc, Witan Pacific Investment Trust plc, New India Investment Trust plc and MTI Partners Ltd. She is a Deputy Chairman of the Association of Investment Companies. She is also an independent adviser to Merseyside and East Riding Pension Funds, and sits on and advises other investment committees. She is Chairman of the Trustees of the Stena (UK) Pension Scheme. She had previous responsibility as CEO of Invesco Institutional UK (which included their investment trust business) having also been CIO and head of UK equities. She has written a guide to investment jargon for pension trustees.

Alan Barber

Joined the Board on 15 June 2005. Formerly a Senior Partner at KPMG, he is currently Executive Chairman of Management Consulting Group PLC and a non-executive director of JPMorgan Japanese Investment Trust plc, Witan Pacific Investment Trust plc and Western & Oriental plc. He is Chairman of the Audit Committee and a member of the Management Engagement and Nominations Committees.

ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Manager, Company Secretary and Registered Office

Invesco Asset Management Limited
 30 Finsbury Square
 London EC2A 1AG
 ☎ 020 7065 4000
 Secretarial contact: Carolyn Ladd

Registered in England and Wales

Number 236895

Invesco Perpetual Customer Services

Invesco Perpetual has an Customer Services Team available to assist you from 8.30 am to 6.00 pm every working day. Please feel free to take advantage of their expertise.

☎ 0800 085 8677
www.invescoperpetual.co.uk/investmenttrusts

Registrars

Capita Registrars
 Northern House
 Woodsome Park
 Fenay Bridge
 Huddersfield
 West Yorkshire HD8 0LA

If you hold your shares direct and not through either a Savings Scheme or ISA and have queries relating to your shareholding, you should contact the Registrars on:

☎ 0871 664 0300
 Calls cost 10p per minute plus network extras.

Shareholders can also access their holding details via Capita's website www.capitaregistrars.com or www.capitashareportal.com

Capita Registrars provide an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at www.capitadeal.com or

☎ 0870 458 4577

Auditors

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

Stockbrokers

Matrix Corporate Capital LLP
 One Vine Street
 London W1J 0AH

Custodian

JPMorgan Chase Bank
 1 Chaseside
 Bournemouth BH7 7DB

SHAREHOLDER INFORMATION

The shares of Invesco English and International Trust plc are quoted on the London Stock Exchange.

Net Asset Value ('NAV') Publication

The NAV of the Company's ordinary shares is calculated by the Manager on a daily basis and is notified to the Stock Exchange by the Manager on the following business day.

An estimated NAV is also published daily in the newspapers detailed below under Share Price Listings.

Share Price Listings

The price of your shares can be found in the following places:

Financial Times	Investment Companies
The Times	Investment Companies
Daily Telegraph	Investment Trusts

Ordinary Shares

Reuters	IEI:L
Bloomberg	IEI:LN

Internet addresses

Invesco Perpetual	www.invescoperpetual.co.uk/ investmenttrusts
TrustNet	www.trustnet.co.uk
Interactive Investor	www.iii.co.uk
The Association of Investment Companies	www.theaic.co.uk

Financial Calendar

In addition, the Company publishes information according to the following calendar:

Announcements

Half-yearly unaudited results	November
Interim Management Statement	January/July
Final results	June/July

Ordinary Share Dividends

Final payable	July
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Annual General Meeting

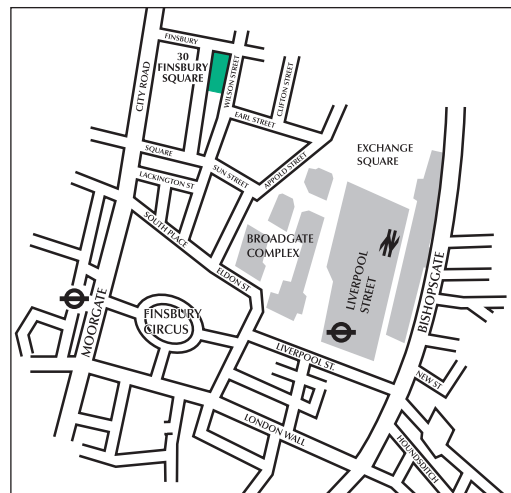
July

Year end

31 March

Location of Annual General Meeting

To be held at 12.00 noon on 15 July 2009 at 30 Finsbury Square, London EC2A 1AG.



REPORT OF THE DIRECTORS (INCORPORATING THE BUSINESS REVIEW)

FOR THE YEAR ENDED 31 MARCH 2009

Introduction

The Directors present their report, together with the audited financial statements of Invesco English and International Trust plc (the 'Company') for the year ended 31 March 2009.

The Report of the Directors incorporates the Business Review and expands on the following main areas:

page 16	Nature of the Company
page 16	Objective and Investment Policy
page 17	Strategy
page 17	Share Capital Details
page 19	Ordinary Share Valuations, Revenue and Dividends
page 19	Key Performance Indicators
page 20	Current and Future Development and Performance
page 20	Resources and Relationships
page 21	Principal Risks and Uncertainties
page 21	Financial Position
page 22	Environmental and Social Policy
page 22	Manager Details and Assessment
page 23	Report of the Audit Committee
page 23	Substantial Shareholdings
page 24	Directors' Details
page 25	Special Business at the Annual General Meeting

Nature of the Company

The Company was incorporated in England and Wales, under the Companies Acts 1907 to 1917, on 2 February 1929 with the name English and International Trust Limited; it subsequently re-registered as a Public Limited Company ('plc') on 15 December 1981. On 27 July 1990 it changed its name to Drayton English and International Trust plc, and on 17 July 1995 to Invesco English and International Trust plc.

The Company is an Investment Company as defined in section 833 of the Companies Act 2006 and operates as an Investment Trust in accordance with section 842 of the Income and Corporation Taxes Act 1988 ('ICTA'). HM Revenue and Customs' approval of the Company's status as an Investment Trust, subject to there being no subsequent enquiry under corporation tax self-assessment, has been received in respect of the year ended 31 March 2008. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to be able to seek approval as an Investment Trust in the future.

During the year under review, the Company had a subsidiary undertaking, Anglo-Scottish Amalgamated Corporation Limited. The business activity of the subsidiary is investment dealing.

Objective and Investment Policy

Objective

The Company seeks to achieve capital growth through investment mainly in UK quoted smaller companies. Its benchmark is the Hoare Govett Smaller Companies plus AIM (excluding Investment Trusts) Index. It seeks to invest in companies offering particular value and holds a large number of investments in order to maximise investment opportunity while controlling the impact of stock-specific risk. Sector weightings are primarily a consequence of stock selection.

Investment Policy and Risk

The portfolio is actively managed and the Manager seeks to moderate risk by careful stock selection and portfolio construction. The Company invests primarily in both smaller companies quoted on the main London Stock Exchange and in stocks quoted on the Alternative Investment Market ('AIM'). The Manager would normally invest in companies which at time of purchase would place them amongst the bottom 10% of the UK stock market by market capitalisation, although there is no requirement for the Manager to sell companies which exceed this level because of market appreciation. There is no

lower limit on the market capitalisation of shares which might be bought. The Manager tends to invest relatively small amounts across a relatively large number of companies, to achieve an appropriate balance between risk and reward for the overall portfolio. Although the Company usually invests in equity securities it may also invest in the debt or convertible securities of UK smaller companies.

The Company's portfolio is therefore diversified at the stock level. The Board would not expect the Company's portfolio to contain shares in fewer than 100 companies except in very unusual circumstances and limits the maximum investment in any one share to 10% at the time of purchase of the Company's gross assets. The Company may have a substantial proportion of its assets invested in shares quoted on the AIM market depending on the value perceived to be available in small companies quoted on that market. However, the Company will not generally invest more than 65% of its gross assets at the time of investments in shares quoted on AIM. The Company also may invest in companies which are listed or quoted overseas, but limits the exposure to such companies in total to 15% of gross assets at time of purchase. The Company has a very limited exposure to investments which are neither listed or quoted and would not invest such that more than 10% of gross assets at time of purchase was invested in such companies. The Company would not invest more than 15% of the Company's gross assets at time of purchase in collective investment schemes or in investment companies.

The Company's gearing will usually be between a maximum of 120% of shareholders' funds and a minimum of 90% (i.e. it can be less than fully invested). Within these limits the Manager has discretion to alter the gearing of the company.

Investment Strategy

The Company invests primarily both in smaller companies quoted on the main London Stock Market and in stocks quoted on the Alternative Investment Market ('AIM'). Its investment strategy is to invest in companies that are particularly attractive, irrespective of sector. The Company holds a large number of investments in order to maximise investment opportunities whilst controlling the impact of stock-specific risk. Sector weightings are primarily a consequence of stock selection. The Investment Manager's style is adaptive (that is, it adapts to changing market conditions), often contrarian (that is, the Investment Manager is prepared to behave in opposition to the prevailing market wisdom), and the Company's portfolio is typically highly diversified at the stock level.

Gearing Policy

The Board believes that one of the advantages of Investment Trust status is the ability to gear the portfolio of the Company. It is the policy of the Board to maintain the level of gearing in the range of 90% to 120%.

The Company's borrowing facility expired on 9 April 2009. The Company is in discussions regarding an alternative facility and it remains the Board's policy that the Company may employ gearing in appropriate circumstances and the Board will continue to seek appropriate terms for a new borrowing facility to enable the Company to do so.

Issued Share Capital and Rights attaching to the Company's shares

At the year end, the Company's issued share capital consisted of 24,276,125 ordinary shares of 25p each, excluding 2,100,000 ordinary shares held in Treasury and 50,000 management shares of 100p.

Since the year end, a further 1,025,223 ordinary shares were redeemed and cancelled leaving 23,250,902 ordinary shares in issue, excluding 2,100,000 ordinary shares held in Treasury.

Rights Attaching to Ordinary Shares

Under the Company's Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).

At a general meeting of the Company every Ordinary Shareholder has one vote on a show of hands and on a poll one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

No shareholder is, unless the Board decide otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if he or any

REPORT OF THE DIRECTORS (INCORPORATING THE BUSINESS REVIEW)

continued

person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (which confers upon public companies the power to require information with respect to interests in their voting shares) and he or any interested person failed to supply the Company with the information requested within 14 days after delivery of that notice. The Board may also decide that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is the earlier.

Management Shares

Management shares are non-redeemable shares of 100p each (25p paid). The management shares do not carry any right to receive notice of, or attend and vote at any general meeting and have a nominal entitlement to a dividend.

On the return of capital and assets on a winding up or otherwise, the capital shall be divided amongst the Ordinary Shareholders and Management Shareholders pro rata according to the nominal capital paid on their holdings of ordinary shares and management shares. Holders of management shares shall only receive an amount up to that paid up on the management shares and shall have no right to participate in any surplus capital remaining following such payment.

Restrictions on the Transfer of Ordinary or Management Shares

The Directors may refuse to register any transfer of any share which is not a fully-paid share, although such discretion may not be exercised in a way which the Financial Services Authority regards as preventing dealings in the shares of the relevant class or classes from taking place on an open or proper basis. As at 31 March 2009, the Company's issued ordinary shares did not include any ordinary shares that were not fully paid. The Directors may likewise refuse to register any transfer of a share in favour of more than four persons jointly.

The Company is not aware of any other restrictions on the transfer of shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws).

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Buy Back, Redemption and Cancellation, and Holding in Treasury of Ordinary Shares of 25p each

Shareholders have the opportunity to seek redemption of any or all of their shares on a quarterly basis.

The maximum price that may be paid on the buy back of any shares will be determined in accordance with the UK Listing Authority's Listing Rules which currently provide that the maximum price which may be paid is 105% of the average market values of the shares for the five business days immediately preceding the date of the relevant purchase or the higher of (i) the price of the last independent trade and (ii) the highest current bid price at the time of the purchase. The minimum price which the Company may pay for an ordinary share is 25p. Any ordinary shares purchased may be held in Treasury to the extent of permissible laws and regulations.

During the year, 3,859,907 ordinary shares were redeemed and cancelled as follows:

Redemption of Ordinary Shares

DATE	NUMBER OF SHARES	PRICE (PENCE)
16 Apr 2008	347,719	297.03
16 Jul 2008	379,256	257.98
15 Oct 2008	2,050,959	133.12
21 Jan 2009	1,081,973	158.21

A further 971,073 ordinary shares were redeemed and cancelled on 15 April 2009 at a price of 175.63p per share.

Buy Back of Ordinary Shares

The Company has the ability to buy back shares and either cancel or hold such shares in Treasury. During the year, 372,041 ordinary shares were bought back for cancellation at an average price of 252.4p per share. This represented 1.3% of the ordinary issued share capital (excluding Treasury shares) at the beginning of the year.

During the year, 1,000,000 ordinary shares previously held in Treasury, were cancelled.

Since the year end, 54,150 ordinary shares were repurchased and cancelled at a price of 172.5p per share.

Ordinary Share Valuations

On 31 March 2009 the mid-market price and the net asset value ('NAV') per ordinary share were 139.5p and 171p respectively. The comparable figures on 31 March 2008 were 283.0p and 301.9p. The NAV per ordinary share has been calculated by including investments of the subsidiary at their market values.

Revenue and Final and Special Dividends

The results for the year are shown in the consolidated income statement.

Subject to shareholder approval at the forthcoming Annual General Meeting ('AGM'), a final dividend for the year ended 31 March 2009 of 1.3p (2008: 1.3p) per ordinary share will be paid on 27 July 2009 to shareholders on the register on 3 July 2009. In addition, a special dividend of 5.7p per ordinary share will be paid on 27 July 2009 to shareholders registered on 3 July 2009. This dividend represents the VAT recoverable on management fees and interest thereon which has been recognised in the revenue account for the year.

Key Performance Indicators

The Board reviews performance by reference to a number of Key Performance Indicators that include the following, discussed below:

- Relative Asset Performance
- Dividend Policy
- Peer Group Performance
- Discount
- Total Expense Ratio

Relative Asset Performance

In reviewing the performance of the assets of the Company's portfolio, the Board currently monitors the NAV and its performance relative to that of the benchmark index. The NAV of the Company fell by 43.4% during the course of the year, compared with a fall of 43.7% in the benchmark index.

There are some 2,000 companies in the investment universe within which the Company's portfolio is invested, ranging from AIM to the FTSE 250 Index. Thus, the Investment Manager has plenty of scope to find interesting companies with strong growth potential. At the year end, 52.3% of the portfolio was invested in companies quoted on AIM, as compared to 33.3% in the benchmark index.

Dividend Policy

As an Investment Trust under section 842 of the Income and Corporation Taxes Act 1988, the Company is not permitted to retain more than 15% of its income from shares and securities. The Company's dividend policy is to distribute most of its income. The dividend level is therefore dependent on the level of income generated from underlying investments.

Details of the dividends proposed for the year are given in the Revenue and Dividends section above. Given the unpredictability of income to the Company and the relatively modest levels of dividends, the Company will pay one final dividend of 1.3p. In addition a special dividend of 5.7p per share is proposed by the Board in respect of VAT recovered on management fees.

Peer Group Performance

There are currently some 300 Investment Trusts in the UK, of which some 20 fall into the UK Smaller Companies category. This peer group is quite diverse in its objectives and structures. The Board monitors the performance of the Company in relation to both the sector as a whole and to those companies within its peer group (that is, those which most closely match its objectives and structure).

REPORT OF THE DIRECTORS (INCORPORATING THE BUSINESS REVIEW)

continued

As at 31 March 2009, by NAV the Company ranked 17th over 1 year, 17th over 3 years and 16th over 5 years in its peer group (source: Cazenove). By share price total return on £100, it was £49.5 over 1 year, £45.3 over 3 years and £75.2 over 5 years compared to its sector size-weighted average of £63.5, £55.0 and £87.6 respectively (source: AIC).

Discount

The Board monitors the discount at which the Company's shares trade in relation to its assets and how this compares to other peer group Investment Trusts. During the year, the Company's shares traded at an average discount to NAV of 11.4% and the average discount for the peer group at the year end was 19.9% (source: Cazenove).

Through the mechanisms in place during the year under review, the Board believes there is a greater likelihood that the value of the Company's shares will reflect the prospects of its own investment strategy rather than the discounts applying to the shares of other Investment Trusts.

Total Expense Ratio

The expenses of managing the Company, are monitored using a Total Expense Ratio ('TER') which is reviewed by the Board at every meeting. It is the intention of the Board to minimise the TER without impairing the performance of the Company. Excluding the management fee, a substantial number of the expenses of the Company are fixed costs regardless of the size of the Company, whereas shareholders' funds – which is used to calculate the TER – has fallen. As a direct result of this the TER of the Company has increased slightly from 1.2% last year to 1.3% this year.

Current and Future Development and Performance

Portfolio performance is substantially dependent on the performance of the securities of UK quoted smaller companies. The prices of these securities are influenced by many factors, including the general health of the UK economy, interest rates, inflation, government policies and the health of UK consumer demand. The Manager strives to maximise the total return from the stocks in which it invests, but these securities are influenced by market conditions and the Board acknowledges the external influences on portfolio performance. For a fuller discussion of the economic and market conditions facing the Company and the current and future performance of the portfolio of the Company, see both the Chairman's Statement and Manager's Report.

As part of its overall strategy, the Company seeks to manage its affairs so as to maximise returns for shareholders. One of the Board's longer term objectives is to increase the size of the assets of the Company in a manner consistent with seeking to maximise returns for shareholders. This would also act to reduce the TER. The Directors believe that increasing the assets of the Company in this way will make the Company's shares more attractive to investors and improve the liquidity of the shares.

Resources

The Company is an Investment Trust which outsources its management and administrative functions. As a result the Company has no employees. Through the contractual arrangements in place, a full range of services is available to the Company. The most significant contract is with the Manager, Invesco Asset Management Limited ('IAML'), to whom responsibility for the investment management, company secretarial and administration of the portfolio is delegated. The day-to-day responsibility for the management of the portfolio rests with the Investment Manager. The Board has adopted a series of closely monitored guidelines within which the Manager is permitted wide discretion; decisions made outside these parameters are referred to the Board. The Board has the power to replace the Manager and reviews the contract formally every year. The outcome of this review is reported in the Assessment of the Manager on page 23.

Other contractual arrangements govern relationships with the Auditor, Broker, Registrar and Custodian. These contracts are also reviewed in relation to agreed service standards on a regular basis, and more formally on an annual basis.

Relationships

Through the Annual and Half-Yearly Financial Reports and Interim Management Statements, monthly fact sheets and the publication of a daily net asset value, the Board endeavours to ensure that shareholders understand the Company's investment objectives and policies and that the Board, both independently and through the Manager, reviews its objectives and policies in the light of feedback from shareholders.

Advisers and Principal Service Providers

The Company's main supplier of services is the Manager who provides Investment Management Services as well as Company Secretarial and Administrative support. In addition, the Company currently has the following other business relationships:

- Matrix Corporate Capital LLP as Corporate Broker;
- Ernst & Young LLP as Auditors;
- Capita Registrars as Registrar; and
- JPMorgan Chase as Banker and Custodian.

Further details of the advisers can be found on page 14.

Principal Risks and Uncertainties

The Company's fixed asset investments are principally comprised of securities traded on the UK stockmarkets. The principal risk for investors in the Company is a significant fall in the securities markets and/or a prolonged period of decline in the markets relative to other forms of investment. If the Company is geared at the time, a fall in the value of the assets of the Company will normally have a larger negative affect on the NAV of the ordinary shares than if the Company is not geared. Other significant risks include consistent underperformance by the Manager or the market rating of the Company's shares failing to reflect net asset value performance.

Investors should be aware that, in certain circumstances, ongoing redemptions may lead to a more concentrated and less liquid portfolio; this in turn may adversely affect the Company's performance and value. Furthermore, ongoing redemptions may also adversely affect the secondary market liquidity in the Company's shares.

While the Board obviously cannot influence market movements, it is vigilant in monitoring and taking steps to mitigate the effects of falls in markets should they occur. The performance of the Manager is carefully monitored by the Board, and the continuation of its mandate is revisited each year. The Board has established guidelines to ensure that the investment policy that it has approved is pursued by the Manager. The Board and Manager maintain an active dialogue with the aim of ensuring that the market rating of the Company's shares reflects the underlying net asset value, and both buy back and issuance facilities help the management of this process.

The Company is subject to various laws and regulations by virtue of its status as an investment trust, and its listing on the London Stock Exchange. A breach of s842 ICTA could lead to the Company being subject to capital gains tax on profits arising from the sale of its investments. A serious breach of other regulatory rules may lead to suspension from the Stock Exchange or a qualified Audit Report. Other control failures, either by the Managers or any other of the Company's service providers, may result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

The Manager reviews the level of compliance with s842 ICTA and other financial regulatory requirements on a daily basis. All transactions, income and expenditure are reported to the Board. The Board regularly considers all risks, the measures in place to control them and the possibility of any other risks that could arise. The Board ensures that satisfactory assurances are received from service providers. The Managers' Compliance and Internal Audit Officers produce regular reports for review at the Company's Audit Committee.

Additionally, the Board with the Manager's advice will seek to ensure that the redemption of shares adversely affects neither continuing investors' prospects nor the Company's investment strategy.

The Risks and Risk Management Policies in respect of financial instruments are also detailed in note 18.

Financial Position

Assets and Liabilities

The Company has prepared its financial statements in accordance with International Financial Reporting Standards for the year ended 31 March 2009. As at 31 March 2009 the Company's assets, which comprised a portfolio of quoted equity investments, unquoted investments and cash, were valued at £39.6 million.

REPORT OF THE DIRECTORS (INCORPORATING THE BUSINESS REVIEW)

continued

During the year under review the Company repaid its borrowings in full. Gearing policy is under the control of the Board which has established gearing parameters of 90% to 120% of total assets. Gearing levels are regularly reviewed, however, as the borrowing facility expired after the year end the Company is currently ungeared.

Due to the readily realisable nature of the Company's assets, cash flow does not have the same significance as for an industrial or commercial company. The Company's principal cash flows arise from the purchase and sales of investments, income from investments, costs of borrowing, management expenses and any redemptions/buybacks/issuances of shares.

Environmental and Social Policy

As an Investment Trust company with no employees, property or activities outside investment management, environmental policy has limited application.

The Manager considers various factors when evaluating potential investments. Some are financial ratios and measures, such as free cash flow, earnings per share and price to book value. Others are more subjective indicators which rely on first hand research; for example, quality of management, innovation and product strength.

The Company's policy is that, subject to an overriding requirement to pursue the best financial interests of the Company and its shareholders, the Manager should take account of social, environmental and ethical factors in making and holding investments and in the use of voting powers conferred by such investments.

At the AGM in 2008, the Directors received approval from shareholders to send or supply documents or information to shareholders in electronic form (e.g. by e-mail) or by means of a website. This will deliver significant environmental benefits through reduced use of paper and of the energy required for its production and distribution.

Investment Management Agreement

Basis of Management fee

Invesco Asset Management Limited ('IAML') is appointed as Manager and as Administrator under an agreement dated 14 September 1992 as amended. This agreement is terminable by either party on one year's notice. The management fee is payable in arrears on 31 March, 30 June, 30 September and 31 December in each year and is calculated at the rate of 0.8% per annum by reference to the total gross assets of the Group less current liabilities (excluding short term liabilities for investment purposes) save that on unquoted investments a fee of 0.75% per annum and on cash (including STIC cash), a fee of 0.4% per annum will be charged at the end of each such period to calendar quarter date. To avoid any double charging, the gross assets of the Group are deemed to exclude the value of any investment in other funds managed by the Manager.

VAT on Management fees

With effect from late 2007, no VAT is payable by investment trusts on management fees. During the year the Company recognised £1,956,000 in respect of VAT recoverable for the period after 1 January 2001, together with interest estimated at £355,000. This VAT refund has been credited £978,000 to revenue and £978,000 to capital, in the same proportion as originally charged to the income statement, with the interest being wholly credited to revenue.

The Board expects the Company to receive refund of VAT and interest thereon for earlier periods. However no provision has been made in these accounts.

Statement of Manager's Responsibilities

The Manager is generally responsible for the day to day investment management activities of the Company, seeking and evaluating investment opportunities and analysing the results of investee companies. The Manager has full discretion to manage the assets of the Company in accordance with the Company's stated objectives and policies, as determined from time to time by the Board. Within the guidelines specified by the Board, the Manager has discretion to make purchases and sales, make and withdraw cash deposits, enter into underwriting commitments, and exercise all rights over the investment portfolio. The Manager also advises on currency exposures and borrowings.

As Administrator, IAML provides full company secretarial and accounting services to the Company, ensuring that the Company complies with all legal and regulatory requirements and attending on the

Directors at Board meetings and shareholders' meetings. The Manager maintains records of the Company's investment transactions and portfolio and all monetary transactions, from which it prepares half-yearly and annual financial reports on behalf of the Company.

Assessment of the Manager

The management contract is subject to annual review by the Management Engagement Committee which reports its findings and recommendations to the Board. The performance of the Manager in the roles of Investment Manager, Secretary and Administrator is subject to continual review by the Board.

The Management Engagement Committee has reviewed the Manager's performance and, taking into account the performance of the portfolio against its benchmark index, the other services provided by the Manager and the risk and governance environment in which the Company operates, the Board has approved the continuation of the management contract as being in the best interests of the Company and its shareholders.

Report of the Audit Committee

The Audit Committee is responsible to the Board for reviewing each aspect of the financial reporting process, the systems of internal control and management of financial risks, the audit process, relationships with the external auditors, the Company's processes for monitoring compliance with laws and regulations, its code of business conduct and for making recommendations to the Board.

The Company's internal financial controls and risk management systems have been reviewed with the Manager against risk parameters approved by the Board. The Committee has also received a satisfactory report on the Manager's internal operations from the Manager's Compliance and Internal Audit Officers.

The audit programme and timetable is drawn-up and agreed with the Auditors in advance of the Company's financial year end. At this stage, matters for audit focus are discussed and agreed. These matters are given particular attention during the audit process and, among other matters, they are reported on by the Auditors in their audit review to the Committee. The audit review is considered by the Committee and discussed with the Auditors and the Manager prior to approving and signing the financial statements.

The Committee has reviewed the financial statements for the year ended 31 March 2009 with the Manager and the Auditors at the conclusion of the audit process.

Details of the audit fee and fees in relation to non-audit work (which includes taxation services) are shown in note 4 to the financial statements.

The Committee has considered the non-audit services provided by the auditors and has concluded that they do not impinge on the objectivity of the audit process or affect the independence of the auditors.

Disclosure to Auditors

The Directors who held office at the date of the approval of the 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 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.

Substantial Share Holdings in the Company

At 31 May 2009, the Company had been notified of the following holdings of 3% and over of the Company's share capital carrying unrestricted voting rights:

	%
Invesco Perpetual (discretionary and non-discretionary clients)	28.7
M&G Investment Management	11.7
NFU Mutual	4.8
Invesco Saving Scheme	4.7
Legal & General Investment Management	4.4
Rathbones	4.1

REPORT OF THE DIRECTORS (INCORPORATING THE BUSINESS REVIEW)

continued

Directors

Directors are appointed by ordinary resolution at a general meeting of ordinary shareholders. The Directors have the power to appoint a Director during the year but any person so appointed must be put up for appointment at the next Annual General Meeting ('AGM').

Subject to its Articles of Association and relevant statutory law and to such direction as may be given by the Company in general meeting by special resolution, the business of the Company shall be managed by the Directors, who may exercise all powers of the Company which are not required to be exercised by the Company in general meeting.

The current members of the Board, all of whom served throughout the year are shown on page 13 with their biographies.

In accordance with the Board's tenure policy set out in the Corporate Governance Statement on page 29, long-serving Directors will retire at this year's AGM and will offer themselves for re-election. Therefore, Mrs Sarah Bates, James Cox and Dr Gwyn Jones, having been on the Board for over 9 years, will retire and offer themselves for re-election at the Company's AGM.

Directors' Interests

The beneficial interests of the Directors in the ordinary share capital of the Company are set out below:

	31 MARCH 2009	31 MARCH 2008
ORDINARY SHARES		
John Sands (Chairman)	–	–
Alan Barber	296	296
Sarah Bates	7,000	7,000
James Cox	10,000	10,000
Gwyn Jones	4,000	4,000

No other changes in the above interests occurred between 31 March 2009 and 15 June 2009.

Disclosable Interests

No Director was a party to or had an interest in any contract or arrangement with the Company at any time during the year.

The Company has entered into Deeds of Indemnity with Directors individually under which Directors are indemnified by the Company for costs incurred in defending claims made by third parties. The Deeds of Indemnity will be available for inspection at the AGM and at the Registered Office at any time.

Deed of Indemnity

A Deed of Indemnity has been executed on behalf of the Company for the Board of Directors.

Under the terms of the Indemnity, the Directors may be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which a Director may sustain or incur in or about the discharge of his/her duties or the exercise of a Director's powers or discretions as a Director of the Company. This includes any liability incurred by the Director in disputing, defending, investigating or providing evidence in connection with any actual or threatened or alleged claims, demands, investigations or proceedings whether civil or criminal, and any settlement thereof. A Director may also receive funding of any expenditure incurred in connection with any such liability. Directors will continue to be indemnified under the terms of the indemnity notwithstanding that they may have ceased to be Directors of the Company.

However, Directors will not be entitled to be indemnified for any liability to the Company, for fines payable to regulatory authorities, for defending any criminal proceedings in which they are convicted or in defending any civil proceedings brought by the Company in which judgment is given against a Director. The indemnity does not apply to the extent that a liability is recoverable from any insurers, if it is prohibited by the Companies Act 1985 (as and when updated by The Companies Act 2006) or otherwise prohibited by law, if it relates to tax payable on remuneration or other benefits received, or if a liability arises from an act or omission of the Director which is shown to have been in bad faith.

The Deed of Indemnity is available for inspection at the AGM and at the Registered Office at any time.

Directors' and Officers' Liability Insurance

The Company maintains a Directors' and Officers' liability insurance policy.

Conflicts of Interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty.

The Articles of Association of the Company, approved by shareholders at last year's AGM on 15 July 2008, give the Directors authority to approve such situations and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

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

Going forward, it is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

This is reviewed regularly by the Board and the Directors will advise the Company Secretary as soon as they become aware of any potential conflicts of interest. Directors who have potential conflicts of interest will not take part in any discussions which relate to any of their potential conflicts.

Individual Savings Account ('ISA') Eligibility

The ordinary shares of the Company are qualifying investments under ISA regulations.

Creditor Payment Policy

It is the Company's policy to obtain the best terms for all business, including purchases of investments, and to abide by those agreed terms. There were no trade creditors at 31 March 2009 (2008: Nil).

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditors and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Donations

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

Special Business at the Annual General Meeting ('AGM')

Shareholders will find on page 52 the Notice of the forthcoming AGM of the Company to be held on 15 July 2009. In addition to the ordinary business of the meeting, five resolutions are proposed as special business and will be proposed as two Ordinary and three Special Resolutions as follows:

Authority to Allot Shares

Resolution 8 is an Ordinary Resolution which seeks to renew the Directors' authority to allot new shares in the Company. Resolution 9 is a Special Resolution which seeks authority to issue shares pursuant to a rights issue or otherwise than in connection with a rights issue, dis-applying pre-emption rights. The Directors intend to limit their power to issue new ordinary shares for cash on a non-pre-emptive basis in accordance with the Association of British Insurers ('the ABI') guidelines. Accordingly, issues of ordinary shares for cash on a non-pre-emptive basis will be limited to not more than 5% of the Company's existing ordinary issued share capital in any financial year. The Directors will also seek to comply with the ABI guidelines when issuing any 'C' shares and/or 'C1' shares, having regard to the number of ordinary shares which are likely to arise on their conversion and any other new ordinary shares issued, but recognising that the precise number of ordinary shares which will be issued on conversion will not

REPORT OF THE DIRECTORS (INCORPORATING THE BUSINESS REVIEW)

continued

be known until conversion occurs. To take account of Treasury shares, the disapplication of pre-emption rights has been extended to apply to the resale of Treasury shares (if any) in the same way as to the allotment of new securities. The Directors will not use the authority to dilute the interests of existing shareholders by issuing shares at a price which is less than the net asset value (which may be unaudited) attributable to shares at the time of issue.

Authority to Buy Back Shares

Resolution 10 is a Special Resolution which seeks the renewal of the Directors' authority to purchase up to 14.99% of the Company's issued ordinary share capital, this being 3,485,310 of its own ordinary shares as at 15 June 2009. As companies may now hold shares repurchased as Treasury shares with a view to possible resale at a future date as an alternative to simply having to cancel them, the Directors will consider holding repurchased shares as Treasury shares with a view to possible resale.

Notice Period for General Meetings

It is expected that the EU Shareholder Rights Directive, when it is brought into force, will increase the notice period for general meetings of companies to 21 days unless certain conditions are met in which case it may be 14 days' notice. A shareholders' resolution is required to ensure that the Company's general meetings (other than Annual General Meetings) may be held on 14 days' notice. Accordingly, Special Resolution 11 will propose that the period of notice for general meetings of the Company (other than AGMs) shall be not less than 14 clear days' notice.

Rule 9 Waiver

Funds under the discretionary management of Invesco Perpetual, the Company's investment manager, own 6,681,295 Shares (28.7% of the issued share capital) in the Company. These funds, together with any other members of the Invesco Group or funds under the discretionary management of any such member, are deemed to be acting in concert for the purposes of the Takeover Code and, as the holdings are managed by the Company's own investment manager, are treated in the same way as the holding of a Director for the purposes of the Takeover Code.

During the year, the Company sought a waiver from the Takeover Panel of any obligation to make a mandatory bid to the extent that it would otherwise be triggered if the Invesco Perpetual Funds' holdings increased to greater than 30% as a result of purchases by the Company of its own Shares. The waiver was granted by the Takeover Panel and approved by the Company's Independent Shareholders at an Extraordinary General Meeting held on 25 March 2009 and will expire at the conclusion of the Annual General Meeting of the Company on 15 July 2009.

Accordingly, Resolution 12 is an Ordinary Resolution which seeks to renew approval from Independent Shareholders, to the waiver of the obligation on the Invesco Perpetual Funds to make a general offer for the entire issued share capital which may otherwise arise as a result of the purchase by the Company of any of its own shares. The waiver, if approved, will expire at the conclusion of the Annual General Meeting of the Company in 2010.

Further details of the waiver (including the Directors' recommendation) are set out in a circular dated 15 June 2009 and posted to shareholders with this annual financial report.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group 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.

By order of the Board

Invesco Asset Management Limited

Secretary

30 Finsbury Square
London EC2A 1AG

15 June 2009

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The Board presents this Report which has been prepared under the requirements of Schedule 7A of the Companies Act 1985. An Ordinary Resolution for the approval of this Report will be put to shareholders at the Annual General Meeting.

Your Company's Auditors are required to audit certain of the disclosures provided in this Report. Where disclosures have been audited, they are indicated in this Report. The Auditors' opinion is included in their Report on pages 35 and 36.

Remuneration Committee

The Board as a whole considers Directors' remuneration on a regular basis. Accordingly, a committee to consider matters relating to Directors' remuneration has not been appointed. The Board seeks advice from the Secretary, Invesco Asset Management Limited, when considering the level of Directors' fees and takes into account remuneration levels in existence within the wider Investment Trust universe.

During the year, the Directors' fees were not increased. The Chairman's fees were £25,000; the Audit Committee Chairman's fees were £20,000; and the other Directors' fees were £17,000 each.

Policy on Directors' Remuneration

The Board's policy is that the remuneration of Directors should be fair and reasonable in relation to that of other investment trust companies. It is intended that this policy will continue for the year ending 31 March 2010 and subsequent years.

Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association, the aggregate maximum being £125,000 per annum. The Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits.

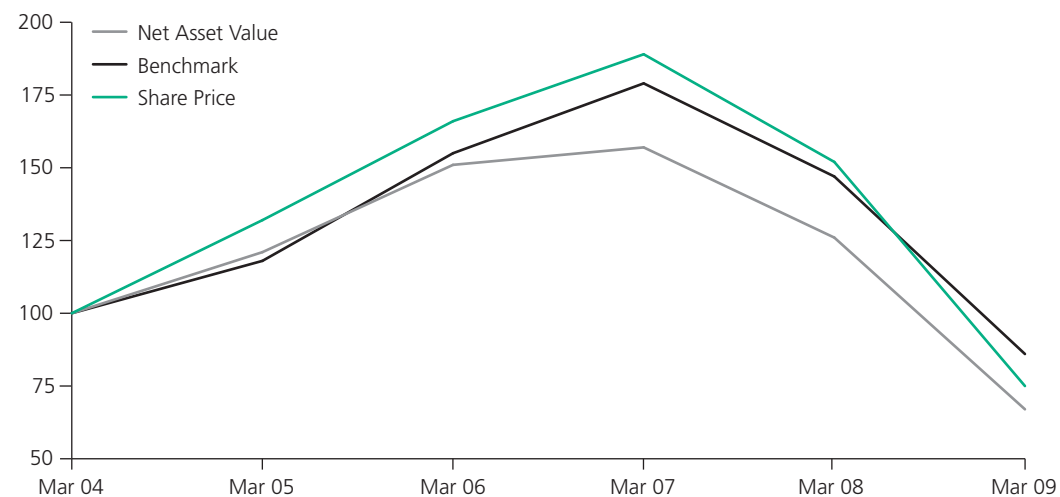
Directors' Service Contracts

All Directors have letters of appointment which are available for inspection at the Registered Office of the Company. The terms of the Directors' appointment provide that a Director shall retire and be subject to re-election at the first annual general meeting after appointment and at least every three years thereafter. The terms also provide that a Director may be removed from office without notice and that no compensation will be due on leaving office.

The Company's Performance

The graph below plots the total return to ordinary shareholders compared to the total return of the Hoare Govett Smaller Companies plus AIM (excluding Investment Trusts) Index over the five years to 31 March 2009. This index is the benchmark, on a total return basis, adopted by the Company for performance measurement purposes. Figures have been rebased to 100 at 31 March 2004.

NAV and Share Price versus Index (Total Return)



Source: Datastream

DIRECTORS' REMUNERATION REPORT

continued

Directors' Emoluments for the Period (audited)

The Directors who served during the period received the following emoluments in the form of fees:

	YEAR TO 31 MARCH 2009 £	YEAR TO 31 MARCH 2008 £
John Sands*	25,000	25,000
Alan Barber**	20,000	20,000
Sarah Bates	17,000	17,000
James Cox	17,000	17,000
Gwyn Jones	17,000	17,000
Total	96,000	96,000

* Chairman of the Board and Management Engagement and Nominations Committees.

**Chairman of the Audit Committee.

Approval

The Directors' Remuneration Report on pages 27 and 28 was approved by the Board of Directors on 15 June 2009.

James Cox

Director

Signed on behalf of the Board of Directors

CORPORATE GOVERNANCE STATEMENT

Directors' Statement of Compliance with the revised Association of Investment Companies' Code of Corporate Governance ('the AIC Code') and the AIC's Corporate Governance Guide for Investment Companies ('the AIC Guide')

The Principles

The Board is committed to maintaining the highest standards of Corporate Governance and is accountable to shareholders for the governance of the Company's affairs.

In February 2009, the Financial Reporting Council confirmed that AIC member companies who report against the AIC Code and who follow the AIC Guide would meet their obligations in relation to the 2006 Combined Code on Corporate Governance (the 'Combined Code') and paragraph 9.8.6 of the Listing Rules (relating to additional items to be included in the Annual Financial Report). This statement describes how the principles of the AIC Code and Guide have been complied with in the affairs of the Company. Any reference to the AIC Code in this statement includes references to the AIC Guide, where appropriate.

During the year under review, the terms of reference for the Board, the Audit Committee, the Management Engagement Committee and the Nominations Committee were reviewed and updated, where appropriate, to bring them in line with latest best practice and to ensure compliance with the AIC Code. Copies of the AIC Code and AIC Guide can be found on the AIC's website: www.theaic.co.uk.

The Directors believe that, throughout the year, they have complied with the provisions of the AIC Code and Guide and, therefore, the provisions of the Combined Code, save in respect of those matters discussed below as being in the course of implementation or except as explained under the relevant sections. The Company's Corporate Governance procedures are considered regularly by the Board and amended as necessary.

Directors

Independence

The Board comprises five Directors, all of whom are non-executive and all of whom are considered independent of the Company's Manager. Sarah Bates was, until 2003, an executive of the Company's Manager and, by virtue of that fact, was not considered to be independent under the terms of the AIC Code. As it is now more than five years since Sarah Bates was an employee of the Manager, the Board considers that Sarah Bates is independent of the Manager.

The Board considers that the independence of James Cox, Sarah Bates and Gwyn Jones, having served as Directors for more than nine years, is not compromised by length of service but, to the contrary, is strengthened by their experience. In this respect the Board has relied on the AIC Code; accordingly James Cox, Sarah Bates and Gwyn Jones will be seeking re-election annually.

Chairman

The Chairman is John Sands, a non-executive Director who has no conflicting relationships. Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer.

John Sands has been a member of the Board since May 2004 and Chairman since January 2006. Like all Board members, he is subject to an annual performance appraisal. Following this year's appraisal, the Board has confirmed that the Chairman's performance continues to be effective.

Senior Non-Executive Director

The Board has appointed Gwyn Jones as the Senior Non-Executive Director to act as a channel for communication with shareholders.

Supply of Information

The Manager ensures that Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made.

On being appointed to the Board, Directors are fully briefed as to their responsibilities and are continually updated throughout their term in office on industry and regulatory matters. The Manager and the Board have formulated a programme of induction training for newly appointed Directors. They have also put arrangements in place to address ongoing training requirements of Directors which include briefings from key members of the Manager's staff and which ensure that Directors can keep up to date with new legislation and changing risks.

CORPORATE GOVERNANCE STATEMENT

continued

The Board meets on a regular basis at least four times each year. Additional meetings are arranged as necessary. Regular contact is maintained between the Manager and the Board between formal meetings.

Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Manager on the current investment position and outlook, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, corporate governance, marketing and shareholder relations, regulatory changes and industry and other issues.

Board Balance

The Directors have a range of business, financial, asset management skills and experience relevant to the direction and control of the Company. Brief biographical details of members of the Board are shown on page 13.

Board Responsibilities

The Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Board is responsible for promoting the success of the Company by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed. Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long-term; the need to foster the Company's business relationships with its Manager and advisers; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between shareholders of the Company. A formal schedule of matters reserved for decision by the Board and detailing the responsibilities of the Board has been established. The main responsibilities include: setting the Company's objectives and standards, ensuring that the Company's obligations to shareholders and others are understood and complied with, approving accounting policies and dividend policy, managing the capital structure, setting long-term objectives and strategy, reviewing investment performance, approving loans and borrowing, and controlling risks.

The Manager's Responsibilities

The Manager is responsible for the day-to-day investment management decisions of the Company and for provision of Company Secretarial and Accounting Services. A statement of the Manager's responsibilities is shown on pages 22 and 23 in the Report of the Directors.

The Board has reviewed and accepted the Manager's 'whistleblowing' policy under which staff of Invesco Asset Management Limited ('IAML') can, in confidence, raise concerns about possible improprieties or irregularities in matters affecting the Company.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, IAML. The Secretary is responsible for ensuring that Board and Committee procedures are followed and that all applicable regulations are complied with. The Company Secretary is also responsible for ensuring the timely delivery of information and reports and that the statutory obligations of the Company are met.

There is an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense up to an initial cost of £5,000, having first consulted the Chairman.

Nominations Committee, Appointment, Re-election and Tenure of Directors

As the Board is considered small for the purposes of the Code, all Directors are members of the Nominations Committee under the Chairmanship of John Sands. The main responsibilities of the Nominations Committee are to review the size and structure of the Board and to make recommendations with regard to any changes considered necessary or new appointments. The Committee has written terms of reference, which clearly define its responsibilities and duties. The terms of reference of the Nominations Committee will be available for inspection at the AGM, are also available for inspection at the Registered Office of the Company and are also available via Invesco Perpetual's investment trust website.

No Director has a contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment, copies of which are available for inspection at the Registered Office of the Company and which will be available at the AGM and are also available via Invesco Perpetual's investment trust website.

The Articles of Association require that each Director shall retire at an AGM every three years after appointment or (as the case may be) last re-appointment, and shall offer themselves for re-election. No Director serves a term of more than three years before re-election. A Director's normal tenure of office will be for three terms of three years, except that the Board may determine otherwise if it is considered that the continued service on the Board of an individual Director is in the best interests of the Company and its shareholders, in which case a long-serving Director will stand for annual re-election at the Company's AGM. Accordingly, Sarah Bates, Jim Cox and Gwyn Jones will stand for re-election at the forthcoming AGM. The Articles of Association provide that the Directors may, by notice in writing, remove any Director from the Board without compensation.

Directors' Remuneration

The Board as a whole reviews Directors' fees periodically.

Detailed information on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Report on pages 27 and 28.

Board Committees' and Directors' Performance Appraisal

The Directors recognise the importance of the AIC Code's recommendations in respect of evaluating the performance of the Board as a whole, the Audit Committee and individual Directors. The performance of the Board, Audit Committee and Directors has been assessed during the year in terms of:

- attendance at Board and Committee meetings;
- the ability of Directors to make an effective contribution to the Board and Committees created by the diversity of skills and experience each Director brings to their role; and
- the Board's ability to challenge the Manager's recommendations, suggest areas of debate and set the future strategy of the Company.

The Board opted to conduct its performance evaluation through questionnaires and discussion between the Directors and the Chairman/Audit Committee Chairman respectively. The result of the most recent performance evaluation process was that the Board collectively, and the Directors individually, had continued to be effective and had demonstrated commitment to the role.

Attendance at Board and Committee Meetings

All Directors are considered to have a good attendance record at Board and Committee meetings of the Company. The following table sets out the number of scheduled Directors' meeting (including, Audit and Management Engagement Committee meetings) held during the year ended 31 March 2009 and the number of scheduled meetings attended by each Director.

Apart from the scheduled Board meetings, there were also a number of unscheduled telephone Board meetings to discuss particular issues.

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS	
	HELD	ATTENDED	HELD	ATTENDED AS A MEMBER	HELD	ATTENDED AS A MEMBER
John Sands (Chairman)	4	4	2	n/a	1	1
Alan Barber	3	3	2	2	1	1
Sarah Bates	4	4	2	n/a	1	n/a
James Cox	4	4	2	2	1	1
Gwyn Jones	4	4	2	2	1	1

John Sands and Sarah Bates are not members of the Audit Committee. However, at times they attend Audit Committee meetings by invitation from the Chairman of the Audit Committee.

Sarah Bates is not a member of the Management Engagement Committee. However, she attended the Management Engagement Committee meeting held during the year at the invitation of the Chairman.

CORPORATE GOVERNANCE STATEMENT

continued

Accountability and Audit

The Directors' responsibilities for the Company's accounting records and financial statements are set out on page 34. The Independent Auditors' Report appears on pages 35 and 36.

Audit Committee

The Audit Committee comprises Alan Barber, James Cox and Gwyn Jones all of whom are considered independent by the Board. The Chairman is Alan Barber, a Chartered Accountant with many years experience at senior partnership level. Committee members consider that, collectively, they are appropriately experienced to fulfil the role required. The Committee has written terms of reference which clearly define its responsibilities. The terms of reference of the Audit Committee, including its role and authority, will be available for inspection at the AGM and can be inspected at the Registered Office of the Company and are also available via Invesco Perpetual's investment trust website.

The Audit Committee is responsible to the Board for reviewing each aspect of the financial reporting process, the systems of internal control and the management of financial risks, the audit process, relationships with external auditors, the Company's processes for monitoring compliance with laws and regulations, its code of business conduct and for making recommendations to the Board.

The Committee meets at least twice each year to review the internal financial and non-financial controls, to approve the contents of the draft half-yearly and annual financial reports to shareholders and to review the accounting policies. In addition, the Committee reviews the Auditors' independence, objectivity and effectiveness, the quality of the services of the service providers to the Company and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements. At each meeting, representatives of the Manager's internal audit and compliance teams are present. Representatives of Ernst & Young LLP, the Company's auditors, attend the Committee meeting at which the draft annual financial report is reviewed and are given the opportunity to speak to Committee members without the presence of representatives of the Manager.

The audit programme and timetable are agreed with the Auditors in advance of the financial year end. At this stage, matters for audit focus are discussed and agreed. These matters are given particular attention during the audit process and, among other matters, are reported on by the Auditors in their report to the Audit Committee. This report is considered by the Committee and discussed with the Auditors and the Manager prior to approving and signing the Financial Statements.

The Company's internal financial controls and risk management systems have been reviewed with the Manager against risk parameters approved by the Board. The Audit Committee has also received a satisfactory report on the Manager's internal operations from the Manager's Compliance and Internal Audit Officers. The Chairman of the Audit Committee will be present at the AGM to deal with questions relating to the accounts.

The Committee has reviewed the financial statements for the year ended 31 March 2009 with the Manager and Auditors at the conclusion of the audit process.

The Committee has recommended approval by the Board of an audit fee of £29,000, exclusive of expenses and VAT. The Committee has considered and are satisfied with the objectivity and the independence of the Auditors.

Internal Financial and Non-Financial Controls

The Directors acknowledge that they are responsible for ensuring that the Company maintains a sound system of internal control to safeguard shareholders' investment and the Company's assets.

The Board reviews, at least annually, the effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems. The Company's system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Company's objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from their review. There are no significant failings or weaknesses that have occurred throughout the year ended 31 March 2008 and up to the date of this Annual Financial Report.

The Board meets regularly, at least four times a year, and reviews financial reports and performance against revenue forecasts, stock market indices and the Company's peer group. In addition, the Manager and Custodian maintain their own systems of internal controls and the Board and Audit Committee receive regular reports from the Internal Audit and Compliance Departments of the Manager. Formal

reports are also produced on the internal controls and procedures in place for custodial, investment management and accounting activities, and these are reviewed annually by the Board.

Internal Audit Function

As the Company employs a manager to undertake its investment management and administration functions, which are subject to the Managers' internal Compliance and Internal Audit reviews, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function.

Auditors' Non-Audit Services

The Company's auditors also provide taxation services to the Company. The cost of providing these services is stated in note 4 to the financial statements. In the opinion of the Committee, the Auditors' role in providing taxation and other advisory services to the Company does not compromise their objectivity and independence in carrying out their audit function.

The Management Engagement Committee

The Management Engagement Committee comprises John Sands, Alan Barber, James Cox and Gwyn Jones. The Chairman of the Committee is John Sands. The Management Engagement Committee has written terms of reference which clearly define its responsibilities and duties. The terms of reference will be available for inspection at the AGM, can be inspected at the Registered Office of the Company and are also available via Invesco Perpetual's investment trust website. The Committee meets at least annually to review the investment management agreement with the Company's Manager and to review the services provided by the Manager.

A statement of Invesco Asset Management Limited's responsibilities as Manager and Administrator of the Company and the assessment of the Investment Manager by the Management Engagement Committee can be found in the Report of the Directors on pages 22 and 23.

Relations with Shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports which aim to provide shareholders with a full understanding of the Company's activities and results. This information is supplemented by the bi-annual publication of the interim management statements and by the daily calculation of the net asset value of the Company's ordinary shares, which is published via the Stock Exchange, and by a monthly factsheet. In addition, at each AGM a presentation is made by the Manager following the business of the meeting and shareholders have the opportunity to communicate directly with the whole Board. All shareholders are encouraged to attend the AGM.

There is a regular dialogue with individual institutional shareholders and general presentations to both institutional shareholders and analysts following publication of the annual results. All meetings between the Manager and institutional shareholders are reported to the Board.

It is the intention of the Board that the annual financial report and Notice of AGM be issued to shareholders so as to provide twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so in writing to the Company Secretary at the address given on page 14. At other times the Company responds to letters from shareholders on a range of issues.

Shareholders can also visit Invesco Perpetual's website at www.invescoperpetual.co.uk/investmenttrusts in order to access copies of annual and half-yearly financial reports, interim management statements, shareholder circulars, Company factsheets, Stock Exchange announcements, the Schedule of Matters Reserved for the Board, the Terms of Reference of the Committees of the Board, the Company's share price and any proxy voting results.

Institutional Voting

The Board considers that the Company has a responsibility as a shareholder towards ensuring that high standards of Corporate Governance are maintained in the companies in which it invests. The Board does not seek to intervene in daily management decisions, but aims to support high standards of governance and, where necessary, will take the initiative to ensure those standards are met. The principal means of putting shareholder responsibility into practice is through the exercise of voting rights. Your Company's voting rights are exercised on an informed and independent basis and are not simply passed back to the company concerned for discretionary voting by its chairman.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in relation to the Group Financial Statements

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The Directors are required to prepare Group financial statements for each financial year which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing those 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;
- provide additional disclosures when compliance with the specific requirements in IFRSs 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
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors

James Cox

Director

15 June 2009

Electronic Publication

The financial statements are published on www.invescoperpetual.co.uk/investmenttrusts which is a website maintained by the Company's Manager. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements 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 financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

to the Members of Invesco English and International Trust plc

We have audited the Group and parent company financial statements (the 'financial statements') of Invesco English and International Trust plc for the year ended 31 March 2009 which comprise the consolidated income statement, the consolidated and Company statement of changes in equity, the consolidated and Company balance sheets, the consolidated and Company cash flow statements and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors responsibilities for preparing the Annual Financial Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Directors' Responsibility Statement.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Financial Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Financial Information and Performance Statistics, Historical Record of the Group, Chairman's Statement, Manager's Report, Classification of Investments, Investments in Order of Valuation, Directors, Advisers and Principal Service Providers, Shareholder Information, Report of the Directors, the unaudited part of the Directors' Remuneration Report, Corporate Governance Statement, Notice of Annual General Meeting and Glossary of Terms. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT

continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its net loss for the year ended 31 March 2009;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Report of the Directors is consistent with the financial statements.

Ernst & Young LLP

Registered Auditor

London

15 June 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2009			2008		
		REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Losses on investments held at fair value	9	–	(38,152)	(38,152)	–	(20,816)	(20,816)
Realised losses on foreign exchange		–	–	–	–	(2)	(2)
Income	2	1,687	–	1,687	1,704	–	1,704
Investment management fee	3	(233)	(233)	(466)	(506)	(506)	(1,012)
VAT recoverable on management fees	3	978	978	1,956	–	–	–
Other expenses	4	(348)	(9)	(357)	(333)	(13)	(346)
Profit/(loss) before finance costs and taxation		2,084	(37,416)	(35,332)	865	(21,337)	(20,472)
Finance costs	5	(55)	(55)	(110)	(314)	(314)	(628)
Profit/(loss) before tax		2,029	(37,471)	(35,442)	551	(21,651)	(21,100)
Tax	6	(18)	–	(18)	(11)	–	(11)
Profit/(loss) after tax		2,011	(37,471)	(35,460)	540	(21,651)	(21,111)
Return per ordinary share	7	7.6p	(141.6)p	(134.0)p	1.7p	(69.7)p	(68.0)p

The total column of this statement represents the Group's profit and loss account, prepared in accordance with International Financial Reporting Standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations and the Group has no other gains or losses. No operations were acquired or discontinued in the year.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL EQUITY £'000
Shareholders' funds						
at 31 March 2007	9,854	17,825	12,200	85,267	9,529	134,675
Profit/(loss) for the year	–	–	–	(21,651)	540	(21,111)
Ordinary shares cancelled	(1,939)	–	1,939	(27,082)	–	(27,082)
Dividends paid on ordinary shares						
– note 8	–	–	–	–	(411)	(411)
Shareholders' funds						
at 31 March 2008	7,915	17,825	14,139	36,534	9,658	86,071
Profit/(loss) for the year	–	–	–	(37,471)	2,011	(35,460)
Ordinary shares cancelled	(1,308)	–	1,308	(6,945)	(1,801)	(8,746)
Dividends paid on ordinary shares						
– note 8	–	–	–	–	(363)	(363)
Shareholders' funds						
at 31 March 2009	6,607	17,825	15,447	(7,882)	9,505	41,502

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL EQUITY £'000
Shareholders' funds						
at 31 March 2007	9,854	17,825	12,200	85,405	7,307	132,591
Profit/(loss) for the year	–	–	–	(21,651)	522	(21,129)
Ordinary shares cancelled	(1,939)	–	1,939	(27,082)	–	(27,082)
Dividends paid on ordinary shares						
– note 8	–	–	–	–	(411)	(411)
Shareholders' funds						
at 31 March 2008	7,915	17,825	14,139	36,672	7,418	83,969
Profit/(loss) for the year	–	–	–	(37,471)	2,011	(35,460)
Ordinary shares cancelled	(1,308)	–	1,308	(6,945)	(1,801)	(8,746)
Dividends paid on ordinary shares						
– note 8	–	–	–	–	(363)	(363)
Shareholders' funds						
at 31 March 2009	6,607	17,825	15,447	(7,744)	7,265	39,400

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

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31 MARCH

	NOTES	2009 GROUP £'000	2008 GROUP £'000	2009 COMPANY £'000	2008 COMPANY £'000
Non-current assets					
Investments held at fair value through profit or loss	9	39,220	88,747	40,182	89,709
Current assets					
Other receivables	10	2,566	487	2,566	487
Cash and cash equivalents		352	502	352	500
		2,918	989	2,918	987
Total assets		42,138	89,736	43,100	90,696
Current liabilities					
Other payables	11	(636)	(915)	(3,700)	(3,977)
Bank loans	12	–	(2,750)	–	(2,750)
		(636)	(3,665)	(3,700)	(6,727)
Net assets		41,502	86,071	39,400	83,969
Issued capital and reserves attributable to equity holders					
Ordinary share capital	13	6,607	7,915	6,607	7,915
Share premium	14	17,825	17,825	17,825	17,825
Capital redemption reserve	14	15,447	14,139	15,447	14,139
Capital reserve	14	(7,882)	36,534	(7,744)	36,672
Revenue reserve	14	9,505	9,658	7,265	7,418
Total Shareholders' funds		41,502	86,071	39,400	83,969
Net asset value per ordinary share	15	171.0p	301.9p	162.3p	294.5p

These financial statements were approved and authorised for issue by the Board of Directors on 15 June 2009.

Signed on behalf of the Board of Directors

James Cox
Director

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

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH

	NOTES	2009 GROUP £'000	2008 GROUP £'000	2009 COMPANY £'000	2008 COMPANY £'000
Cash flow from operating activities					
Loss before tax		(35,442)	(21,100)	(35,442)	(21,118)
Taxation		(18)	(11)	(18)	(11)
Adjustments for:					
Purchases of investments		(19,742)	(39,240)	(19,742)	(39,240)
Sales of investments		30,940	86,385	30,940	86,386
		11,198	47,145	11,198	47,146
Losses on investments		38,152	20,816	38,152	20,816
Realised losses on foreign exchange		–	2	–	2
Financing costs		110	628	110	628
Operating cash flows before movements in working capital					
Increase in receivables		(2,094)	(65)	(2,094)	(47)
Decrease in payables		(87)	(396)	(85)	(398)
Net cash from operating activities before and after tax					
		11,819	47,019	11,821	47,018
Cash flows from financing activities					
Bank loans repaid		(2,750)	(19,250)	(2,750)	(19,250)
Shares redeemed/purchased and cancelled		(8,746)	(27,082)	(8,746)	(27,082)
Interest paid on borrowings		(110)	(630)	(110)	(630)
Equity dividends	8	(363)	(411)	(363)	(411)
Net cash used in financing activities					
		(11,969)	(47,373)	(11,969)	(47,373)
Net decrease in cash and cash equivalents					
		(150)	(354)	(148)	(355)
Cash and cash equivalents at the beginning of the year					
Effects of foreign exchange movements		–	(2)	–	(2)
Cash and cash equivalents at end of the year					
		352	502	352	500

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

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU, and Standing Interpretation Committee and International Financial Reporting Interpretation Committee interpretations issued by the International Accounting Standards Board ('IASB') effective for the Group's reporting for the year ended 31 March 2009 and the previous year.

(a) Basis of preparation

The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued by the Association of Investment Companies ('AIC') in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP. The supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement, in accordance with guidance issued by the AIC.

Following the publication of the new SORP, and the early adoption of this by the Company, capital reserves are now shown in aggregate in the balance sheet and statement of changes in equity. This has no effect on the Company's reported results or financial position.

(b) Principal activity

The principal activity of the Company remains that of an investment trust within the meaning of Section 842 of the Income and Corporation Taxes Act 1988. The principal activity of its subsidiary undertaking, Anglo-Scottish Amalgamated Corporation Limited, is investment dealing.

(c) Basis of consolidation

The consolidated financial statements, incorporating the financial statements of the Company and its subsidiary, are made up to the same accounting date. The subsidiary is consolidated from the date of its acquisition, being the date on which the Group obtained control, and continues to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of the subsidiary is prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated. A separate revenue account for the Company, excluding its subsidiary undertaking, has not been included, as permitted by Section 230 of the Companies Act 1985. The consolidated loss for the year ended 31 March 2009 includes a loss after tax of £35,460,000 (31 March 2008: loss of £21,111,000) which is dealt with in the accounts of the Company.

(d) Investee companies

Details of the Company's holdings in investee companies in excess of 5% of allotted share capital or securities are shown in note 9(e). Investments can be made such that the Group has the right, directly or indirectly, to influence the overall direction of an investee company. However, the Group does not participate in the day-to-day management of such companies and accordingly they are not considered to be associated undertakings.

(e) Segmental reporting and functional currency

The Directors are of the opinion that the Company is engaged in a single segment of business of investing in equity and debt securities, issued by companies operating and generating revenue mainly in the UK and, therefore, no segmental reporting is provided.

The Company's functional currency is pounds sterling as its operating activities are based in the UK and substantially all of its income and expenses are in sterling, which is also the currency in which these accounts are prepared.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Significant Accounting Policies (continued)

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

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

Investments are designated as fair value through profit or loss. As the Group's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are, on initial recognition, designated as fair value through profit or loss.

After initial recognition, investments which are designated as fair value through profit or loss, are measured at subsequent reporting dates at fair value. Gains or losses on investments designated as fair value through profit or loss are recognised in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date.

In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established with regard to the International Private Equity and Venture Capital Valuation Guidelines by using valuation methodologies such as recent transactions, net assets and earnings multiples. Where no reliable fair value can be estimated for such unquoted instruments, they are carried at Directors' valuation.

Any gains or losses whether realised or unrealised, arising on fixed asset investments are taken through the income statement and shown in capital.

(g) Income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established, normally the ex-dividend date. UK dividends are stated net of related tax credits. Interest income is taken to account on an accruals basis and underwriting commission is recognised as earned.

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

(h) Expenses and finance costs

Expenses are recognised on an accruals basis and finance costs are recognised using the effective interest method in the income statement. Expenses and finance costs are charged to revenue, except where they are presented as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Accordingly, the investment management fee and finance costs have been allocated equally to revenue and capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

(i) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax. Any tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date. Any allocation of tax relief to capital is based on the marginal basis.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax

bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment trusts which have approval under Section 842 of the Income and Corporation Taxes Act 1988 are not liable for taxation on capital gains.

(j) Dividends payable

Dividends are recognised when paid and are shown in the statement of changes in equity.

(k) Other receivables and payables

Other receivables and payables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(l) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and short-term deposits with an original maturity of three months or less.

(m) Financial Instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments. The Company offsets financial assets and financial liabilities if the Company has a legally enforceable right to set-off the recognised amounts and interests and intends to settle on a net basis. Financial assets are derecognised when the Company's contractual right to the instrument ceases. Financial liabilities are derecognised when the Company settles its obligations relating to the instrument.

(n) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rate ruling on the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

2. Income

	2009 £'000	2008 £'000
Income from investments		
UK dividends	1,173	1,532
Overseas dividends	155	143
	1,328	1,675
Other income		
Deposit interest	–	7
Interest on VAT recoverable on management fees (note 3)	355	–
Underwriting commissions	4	4
Investment dealing profits of subsidiary	–	18
	359	29
Total income	1,687	1,704

NOTES TO THE FINANCIAL STATEMENTS

continued

2. Income (continued)

	2009 £'000	2008 £'000
Total income comprises:		
Dividends	1,328	1,675
Interest	355	7
Other income	4	22
	1,687	1,704
Income from investments		
Listed UK	795	1,224
Unlisted	533	451
	1,328	1,675

3. Investment management fee

	2009			2008		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Investment management fee	233	233	466	460	460	920
VAT suffered	–	–	–	46	46	92
	233	233	466	506	506	1,012

Details of the investment management agreement are disclosed in the Report of the Directors. The balance due to the Manager at the year end in respect of the investment management fee was £79,000 (31 March 2008: £177,000).

With effect from 1 October 2007, no VAT has been payable on management fees. An amount of £1,956,000 has been recognised in these accounts in respect of VAT recoverable on management fees paid to the Manager, together with £355,000 of interest thereon. The VAT recoverable has been credited equally to revenue and capital, in the same proportion as originally charged in the income statement.

4. Other expenses

	2009			2008		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Aggregate Directors' emoluments ⁽ⁱ⁾	96	–	96	96	–	96
Auditors' remuneration ⁽ⁱⁱ⁾ pursuant to legislation						
– for audit of the group and company financial statements	29	–	29	28	–	28
– other services relating to taxation	6	–	6	6	–	6
General expenses ⁽ⁱⁱⁱ⁾	217	9	226	203	13	216
Other expenses	348	9	357	333	13	346

- (i) The Directors' emoluments authorised by the Articles of Association are £125,000 per annum. The Directors' Remuneration Report is on pages 27 and 28.
- (ii) Fees payable to the Company's auditor are shown excluding VAT, which is included in other expenses.
- (iii) Included in general expenses are custodian's transaction charges of £9,000 (2008: £13,000), which are allocated wholly to capital.

5. Finance costs

	2009			2008		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Interest payable on borrowings repayable as follows:						
Bank loans repayable within 1 year, not by instalment	55	55	110	314	314	628
Total finance costs	55	55	110	314	314	628

6. Tax

(a) Current tax charge

	2009			2008		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Overseas taxation	18	–	18	11	–	11

(b) Reconciliation of current tax charge

	2009 £'000	2008 £'000
Total return on ordinary activities before taxation	(35,442)	(21,100)
Theoretical tax at UK Corporation Tax rate of 28% (2008: 30%)	(9,924)	(6,330)
Effects of:		
– Losses on investments not taxable	10,683	6,245
– Losses on foreign exchange not taxable	–	1
– UK dividends which are not taxable	(328)	(460)
– Overseas dividends taxable	18	11
– Movements in excess management expenses and non-trading loan relationship debits	(437)	541
– Expenses not deductible for tax purposes	6	3
Actual current tax amount	18	11

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

(c) Factors that may affect future tax charges

The Company has excess management expenses and excess non-trading loan relationship debits of £56,015,000 (2008: £57,576,000) that are available to offset future taxable revenue. A deferred tax asset has not been recognised in respect of these amounts since it is considered too uncertain that there will be sufficient future taxable revenue against which these amounts can be offset.

7. Return per ordinary share

Total return per ordinary share is based on the total profit/(loss) after tax, revenue return per ordinary share is based on the revenue profit after tax and capital return per ordinary share is based on capital profit/(loss) after tax as shown in the income statement. All three returns are based on 26,467,425 (2008: 31,024,383) shares being the weighted average number of shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS

continued

8. Dividends on ordinary shares

Dividends paid and recognised in the year:

	2009		2008	
	PENCE	£'000	PENCE	£'000
Final paid in respect of previous year	1.3	363	1.3	411
	1.3	363	1.3	411

Set out below the dividends payable in respect of the current financial year, which, together with the other movements in revenue reserves set out on page 38, is the basis on which the requirements of Section 842 Income and Corporation Taxes Act 1988 are considered.

	2009		2008	
	PENCE	£'000	PENCE	£'000
Final proposed	1.3	303	1.3	363
Special dividend	5.7	1,325	–	–
	7.0	1,628	1.3	363

The final and special dividends for 2009 will be paid to shareholders on 27 July 2009 and are shown above based on shares in issue at the date of this annual financial report of 23,250,902.

9. Investments held at fair value through the profit or loss

(a) Analysis of investments

	GROUP	GROUP	COMPANY	COMPANY
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Shares in subsidiary undertakings (see 9(c) below)	–	–	962	962
Other investments:				
Listed:				
– United Kingdom	15,094	35,166	15,094	35,166
– elsewhere	2,005	762	2,005	762
Unlisted (including AIM)	20,522	51,645	20,522	51,645
Unquoted at Directors' valuation:				
In equity share capital	1,599	1,174	1,599	1,174
	39,220	88,747	40,182	89,709

(b) Analysis of investment gains:

	GROUP	GROUP	COMPANY	COMPANY
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Opening valuation	88,747	156,553	89,709	157,515
Movements in the year:				
Additions at cost	19,550	37,990	19,550	37,990
Disposals:				
– proceeds	(30,925)	(84,980)	(30,925)	(84,980)
– realised (losses)/gains on sales	(11,043)	20,760	(11,043)	20,760
Movement in unrealised depreciation	(27,109)	(41,576)	(27,109)	(41,576)
Closing valuation	39,220	88,747	40,182	89,709
Closing cost of investments	(84,484)	(105,940)	(83,522)	(106,902)
Closing unrealised depreciation	(45,264)	(17,193)	(43,340)	(17,193)
Realised (losses)/gains on sales	(11,043)	20,760	(11,043)	20,760
Movement in unrealised depreciation	(27,109)	(41,576)	(27,109)	(41,576)
Losses on investments	(38,152)	(20,816)	(38,152)	(20,816)

(c) Subsidiary undertaking

The Company holds directly 100% of the ordinary share capital of Anglo-Scottish Amalgamated Corporation Limited (consisting of £333,255 ordinary stock) which company is registered and operates in England and Wales.

(d) Registration of investments

The investments of the Company are registered in the name of the Company or in the name of nominees and held to the order of Invesco English and International Trust.

(e) Holdings in excess of 5%

The Company holds 5% or more of any class of allotted share capital or securities in the following companies, other than holdings with a valuation of nil.

NAME	COUNTRY OF INCORPORATION	CLASS OF CAPITAL	% OF CLASS HELD
Cobra Bio Manufacturing	England and Wales	Ordinary	5.9
Telos	U.S.A.	'B' Common	9.6

In the opinion of the Directors, neither the results nor the financial position of the above investments have a significant effect on the results shown in these financial statements.

(f) Transaction costs

Transaction costs on purchases were £103,000 (2008: £150,000) and on sales were £55,000 (2008: £170,000)

10. Other receivables

	GROUP 2009 £'000	GROUP 2008 £'000	COMPANY 2009 £'000	COMPANY 2008 £'000
Amounts due from brokers	242	257	242	257
Prepayments and accrued income	13	230	13	230
Recoverable VAT on management fees and interest thereon	2,311	–	2,311	–
	2,566	487	2,566	487

11. Other payables

	GROUP 2009 £'000	GROUP 2008 £'000	COMPANY 2009 £'000	COMPANY 2008 £'000
Amounts due to brokers	451	643	451	643
Amounts owed to subsidiary	–	–	3,065	3,064
Accruals and deferred income	185	272	184	270
	636	915	3,700	3,977

12. Bank loans

	GROUP 2009 £'000	GROUP 2008 £'000	COMPANY 2009 £'000	COMPANY 2008 £'000
Bank loan repayable in less than one year	–	2,750	–	2,750

NOTES TO THE FINANCIAL STATEMENTS

continued

13. Share capital of the Group

(a) Called up share capital

	2009 £'000	2008 £'000
Authorised		
125,000,000 (2008: 125,000,000) ordinary shares of 25p each	31,250	31,250
50,000 (2008: 50,000) management shares of 100p each	50	50
100,000,000 (2008: 100,000,000) C shares of 50p each	50,000	50,000
100,000,000 (2008: 100,000,000) C1 shares of 50p each	50,000	50,000
	131,300	131,300
Allotted, called up and fully paid		
26,376,125 (2008: 31,608,073) ordinary shares of 25p each	6,594	7,902
50,000 management shares of 100p each (25p paid)	13	13
	6,607	7,915

The management shares do not carry any right to participate in the Company's profits and do not carry any right to receive notice of, or attend or vote at any general meeting of the Company.

(b) Movements in ordinary share capital

	ORDINARY SHARES IN ISSUE NUMBER	TREASURY SHARES NUMBER	TOTAL SHARE CAPITAL NUMBER	ORDINARY SHARES IN ISSUE £'000	TREASURY SHARES £'000	TOTAL SHARE CAPITAL £'000
IN THE YEAR:						
At 31 March 2008	28,508,073	3,100,000	31,608,073	7,127	775	7,902
Shares redeemed and cancelled	(3,859,907)	–	(3,859,907)	(965)	–	(965)
Shares bought back and cancelled	(372,041)	–	(372,041)	(93)	–	(93)
Shares bought back into treasury	–	–	–	–	–	–
Treasury shares cancelled	–	(1,000,000)	(1,000,000)	–	(250)	(250)
At 31 March 2009	24,276,125	2,100,000	26,376,125	6,069	525	6,594
AFTER THE YEAR END:						
At 31 March 2009	24,276,125	2,100,000	26,376,125	6,069	525	6,594
Shares redeemed and cancelled	(971,073)	–	(971,073)	(243)	–	(243)
Shares bought back and cancelled	(54,150)	–	(54,150)	(13)	–	(13)
At 15 June 2009	23,250,902	2,100,000	25,350,902	5,813	525	6,338

During the year the ordinary shares bought back or redeemed were at an average price of 208.1p. Since the year end, the average price of the ordinary shares bought back or redeemed is 175.5p.

14. Reserves Movement in year

	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	RETAINED EARNINGS £'000
GROUP				
Shareholders' funds at 31 March 2008	17,825	14,139	36,534	9,658
Net loss on realisation of investments	–	–	(11,043)	–
Movement in unrealised depreciation	–	–	(27,109)	–
VAT recoverable	–	–	978	–
Management fee charged to capital	–	–	(233)	–
Interest charged to capital	–	–	(55)	–
Dealing charges charged to capital	–	–	(9)	–
Redemption of ordinary shares	–	965	(6,091)	(1,711)
Treasury and bought back shares cancelled	–	343	(854)	(90)
Revenue return for the year	–	–	–	2,011
Equity dividend paid in the year	–	–	–	(363)
Shareholders' funds at 31 March 2009	17,825	15,447	(7,882)	9,505
COMPANY				
Shareholders' funds at 31 March 2008	17,825	14,139	36,672	7,418
Net loss on realisation of investments	–	–	(11,043)	–
Movement in unrealised appreciation	–	–	(27,109)	–
VAT recoverable	–	–	978	–
Management fee charged to capital	–	–	(233)	–
Interest charged to capital	–	–	(55)	–
Dealing charges charged to capital	–	–	(9)	–
Redemption of ordinary shares	–	965	(6,091)	(1,711)
Treasury and bought back shares cancelled	–	343	(854)	(90)
Revenue return for the year	–	–	–	2,011
Equity dividend paid in the year	–	–	–	(363)
Shareholders' funds at 31 March 2009	17,825	15,447	(7,744)	7,265

The capital redemption reserve maintains the equity share capital arising on the cancellation of ordinary shares; it, and the share premium, are non-distributable.

The capital reserve includes the investment holding gains/(losses), being the difference between cost and fair value at the balance sheet date, totalling a loss of £45,264,000 (2008: £17,193,000). The capital reserve is non-distributable, however, it can be used to fund redemptions and buy backs of shares.

The revenue reserve is the only reserve that is distributable by way of dividend.

15. Net asset value of the Group

The net asset value per ordinary share is based on 24,276,125 shares (2008: 28,508,073), excluding Treasury shares.

	NET ASSET VALUE PER SHARE		NET ASSETS ATTRIBUTABLE	
	2009 PENCE	2008 PENCE	2009 £'000	2008 £'000
Ordinary shares	171.0	301.9	41,502	86,071

NOTES TO THE FINANCIAL STATEMENTS

continued

16. Contingencies, guarantees and financial commitments

The Board expects the Company to receive additional refunds of VAT on management fees and interest thereon. However, in the absence of a definitive agreement with the Manager there is not yet certainty about either the amount or the timing of any recovery. Accordingly, no asset has been recognised in the financial statements.

There were no other contingencies, guarantees or financial commitments of the Company at the year end (2008: £nil).

17. Related party transactions

Invesco Asset Management Limited ('IAML'), a wholly owned subsidiary of Invesco Limited, acts as Manager and Secretary to the Company. Details of IAML's services and fees are given in note 3. Full details of related transactions and balances with Directors of the Company are set out in the Report of the Directors. During the year the Company purchased 700,000 ordinary shares of 25p each in Management Consulting Group plc ('MCG'). Mr Alan Barber, a Director of the Company, is Executive Chairman of MCG.

18. Financial instruments

The Company's financial instruments comprise its investment portfolio (as shown on pages 10 to 12), cash, borrowings, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The accounting policies in note 1 include criteria for the recognition and the basis of measurement applied for financial instruments. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

Risk management policies and procedures

The Directors have delegated to the Manager the responsibility for the day-to-day investment activities of the Company as more fully described in the Report of the Directors.

As an investment trust the Company invests in equities and other investments for the long-term so as to meet its investment objective and policies. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in net assets or a reduction of the profits available for dividends. Those related to financial instruments include market risk, currency risk, liquidity risk and credit risk. These policies are summarised below and have remained substantially unchanged for the two years under review.

The main risk that the Company faces arising from its financial instruments is market risk – this risk is reviewed in detail below. Since the Company invests mainly in UK equities traded on the London Stock Exchange, currency risk, liquidity risk and credit risk are not significant. Currency risk is not significant as only 2.4% of the investments are denominated in currencies other than sterling and any borrowings are only drawn down in sterling.

Liquidity risk is minimised as the majority of the Company's investments comprise a diversified portfolio of readily realisable securities which can be sold to meet funding commitments as necessary. During the year the Company had a £12.5 million multicurrency credit facility which provided unconditional short-term and long-term funding flexibility; this facility expired after the year end. The Company also has in place an overdraft facility of 10% of net assets for settlement purposes with its custodian, which can be used for short-term funding.

Credit risk encompasses the failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered, and cash balances. Counterparty risk is minimised by using only approved counterparties. The Company's ability to operate in the short-term may be adversely affected if the Company's custodian, JPMorgan Chase, suffers insolvency or other financial difficulties. The Board reviews the custodian's annual controls report and the Manager's management of the relationship with the custodian. Cash balances are limited to a maximum of £5 million with any one depository, with only approved depositories being used. In addition, a maximum deposit of £6 million (reduced post year end to £4 million) may be placed with AIM Short Term Investments Company (Global Series) plc, a triple-A rated money market fund.

Market risk

The fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices. This market risk comprises two elements – interest rate risk and other price risk. The Company's Manager assesses the Company's exposure when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis. The Board meets at least quarterly to assess risk and review investment performance, as disclosed in the Board Responsibilities on page 30. No derivative or hedging instruments are utilised to manage market risk. Where gearing is used to enhance returns, this will also increase the Company's exposure to market risk and volatility.

1. Interest Rate Risk

Interest rate movements may affect the level of interest payable on variable rate borrowings and the income receivable on cash deposits. When the Company has cash balances, they are held on variable rate bank accounts yielding rates of interest dependent on the base rate of the Custodian, JPMorgan Chase.

The Company has an uncommitted bank overdraft facility of 10% of net assets, which is for settlement purposes only. At the year end drawings on this were nil (2008: £nil).

The Company's £12.5 million loan facility was utilised during the year but expired after the year end. The Board is in discussions regarding new borrowing facilities, the maximum amount of which would not be in excess of £5 million.

The Company's portfolio is not directly exposed to interest rate risk.

2. Other Price Risk

Other 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 equity investments, but it is the business of the Manager to manage the portfolio to achieve the best return that he can.

Management of Other Price Risk

The Directors manage the market price risks inherent in the investment portfolio by meeting regularly to monitor on a form basis the Manager's compliance with the Company's stated objectives and policies and to review investment performance.

The Company's portfolio is the result of the Manager's investment process and as a result is not correlated with the Company's benchmark or the market in which the Company invests. Therefore, the value of the portfolio will not move in line with the market but will move as a result of the performance of the Company shares within the portfolio.

If the value of the portfolio fell by 10% at the balance sheet date, the profit after tax for the year would decrease by £4 million (2008: £9 million). If the value of the portfolio rose by 10%, the profit after tax would increase by £4 million (2008: £9 million).

Fair values of financial assets and financial liabilities

The fair values of the financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments), or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, due to brokers, accruals, cash at bank and overdraft).

Capital Management

The Company does not have any externally imposed capital requirements. The Group and the Company's capital is as disclosed in the balance sheets and is managed on a basis consistent with its investment objective and policies, as disclosed in the Report of the Directors on pages 16 and 17. The principal risks and their management are disclosed above.

19. Post balance sheet events

Since the year end, a further 1,025,233 ordinary shares were redeemed/bought back as shown on pages 18 and 19 in the Report of the Directors and note 13(b).

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Invesco English and International Trust plc, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting ('AGM') of Invesco English and International Trust plc will be held at 30 Finsbury Square, London EC2A 1AG on 15 July 2009 at 12 noon for the following purposes:

Ordinary Business

1. To receive the Directors' Report and Accounts for the year ended 31 March 2009.
2. To declare a final dividend as recommended.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2009.
4. To re-elect Sarah Bates a Director of the Company.
5. To re-elect James Cox a Director of the Company.
6. To re-elect Dr Gwyn Jones a Director of the Company.
7. To reappoint the Auditors and authorise the Directors to determine their remuneration.

Special Business

To consider, and if thought fit, to pass the following resolutions, of which 8 and 12 will be proposed as Ordinary Resolutions and 9, 10 and 11 as Special Resolutions.

8. THAT:

the Directors of the Company be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 as amended from time to time prior to the date of the passing of this resolution ('the Act') to exercise all powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal value of £12,675,450, provided that: (a) the maximum number of Ordinary Shares of 25p each in the capital of the Company ('Ordinary Shares') which may be allotted pursuant to this authority will be 8,365,790; and (b) the maximum number of 'C' Shares of 50p each in the capital of the Company ('C' Shares') and/or 'C1' Shares of 50p each in the capital of the Company ('C1' Shares') which may be allotted pursuant to this authority will be 25,350,900 in aggregate and provided further that the authority shall expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the Annual General Meeting to be held in 2010 (unless previously revoked, varied or extended by the Company in general meeting), but so that such authority shall allow the Company to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

9. THAT:

the Directors, pursuant to the authority given by resolution 8 set out above, be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 as amended from time to time prior to the date of the passing of this resolution ('the Act') to sell relevant shares in the Company wholly for cash (as defined in section 162D(2) of the Act) if, immediately before the sale, such shares are held by the Company as Treasury shares (as defined by section 162A(3) of the Act) and to allot equity securities wholly for cash as if section 89(1) of the Act did not apply to any such allotment:

- (i) in connection with a rights issue; and
- (ii) otherwise than in connection with a rights issue, provided that:
 - (A) the maximum number of Ordinary Shares which may be sold or allotted pursuant to this authority will be 1,267,545; and
 - (B) the maximum number of 'C' Shares and/or 'C1' Shares which may be sold or allotted pursuant to this authority will be 3,800,100 in aggregate,

and such power will expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the next Annual General Meeting to be held in 2010 (unless previously revoked, varied or extended by the Company in general meeting), except that the Company may before such expiry make offers or agreements which would or might require equity securities to be sold or allotted after such expiry; and

for the purposes of this resolution:

- (i) 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the Directors of the Company to (i) holders on the register on a fixed record date of Ordinary Shares in proportion to their respective holdings and (ii) holders on the register on a fixed record date of other equity securities to the extent expressly required or (if considered appropriate by the Directors) permitted by the rights attached thereto, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;
- (ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights; and
- (iii) words and expressions defined in or for the purposes of Part IV of the said Act shall bear the same meaning herein.

10. THAT:

the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 166 of the Companies Act 1985 ('the Act') to make market purchases (within the meaning of section 163 of the Act) of its issued Ordinary Shares of 25p each in the capital of the Company ('Shares');

PROVIDED ALWAYS THAT

- (a) the maximum number of Shares hereby authorised to be purchased shall be 14.99% of the Company's issued ordinary shares, this being 3,485,310 Shares at 15 June 2009;
- (b) the minimum price which may be paid for a Share shall be 25p;
- (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be not more than the lower of (a) the amount determined by the rules of the UK Listing Authority at the time of purchase (which currently set a maximum equal to 5% above the average of the market values of a Share as derived from the Daily Official List of London Stock Exchange plc for the 5 business days before the purchase is made or the higher of (i) the price of the last independent trade and (ii) the highest current independent bid at the time of purchase), and (b) the Dealing Value per Ordinary Share (as such term is defined in the Company's Articles of Association) on a date determined by the Directors of the Company being not more than 10 days before the day on which the purchase is made;
- (d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);
- (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2010;
- (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and
- (g) any Shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (as amended) and any applicable regulations of the United Kingdom Listing Authority, be held (or otherwise dealt with in accordance with section 162D of the Companies Act 1985) as Treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

continued

11. THAT:

the period of notice required for general meetings of the Company (other than AGMs) shall be not less than 14 clear days' notice.

12. THAT, subject to the passing of Resolution 10 above:

the waiver granted by the Panel on Takeovers and Mergers of the obligations which may otherwise arise, pursuant to Rule 9 of the City Code on Takeovers and Mergers, for the Concert Party (as defined in the circular to shareholders of the Company dated 15 June 2009 (the 'Circular')) to make a general offer to the shareholders of the Company for all of the issued ordinary shares in the capital of the Company as a result of the purchase by the Company of up to 3,485,310 ordinary shares in the Company pursuant to the authority granted by the passing of Resolution 10 above, as more fully described in the Circular, be and is hereby approved, with such waiver to expire at the conclusion of the annual general meeting of the Company in 2010.

Explanatory Notes to Resolution 11

Notice of period for general Meetings

This resolution will be decided on a poll (unless passed earlier on a show of hands without any vote being cast against). This resolution is required in contemplation of the EU Shareholder Rights Directive. It is expected that when this directive is brought into force, it will increase the notice period for general meetings of companies to 21 days unless certain conditions are met, in which case it may be 14 days' notice. For the latter to apply, a shareholder resolution reducing the period of notice to not less than 14 days must have been passed at the immediately preceding AGM.

Since at the time of printing this notice, it is not known whether any alleviating transitional provisions will be included in the legislation implementing the EU Shareholder Rights Directive, it is prudent to include this resolution in this year's AGM.

Explanatory Notes to Resolution 12

In order to comply with the City Code on Takeovers and Mergers, this resolution will be taken on a poll and each of Invesco Perpetual UK Growth Fund, Invesco Perpetual International Equity Fund, Invesco Perpetual High Income Fund, Invesco Pension Scheme, Invesco Perpetual UK Smaller Companies Growth Fund, Invesco UK Equity Fund and Invesco Perpetual Income Fund has undertaken not to vote on this resolution.

For a detailed explanation of Resolution 12, please see the Circular dated 15 June 2009 and posted to shareholders with the Annual Financial Report.

For an explanation of all Special Business please refer to the Chairman's Statement on pages 5 and 6 and the Report of the Directors on page 25.

Dated this 15th June 2009

By order of the Board

Invesco Asset Management Limited

Secretary

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and to vote in his stead. Where more than one proxy is appointed each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:
 - in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, (Proxies), PO Box 25, 34 Beckenham Road, Beckenham, Kent BR3 4BR; or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

and in each case to be received by the Company not less than 48 hours before the time of the meeting.
2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
3. A form of appointment of proxy is enclosed. Appointment of a proxy does not prevent a member from attending and voting at this meeting.

To be effective, the form of appointment of proxy, duly completed and executed, together with any power of attorney or other authority under which it is signed (or notorially certified copy thereof) must be lodged at the office of the Company's registrars, Capita Registrars, (Proxies), PO Box 25, 34 Beckenham Road, Beckenham, Kent BR3 4BR, by not later than 12.00 noon on 13 July 2009.
4. A person entered on the Register of Members at close of business 48 hours before the meeting ('a member') is entitled to attend and vote at the Meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting. If the Meeting is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of members 48 hours before the time fixed for the adjourned meeting.
5. The register of Directors' interests, the terms of reference of the Audit Committee, the Management Engagement Committee, the Nominations Committee and the Letters of Appointment for Directors will be available for inspection for at least 15 minutes prior to and during the Company's AGM.
6. A copy of the current Articles of Association and a draft of the proposed Articles are available for inspection at the Registered Office of the Company during normal business hours on any business day (excluding public holidays) until the close of the AGM and will also be available at the AGM for at least 15 minutes prior and during the meeting.
7. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote)

NOTICE OF ANNUAL GENERAL MEETING

continued

as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – <http://www.icsa.org.uk> – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

8. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a 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 an agreement, to give instructions to the shareholder as to the exercise of voting rights.

The statement of the above rights of the shareholders in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

9. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
10. As at 15 June 2009 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consists of 23,250,902 ordinary shares of 25p (excluding 2,100,000 ordinary shares in Treasury) each carrying one vote each. Therefore, the total voting rights in the Company as at that date are 23,250,902.

GLOSSARY OF TERMS

Benchmark Index

The Benchmark Index is the Hoare Govett Smaller Companies plus AIM (excluding Investment Trusts) Index.

Discount

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

Gearing

The term applied to the effect of borrowings and prior charge share capital on assets that will increase the return on investment when the value of the Company's investments is rising but reduce the return when values are declining. A gearing level of 100% indicates there is no gearing.

Actual gearing – reflects the amount of loans already arranged and in use by the Company. This is the gearing figure published by the Association of Investment Companies. It is calculated by dividing the aggregate of shareholders' funds and all drawdown loans by shareholders' funds.

Effective Gearing – reflects the amount of loans actively invested in assets and not held in cash. It is calculated by dividing fixed assets investments by shareholders' funds.

Gross Income

Gross income is the total income from investments, deposit interest, underwriting commissions, investment dealing profits of subsidiary undertakings and sundry income but excluding any VAT recoverable on management fees and interest thereon included in the revenue column of the Income Statement.

Market Capitalisation

For a company is calculated by multiplying the stockmarket price of an ordinary share by the number of ordinary shares in issue.

In the UK, Large Caps are the largest, blue chip companies based on market capitalisation, such as those in the FTSE 100 Index. Mid Caps are normally taken to be the next 250 companies below the FTSE 100. Small Caps are companies with relatively small market capitalisations compared to their larger counterparties.

Net Asset Value

Also described as Shareholder's funds, the net asset value is the value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value per share is calculated by dividing the net asset value including, where applicable, investments of the subsidiaries at their market value by the number of ordinary shares in issue.

Net Revenue Available for Ordinary Shares

This is the profit after tax as shown in the revenue column of the income statement.

Shareholders' Funds

Also called equity shareholders' funds. The amount due to the ordinary shareholders.

Total Expense Ratio

Total expenses excluding finance costs and VAT recoverable on management fees, including those charged to capital, divided by average shareholders' funds.



The Manager of Invesco English and International Trust plc is Invesco Asset Management Limited.

Invesco Asset Management Limited is a wholly owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Services Authority.

Invesco Perpetual is a business name of Invesco Asset Management Limited.

Invesco is one of the largest independent global investment management firms, with funds under management in excess of \$367 billion.*

We aim to provide the highest returns available from markets, through active management, but in a controlled manner, conscious of the risks involved and within our clients' objectives.

* Funds under Management as at 30 April 2009.

SPECIALIST FUNDS MANAGED BY INVESCO PERPETUAL

Investing for Income, Income Growth and Capital Growth (from equities, fixed interest securities or property)

City Merchants High Yield Trust plc

Aims to generate a high level of income from a variety of fixed income instruments combined with a degree of security. The Trust is geared by bank debt.

Invesco Income Growth Trust plc

Aims to provide shareholders with a long-term growth in capital and real, long-term growth in dividends from an above-average yielding portfolio comprising mainly UK equities and equity-related securities. Seeks to achieve a total return in excess of the FTSE All-Share Index. The Trust is geared by bank debt.

Invesco Leveraged High Yield Fund Limited

A Jersey-incorporated closed-ended Company that aims to provide a high level of income, paid gross to UK investors, whilst seeking to maximise total return through investing, primarily in a diversified portfolio of high-yielding corporate and government bonds. The Company seeks to balance the attraction of high-yield securities with the need for protection of capital and to manage volatility. The Trust is highly geared.

Invesco Perpetual Recovery Trust 2011 plc

A split-capital investment trust with ordinary income shares, zero dividend preference shares and units (a combination of the two). Aims to meet the capital entitlements of the zero dividend preference shares and to maximise the capital and income returns of the ordinary income shares by investing primarily in equities but also debt securities which are considered to offer recovery prospects. Returns to ordinary income shareholders are geared by the prior charge of the zero shares. The Trust has an initial life projected to end in 2011.

Invesco Perpetual Select Trust plc – Managed Liquidity Share Portfolio

Aims to generate a high level of income from a variety of fixed income instruments combined with a high degree of security.

Invesco Perpetual Select Trust plc – UK Equity Share Portfolio

Portfolio Aims to generate long-term capital and income growth with real growth in dividends from investment, primarily in the UK equity market. The portfolio is geared by bank debt.

Invesco Property Income Trust Limited

The Company is a closed-ended investment company with limited liability incorporated in Jersey. The objective is to provide ordinary shareholders with an attractive level of income together with the prospect of income and capital growth from investing in commercial properties in the UK and Continental Europe. The Trust is geared by bank debt.

Keystone Investment Trust plc

Aims to provide shareholders with long-term growth of capital mainly from UK investments. The Trust is geared by way of debenture stocks.

Perpetual Income and Growth Investment Trust plc

Aims to generate capital growth with a higher than average income from investment, primarily in the UK equity market. It is intended that the Company will provide shareholders with real dividend growth over the medium-term by investing mainly in above-average yield equities. However, investments are also made in companies with lower initial yields which are considered to have good potential for income growth. The Trust is geared by a debenture stock and bank debt.

The Edinburgh Investment Trust plc

Invests in UK securities with long term objective of achieving:

1. an increase in the Net Asset Value per share by more than the growth in the FTSE All-Share Index; and
2. growth in dividends per share by more than the rate of UK inflation.

The portfolio is geared by way of two debenture stocks.

Investing in Smaller Companies

Invesco English and International Trust plc

Invests mainly in UK-quoted and unquoted smaller companies, AIM stocks and in US smaller companies. It pursues a relatively risk-averse stock selection strategy holding a well-diversified portfolio and seeks to invest in companies offering particular value. The Trust has adopted a flexible gearing policy and a quarterly redemption/creation mechanism.

Invesco Perpetual UK Smaller Companies Investment Trust plc

Aims to achieve long-term total returns for the Company's shareholders from investment in a broad cross-section of small to medium size UK-quoted companies. The Trust may gear by bank debt.

Investing Internationally

Invesco Asia Trust plc

Aims to provide long-term capital growth by investing in a diversified portfolio of Asian and Australasian securities. The Company aims to achieve growth in its net asset value in excess of the Morgan Stanley Capital International (All Country) Far East Free (ex Japan) Index, measured in sterling. The Trust is geared by bank debt.

Invesco Perpetual Select Trust plc – Global Equity Share Portfolio

Aims to produce long-term capital growth from a sensibly diversified portfolio of international equities (including the UK). The portfolio comprises the 'best ideas' of a number of Invesco Perpetual's investment managers. The portfolio is geared by bank debt.

Investing for Absolute Returns

Invesco Perpetual European Absolute Return Trust plc

Aims to achieve absolute total returns through investment principally in equity, fixed interest and cash securities within continental Europe (ex. UK). Seeks to achieve returns in excess of sterling LIBOR.

Invesco Perpetual Select Trust plc – Hedge Fund Share Portfolio

Aims to achieve absolute return of 3-month sterling LIBOR plus 6% per annum over a rolling 5-year period, coupled with low volatility. Capital preservation is a priority.

Investing in Multiple Asset Classes

Invesco Perpetual Select Trust plc

- UK Equity Share Portfolio
- Global Equity Share Portfolio
- Managed Liquidity Share Portfolio
- Hedge Fund Share Portfolio

A choice of asset classes within one investment trust with the freedom to switch between them, twice a year, free from capital gains tax liability.

Other

Invesco Perpetual AiM VCT plc

The Company was launched in August 2004. Its objective is to provide a tax-free dividend return to shareholders invested at

launch primarily through the realisation of capital gains from a portfolio of investments in AiM Qualifying Companies while maintaining the capital value of shares.

Please contact our Customer Services Team on 0800 085 8677 if you would like more information about the investment trusts or other specialist funds listed above. Further details are also available on the following website: www.invescoperpetual.co.uk/investmenttrusts.