



The Edinburgh Investment Trust plc
HALF-YEARLY FINANCIAL REPORT
SIX MONTHS TO 30 SEPTEMBER 2013



Contents

- 01 Financial Information and Performance Statistics
- 02 Interim Management Report
- 09 Independent Review Report
- 10 Investments in Order of Valuation
- 12 Condensed Financial Statements
- 19 Directors' Responsibility Statement
- 20 Directors, Manager and Administration

If you have any queries about The Edinburgh Investment Trust plc or any of the other specialist funds managed by Invesco Perpetual, please contact the Investor Services Team on:

 0800 085 8677

 www.invescoperpetual.co.uk/investmenttrusts

Front Cover: Obsidian, volcanic, extrusive igneous rocks fracture in a distinctive way.

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FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

The Edinburgh Investment Trust plc (the 'Company') is a UK investment trust listed on the London Stock Exchange, which invests primarily in UK securities.

Investment Objective of the Company

The Company invests primarily in UK securities with the long term objective of achieving:

1. an increase of 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.

Performance Statistics

	AT 30 SEPTEMBER 2013	AT 31 MARCH 2013	% CHANGE
Total Return⁽¹⁾			
NAV – debt at par			+4.4
– debt at market value			+5.1
Share price			+7.2
FTSE All-Share Index			+3.8
Capital Return			
Net asset value (NAV):			
– debt at par	591.89p	581.89p	+1.7
– debt at market value	573.32p	559.01p	+2.6
Share price	599.5p	572.0p	+4.8
FTSE All-Share Index	3443.85	3380.64	+1.9
(Premium)/discount:			
– debt at par	(1.3)%	1.7%	
– debt at market value	(4.6)%	(2.3)%	
Gearing at par:			
– gross gearing ⁽²⁾	17.3%	17.6%	
– net gearing ⁽³⁾	17.1%	17.6%	
FOR THE SIX MONTHS TO 30 SEPTEMBER			
	2013	2012	% CHANGE
Revenue return per share	12.1p	11.3p	+7.1
First interim dividend ⁽⁴⁾	5.0p	5.0p	—
Retail Price Index – increase over period	1.3%	1.4%	

- Notes:
1. Capital growth with income reinvested. Source: Thomson Reuters Datastream.
 2. Gross gearing: borrowings ÷ shareholders' funds.
 3. Net gearing: borrowings less cash and investments in money market funds ÷ shareholders' funds.
 4. Dividends declared in respect of the financial year.

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

Chairman's Statement

Dear Shareholder,

The recovery in equity markets reported in my last Chairman's Statement has continued into the new financial year, albeit at a slower rate on the back of ongoing uncertainties around the strength and sustainability of economic growth and the timing of tapering of quantitative easing in the US.

There has been no change in the investment strategy which has been in place since 2008, and this has delivered investment outperformance against benchmark in the six month period to 30 September 2013. More detail on performance is given below. The income generation of the portfolio remains good and an unchanged first interim dividend of 5.0 pence per share will be paid on 29 November 2013 (2012: 5.0p)

Since the period end it has been announced by Invesco Perpetual that the Company's Portfolio Manager, Neil Woodford will be leaving in April 2014. This is discussed in more detail below.

UK Equity Market

The positive sentiment towards equity markets continued in the period; supported in part by continuing monetary stimuli, but also as a consequence of a low interest rate environment reducing the attractiveness of many other asset classes. However, the market correction in June provided a timely reminder of the potential effect on equity markets of the eventual unwinding of quantitative easing.

A more detailed discussion on the UK equity market and the Company's portfolio is contained in the Manager's Report.

Performance

The Company produced a net asset value (NAV) total return for the six months to 30 September 2013 of 4.4% (debt at par) and 5.1 % (debt at market), which compares with a total return of 3.8% for the FTSE All-Share Index (the 'Index'), the Company's benchmark. The share price total return (share price with dividends reinvested) for the period was 7.2%. The portfolio continues to be concentrated in a relatively small number of sectors and its overweight or underweight positions in various sectors can be material drivers of the Company's relative investment performance.

The Company's share price at 30 September 2013 was 599.5p, an increase of 4.8% from the year end share price of 572.0p. The shares traded at a discount of 1.7% to NAV (debt at par) at the year end of 31 March 2013, but moved to a premium of 1.3% at 30 September 2013; valuing debt at market, the shares ended the period trading at a premium of 4.6%, an increase from the year end premium of 2.3%. At 11 November 2013, the latest practical date to signing this report, the NAV was

616.05p, the share price was 582.5p and the resultant discount was 5.4% (debt at par) and 2.5% (debt at market value), reflecting a reaction in the market to the announcement on 15 October 2013 of Neil Woodford's departure from Invesco Perpetual in April 2014.

Performance Fee

A performance fee is payable in respect of each three year rolling period in which the Company outperforms its benchmark index plus a hurdle of 1.25% per annum. This fee is capped at 1% of the period end net assets, before deduction of performance fee.

The Company performed strongly in the two and a half years to 30 September 2013 in comparison to the Index, producing a total return of 45.6% against the Index total return of 22.9%. If the Company's NAV were to perform in line with the Index in the next six months, the calculated fee would be in excess of the cap, and so a capped performance fee of £11.7 million is provided for in this half-yearly financial report.

Gearing

The Company continues to benefit from debt amounting to £200 million in the form of two £100 million debentures. This debt is fully deployed for investment purposes. As a result of the appreciation in NAV over the six month period, at 30 September 2013 the gross gearing level fell to 17.3% from 17.6% at 31 March 2013.

One of the debentures, the 11.5 % £100 million debenture, matures in June 2014. The Board continues to keep this position under review, both in terms of whether and how best to replace the financing represented by that debenture.

Dividend

The Board declares an unchanged first interim dividend of 5.0 pence per share which will be paid on 29 November 2013 to shareholders on the register on 22 November 2013. Shares will be quoted ex-dividend on 20 November 2013.

The Manager

On 15 October 2013, the Board was informed by its Manager, Invesco Asset Management Limited, that Neil Woodford, the Company's portfolio manager, will be leaving Invesco Perpetual in April 2014. The Board has been assured by Invesco Perpetual that this will not result in any immediate change to the Company's management.

The Board has met with senior management at Invesco Perpetual, including Mark Armour, the CEO, to discuss the management arrangements for the Company and has been assured that Neil Woodford remains committed to the management of the Company's portfolio until his departure.

The Board would like to take some time to consider the options for the future management of the Company before it makes a decision, but in the meantime it is satisfied with the assurances that have been received from Invesco Perpetual. The Board is also mindful that, as has been the case since we appointed Invesco Perpetual, working with Neil Woodford is a highly experienced investment team backed by the resources of a global company.

Outlook

It is appropriate to adopt a cautionary tone in respect of investment performance in the short term. Equity valuations are higher than they have been over the last few years and there remains considerable uncertainty around the strength and sustainability of economic recovery, and the timing of the withdrawal of extraordinary monetary policy.

Additionally, the Board, following the announcement of Neil Woodford's departure next year, is in the process of reviewing its investment management arrangements. I can assure you that the Board has your interests uppermost in its considerations as we determine the future management of the Company. When we have made our decision we will inform you in a timely manner. In the meantime, we would like to reassure you that the management of the Company continues in good hands.

Jim Pettigrew

Chairman

13 November 2013

Total Returns to 30 September 2013

	6 MONTHS	1 YEAR	2 YEARS	3 YEARS	5 YEARS	10 YEARS
NAV (debt at par) (%)	4.4	22.0	42.9	56.2	89.3	163.7
Share Price (%)	7.2	20.9	45.8	65.0	125.9	242.1
FTSE All-Share (%)	3.8	18.9	39.4	33.4	66.2	140.2

Source: Thomson Reuters Datastream.

MANAGER'S REPORT

Market Review

The UK stock market continued its upward progress over the period under review. A run of 12 consecutive months of positive returns ended with a sharp sell-off in June, confirming that the positive sentiment towards equities had mainly been driven by loose monetary policy – the weakness followed comments from Ben Bernanke, Chairman of the US Federal Reserve, that “it would be appropriate to moderate the pace of purchases later this year”. Equities rallied as US GDP growth forecasts were marked down and Mario Draghi, President of the European Central Bank, stated that the “ECB will maintain its easy money policy for the foreseeable future”. Stock market volatility remained high, against a backdrop of rising government bond yields and some conflicting economic and political newsflow, including the Syrian crisis and concerns over slowing economic growth in China.

The commencement of Mark Carney's tenure as Governor of the Bank of England in the summer saw GDP growth for Q2 confirmed at 0.7%, its fastest rate for three years, and an upward revision to the IMF's forecasts for UK economic growth to 1.4% this year and 1.9% next. The half year concluded with a stalemate over the US spending bill – although the market remained fairly relaxed about the likelihood of a deal. After the period end, a deal was finalised, temporarily resolving the on-going issues of budget reform and the debt ceiling.

Portfolio Strategy and Review

The Company's net asset value, including reinvested dividends, rose by 4.4% (debt at par) and 5.1% (debt at market value) during the period under review, compared with a rise of 3.8% (total return) by the FTSE All-Share Index. The share price with dividends reinvested rose 7.2%.

This year's rise in the stock market has been noteworthy for its breadth. While previous rallies have been driven by a relatively small number of “risk-on” sectors, notably mining and banks, this year has seen strong performances from a wide spread of sectors, including those perceived as defensive. Investors have favoured stocks where they have confidence in their dividend paying ability and the prospect of sustainable growth. The stock market has begun to recognise that the shares of some companies that have these attributes were profoundly undervalued, as we have believed for some while, and this has benefited the portfolio's performance.

At an individual stock level, the portfolio's holding in BT continued to deliver a strongly positive impact – despite the company announcing that Ian Livingston was stepping down from his role as Chief Executive to take up the role of Minister of State for Trade for the UK Government. It is testimony to the job that Ian has done at BT that the stock market took the news relatively well, focusing instead on the company's on-going scope for cost cutting and its increasingly dominant position in the UK broadband market – bolstered by its new TV sports channel.

BAE Systems provided a major positive impact on the portfolio's performance. The company's operational performance since it halted the merger talks with EADS has confirmed its ability to thrive as an independent entity. This a company whose stock market perception is shifting from negative growth, exposed to a challenging US defence spending environment, towards a combination of slow growth in mature markets and faster growth in the emerging world.

Capita saw its shares continue their very positive performance of the past 12 months, as the company announced that it had formed a 10 year strategic partnership with O2 for customer management services. The group confirmed that it has now secured over £2.0 billion of new and extended contracts in 2013 and has increased its forecast for organic growth for the year, underpinning our confidence in the scale of the opportunities available to the business.

The holdings in UK tobacco companies, however, weighed on the portfolio's performance. The UK government delayed the proposed introduction of plain packaging while the European parliament was due to vote on new regulations to limit packaging design and the packet sizes, but there was no major newsflow to fundamentally justify the sector's underperformance.

The holdings in Centrica and SSE fell in value towards the end of the period, on the back of the 20 month utility bill price freeze proposed by the Labour Party should they win the next general election. This policy would clearly be popular with the electorate but the economics of it are in our view absurd. We believe it is irrational for any privately-owned company to sell its products or services at a loss and we would encourage any company that was forced to do so to simply stop supplying. Furthermore, energy bills have been increasing in recent years due to higher commodity prices and as a result of policies designed to increase the UK's sourcing of energy from renewables. Prices have not increased through company profiteering – there have been 20 separate inquiries into the energy market since 2001, none of which have found evidence of anti-competitive behaviour.

There was some disappointing news from G4S, with the company warning that its operating profit margin will contract this year. The company subsequently announced not only that its Chief Executive, Nick Buckles, had decided to step down to be replaced by its recently appointed Finance Director, Ashley Almanza, but also a rights issue to strengthen its balance sheet.

In terms of portfolio activity, we disposed of the holding in Elan, following the confirmation of an agreed bid from US healthcare company Perrigo. We participated in the rights issue by G4S, as outlined above, as well as in share placings by Lancashire Holdings, which announced the acquisition of Lloyd's insurer Cathedral Capital, and by BTG, which announced the purchase of EKOS, an interventional vascular business, and of the Targeted Therapies division of Nordion.

Outlook

Further confirmation of the extent to which the stock market's progress has been driven by quantitative easing came over the period, most recently with the market's positive reaction to the news of no imminent tapering in the US. There are many explanations as to why the Federal Reserve chose not to commence tapering in September, as had been widely expected, but the most popular view suggests that the Fed was concerned that the political impasse could have an increasingly negative impact on economic confidence and market sentiment.

Although the timing is impossible to predict, the withdrawal of extraordinary monetary policy in the US is ultimately inevitable. We expect the pace of withdrawal to be gradual but, like the US Federal Reserve, we do worry about the near-term implications of tapering for our asset class. It is even more difficult than usual to predict the path that the market will take over the next few months but the fund is positioned, with a focus on companies which can deliver attractive cash flows, earnings and dividend growth. It therefore has the potential to deliver an attractive positive return over more sensible, longer time horizons. We would caution, however, that returns over the next three years are likely to be somewhat lower than over the last three years, purely as a consequence of the higher valuations that we now see in our market.

Neil Woodford

Investment Manager

13 November 2013

Related Parties and Transactions with the Manager

Under United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified no related parties and there have been no related party transactions during the period. Invesco Asset Management Limited, a wholly owned subsidiary of Invesco Limited, acts as Manager, Company Secretary and Administrator to the Company. Details of the management fee arrangements are given in notes 2 and 3 of the condensed financial statements.

Principal Risks and Uncertainties

The principal risk factors relating to the Company can be summarised as follows:

- Market Risks – a fall in the stock market as a whole will affect the performance of the portfolio, as well as the performance of individual portfolio investments; it also includes interest rate and currency risks;
- Investment Performance Risk – this is the stock specific risk that the stock selection process may not achieve the Company's published objectives;
- Gearing Risk – borrowing will amplify the effect on shareholders' funds of portfolio losses;
- Income/Dividend Risk – investment income may fail to reach the level required to meet the Company's income objective;
- Share Price Risk – the Company's prospects and NAV may not be fully reflected in the share price;
- Control System Risk – the Board relies on the effectiveness of the Manager's control systems which include control activities in fund management operations, financial controls, meeting regulatory requirements and managing relations with third parties;
- Reliance on Third Party Providers Risk – the Company has no employees, so is reliant upon the performance of third party service providers for it to function, particularly the Manager, Custodian and Registrars; and
- Other Risks – the Company may be affected by other risks such as business and strategic risks, and the perceived impact of the designated Investment Manager ceasing to be involved with the Company.

A detailed explanation of these principal risks and uncertainties can be found on pages 16 to 18 of the 2013 annual financial report, which is available on the Manager's website at www.invescopetual.co.uk/investmenttrusts.

In the view of the Board, these principal risks and uncertainties are unchanged from the previous year end and are as much applicable to the remaining six months of the financial year, as they were to the six months under review. As highlighted in the annual financial report, the Manager's style may result in a concentrated portfolio. In addition, the Manager manages other portfolios holding many of the same stocks as the Company which reflects the Manager's high conviction style of investment management. This could potentially increase liquidity risk under certain scenarios and market conditions.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments, and the ability of the Company to meet all its liabilities and ongoing expenses from its assets and revenue.

INDEPENDENT REVIEW REPORT

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 which comprises the condensed income statement, condensed reconciliation of movements in shareholders' funds, condensed balance sheet, condensed cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the 'DTR') of the UK's Financial Conduct Authority (the 'UK FCA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' Responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA. As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the Statement 'Half-Yearly Financial Reports' as issued by the UK Accounting Standards Board.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with the Statement 'Half-Yearly Financial Reports' as issued by the UK Accounting Standards Board and the DTR of the UK FCA.

Salim Tharani

for and on behalf of KPMG Audit Plc
Chartered Accountants
London

13 November 2013

INVESTMENTS IN ORDER OF VALUATION

AT 30 SEPTEMBER 2013

UK listed and ordinary shares unless stated otherwise.

^{AIM} Investments quoted on AIM (formerly Alternative Investment Market).

INVESTMENT	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
GlaxoSmithKline	Pharmaceuticals & Biotechnology	121,456	8.9
AstraZeneca	Pharmaceuticals & Biotechnology	118,882	8.7
BT Group	Fixed Line Telecommunications	106,811	7.8
British American Tobacco	Tobacco	85,591	6.3
Roche – <i>Swiss common stock</i>	Pharmaceuticals & Biotechnology	84,528	6.2
BAE Systems	Aerospace & Defence	77,045	5.6
Imperial Tobacco	Tobacco	70,383	5.2
Reckitt Benckiser	Household Goods & Home Construction	62,342	4.6
Reynolds American – <i>US common stock</i>	Tobacco	60,553	4.4
Capita	Support Services	58,964	4.3
Ten largest holdings		846,555	62.0
Rolls-Royce	Aerospace & Defence	51,336	3.8
Centrica	Gas, Water & Multiutilities	50,073	3.7
Altria – <i>US Common Stock</i>	Tobacco	37,194	2.7
Sanofi – <i>French common stock</i>	Pharmaceuticals & Biotechnology	34,035	2.5
Novartis – <i>Swiss common stock</i>	Pharmaceuticals & Biotechnology	33,247	2.4
Drax	Electricity	30,629	2.2
Smith & Nephew	Health Care Equipment & Services	28,030	2.1
SSE	Electricity	26,399	1.9
G4S	Support Services	23,222	1.7
Provident Financial	Financial Services	21,812	1.6
Twenty largest holdings		1,182,532	86.6

INVESTMENT	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Wm Morrison Supermarkets	Food & Drug Retailers	19,245	1.4
Raven Russia – Preference	Real Estate Investment & Services	8,028	
– Ordinary		7,128	
		15,156	1.1
BTG	Pharmaceuticals & Biotechnology	15,117	1.1
Rentokil Initial	Support Services	14,702	1.1
Hiscox	Non-life Insurance	14,415	1.1
Serco	Support Services	13,489	1.0
Amlin	Non-life Insurance	12,834	0.9
Catlin – <i>US common stock</i>	Non-life Insurance	9,464	0.7
PayPoint	Support Services	9,241	0.7
HomeServe	Support Services	8,579	0.6
Thirty largest holdings		1,314,774	96.3
IP Group	Financial Services	7,236	0.5
Legal & General	Life Insurance	6,970	0.5
Lancashire	Non-life Insurance	5,969	0.4
Stobart	Industrial Transportation	5,952	0.4
Smiths	General Industrials	5,632	0.4
Burford Capital ^{AIM}	Investment Instruments	5,362	0.4
Chemring	Aerospace & Defence	4,781	0.4
Barclays Bank – <i>Nuclear Power Notes 28 Feb 2019</i> ⁽¹⁾	Investment Instruments	3,423	0.3
Oxford Pharmascience ^{AIM}	Pharmaceuticals & Biotechnology	1,907	0.1
HSBC	Banks	1,338	0.1
Forty largest holdings		1,363,344	99.8
Proximagen – Rights – <i>Unquoted</i>	Pharmaceuticals & Biotechnology	815	0.1
Helphire	Financial Services	689	0.1
Revolmer ^{AIM}	Chemicals	475	—
Velcoys	Oil Equipment, Services & Distribution	450	—
Eurovestech – <i>Unquoted</i>	Financial Services	289	—
Total holdings (45)		1,366,062	100.0

(1) Contingent Value Rights (CVRs) referred to as Nuclear Power Notes (NPNs) were offered by EDF as a partial alternative to cash in its bid for British Energy (BE). The NPNs were issued by Barclays Bank. The CVRs participate in BE's existing business.

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2013 (UNAUDITED)		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains on investments	—	41,484	41,484
Foreign exchange profits	—	169	169
Income			
UK dividends	23,101	—	23,101
Scrip dividends	572	—	572
Overseas dividends	3,732	—	3,732
Special dividends	1,092	22	1,114
Income from money market funds	3	—	3
Underwriting and other income	1	—	1
	28,501	41,675	70,176
Operating costs			
Investment management fee – note 2	(1,038)	(2,422)	(3,460)
Performance fee – note 3	—	(11,688)	(11,688)
Other expenses	(395)	(1)	(396)
Net return before finance costs and taxation	27,068	27,564	54,632
Finance costs – note 2	(2,925)	(6,826)	(9,751)
Return on ordinary activities before tax	24,143	20,738	44,881
Tax on ordinary activities – note 4	(532)	—	(532)
Return on ordinary activities after tax	23,611	20,738	44,349
Return per ordinary share – note 5	12.1p	10.6p	22.7p

The total column of this statement represents the Company's profit and loss account, prepared in accordance with UK Accounting Standards. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations and the Company has no other gains or losses therefore no statement of recognised gains or losses is presented. No operations were acquired or discontinued in the period.

	SIX MONTHS TO 30 SEPTEMBER 2012 (UNAUDITED)			YEAR ENDED 31 MARCH 2013 (AUDITED)
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	TOTAL £'000
Gains on investments	—	27,646	27,646	185,241
Foreign exchange profits/(losses)	—	866	866	(377)
Income				
UK dividends	22,667	—	22,667	40,609
Scrip dividends	484	—	484	823
Overseas dividends	3,605	—	3,605	10,986
Special dividends	—	—	—	462
Income from money market funds	6	—	6	7
Underwriting and other income	—	—	—	—
	26,762	28,512	55,274	237,751
Operating costs				
Investment management fee – note 2	(874)	(2,040)	(2,914)	(6,011)
Performance fee – note 3	—	(10,005)	(10,005)	(11,492)
Other expenses	(361)	(2)	(363)	(724)
Net return before finance costs and taxation	25,527	16,465	41,992	219,524
Finance costs – note 2	(2,925)	(6,826)	(9,751)	(19,501)
Return on ordinary activities before tax	22,602	9,639	32,241	200,023
Tax on ordinary activities – note 4	(523)	—	(523)	(1,565)
Return on ordinary activities after tax	22,079	9,639	31,718	198,458
Return per ordinary share – note 5	11.3p	4.9p	16.2p	101.7p

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)						
At 31 March 2013	48,779	6,639	24,676	997,171	60,481	1,137,746
Dividends paid – note 6	—	—	—	—	(24,948)	(24,948)
Net return on ordinary activities	—	—	—	20,738	23,611	44,349
At 30 September 2013	48,779	6,639	24,676	1,017,909	59,144	1,157,147
FOR THE YEAR ENDED 31 MARCH 2013 (AUDITED)						
At 31 March 2012	48,779	6,639	24,676	841,659	60,425	982,178
Dividends paid – note 6	—	—	—	—	(42,890)	(42,890)
Net return on ordinary activities	—	—	—	155,512	42,946	198,458
At 31 March 2013	48,779	6,639	24,676	997,171	60,481	1,137,746
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)						
At 31 March 2012	48,779	6,639	24,676	841,659	60,425	982,178
Dividends paid – note 6	—	—	—	—	(23,378)	(23,378)
Net return on ordinary activities	—	—	—	9,639	22,079	31,718
At 30 September 2012	48,779	6,639	24,676	851,298	59,126	990,518

CONDENSED BALANCE SHEET

Registered number SC1836

	AT 30 SEPTEMBER 2013 (UNAUDITED) £'000	AT 30 SEPTEMBER 2012 (UNAUDITED) £'000	AT 31 MARCH 2013 (AUDITED) £'000
Fixed assets			
Investments at fair value through profit or loss	1,366,062	1,194,830	1,340,948
Current assets			
Amounts due from brokers	—	713	—
Unrealised profit on forward currency contracts	—	128	617
Prepayments and accrued income	4,770	4,888	7,125
Tax recoverable	833	1,424	1,668
Cash and cash funds	2,067	1,527	87
	7,670	8,680	9,497
Creditors: amounts falling due within one year			
Amounts due to brokers	(3,532)	(1,977)	—
Accruals	(3,624)	(3,520)	(3,592)
Debenture Stock 2014	(100,000)	—	—
Performance fee payable	—	—	(11,492)
	(107,156)	(5,497)	(15,084)
Net current (liabilities)/assets	(99,486)	3,183	(5,587)
Total assets less current liabilities	1,266,576	1,198,013	1,335,361
Creditors: amounts falling due after more than one year			
Debenture Stock 30 Jun 2014	—	(100,000)	(100,000)
Debenture Stock 30 Sep 2022	(97,741)	(97,490)	(97,615)
Provision for performance fee	(11,688)	(10,005)	—
Net assets	1,157,147	990,518	1,137,746
Capital and reserves			
Share capital	48,779	48,779	48,779
Share premium	6,639	6,639	6,639
Capital redemption reserve	24,676	24,676	24,676
Capital reserve	1,017,909	851,298	997,171
Revenue reserve	59,144	59,126	60,481
Shareholders' funds	1,157,147	990,518	1,137,746
Net asset value per ordinary share			
Basic – note 7	591.89p	506.36p	581.89p

CONDENSED CASH FLOW STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2013 (UNAUDITED) £'000	SIX MONTHS TO 30 SEPTEMBER 2012 (UNAUDITED) £'000	YEAR ENDED 31 MARCH 2013 (AUDITED) £'000
Net return before finance costs and taxation	54,632	41,992	219,524
Scrip dividends	(572)	(484)	(823)
Gains on investments	(41,484)	(27,646)	(185,241)
Foreign exchange losses/(gains)	617	(25)	(514)
Decrease/(increase) in debtors	3,190	2,096	(385)
Increase in creditors and provisions	228	6,410	7,969
Overseas tax paid	(532)	(523)	(1,565)
Net cash inflow from operating activities	16,079	21,820	38,965
Servicing of finance	(9,625)	(9,625)	(19,250)
Financial investment			
Purchase of investments	(58,415)	(84,586)	(148,477)
Sale of investments	78,889	97,089	171,532
Net equity dividends paid – note 6	(24,948)	(23,378)	(42,890)
Net cash inflow/(outflow) before management of liquid resources and financing	1,980	1,320	(120)
Net cash (outflow)/inflow from management of liquid resources	—	(1,330)	160
Increase/(decrease) in cash	1,980	(10)	40
Cashflow from movement in liquid resources	—	1,330	(160)
Debenture stock non-cash movement	(126)	(126)	(251)
Net debt at beginning of period	(197,528)	(197,157)	(197,157)
Net debt at end of period	(195,674)	(195,963)	(197,528)
Analysis of changes in net debt:			
Brought forward:			
Cash and cash funds	87	207	207
Debenture stock	(197,615)	(197,364)	(197,364)
Net debt brought forward	(197,528)	(197,157)	(197,157)
Movements in the period:			
Cash inflow/(outflow) from cash and cash funds	1,980	1,320	(120)
Debenture stock non-cash movement	(126)	(126)	(251)
Net debt carried forward	(195,674)	(195,963)	(197,528)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

These condensed financial statements of the Company have been prepared using the same accounting policies as those adopted in the 2013 annual financial report, which are consistent with applicable United Kingdom Accounting Standards, and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. These financial statements are prepared on a going concern basis.

2. Investment management fee and finance costs

Invesco Asset Management Limited (IAML) acts as Manager and Secretary to the Company under an investment management agreement dated 15 September 2008. The agreement is terminable by either party by giving not less than three months' notice.

The management fee is payable monthly in arrears and is equal to 0.05% of the market capitalisation of the Company's ordinary shares at each month end. Investment management fee and finance costs are allocated 30% to revenue and 70% to capital.

3. Performance fee

IAML is entitled to a performance fee of 15% of the out-performance of the NAV (with debt at par), up to a maximum of 1% of net assets (prior to the deduction of the performance fee) in any one year, in respect of each rolling three year period in which the Company outperforms its benchmark (the FTSE All-Share Index) plus a hurdle rate, being the equivalent of 1.25% per annum.

A performance fee provision of £11,688,000 (30 September 2012: £10,005,000) is provided for in these accounts. A performance fee of £11,492,000 was accrued and paid for the year ended 31 March 2013. Performance fees are allocated wholly to capital.

4. Tax

Owing to the Company's status as an investment company no tax liability arises on capital gains. The tax charge represents withholding tax suffered on overseas income.

A deferred tax asset is not recognised in respect of surplus management expenses since the Directors believe that there will be no taxable profits in the future against which these can be offset.

5. Return per ordinary share

The basic revenue, capital and total returns per share are based on the returns after tax and the average number of shares in issue during the period as follows:

	SIX MONTHS TO 30 SEPTEMBER 2013 (UNAUDITED) £'000	SIX MONTHS TO 30 SEPTEMBER 2012 (UNAUDITED) £'000	YEAR ENDED 31 MARCH 2013 (AUDITED) £'000
Returns after tax:			
Revenue	23,611	22,079	42,946
Capital	20,738	9,639	155,512
Total return after tax	44,349	31,718	198,458
Weighted average number of shares in issue during the period	195,116,734	195,116,734	195,116,734

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

CONTINUED

6. Dividends

	SIX MONTHS TO 30 SEPTEMBER 2013 (UNAUDITED)		SIX MONTHS TO 30 SEPTEMBER 2012 (UNAUDITED)		YEAR ENDED 31 MARCH 2013 (AUDITED)	
	PENCE	£'000	PENCE	£'000	PENCE	£'000
Dividends paid:						
Third interim	5.0	9,756	5.0	9,756	5.0	9,756
Final	7.8	15,219	7.0	13,658	7.0	13,658
First interim	—	—	—	—	5.0	9,756
Second interim	—	—	—	—	5.0	9,756
Return of unclaimed dividends from previous years	—	(27)	—	(36)	—	(36)
	12.8	24,948	12.0	23,378	22.0	42,890

A first interim dividend of 5p (2013: 5p) for the year ended 31 March 2014, will be paid on 29 November 2013 to shareholders on the register on 22 November 2013.

7. Net asset value (NAV) per ordinary share

(a) Debt at par

The shareholders' funds in the balance sheet are accounted for in accordance with accounting standards, however, this does not reflect the rights of shareholders on a return of assets under the Articles of Association. These rights are reflected in the net assets with debt at par and the corresponding NAV per share.

	30 SEPTEMBER 2013 (UNAUDITED) PENCE	30 SEPTEMBER 2012 (UNAUDITED) PENCE	31 MARCH 2013 (AUDITED) PENCE
NAV per ordinary share	593.05	507.65	583.11
Less: unamortised discount and expenses arising from debenture issue	(1.16)	(1.29)	(1.22)
NAV – debt at par	591.89	506.36	581.89

(b) Debt at market value

	30 SEPTEMBER 2013 (UNAUDITED) PENCE	30 SEPTEMBER 2012 (UNAUDITED) PENCE	31 MARCH 2013 (AUDITED) PENCE
NAV – debt at par	591.89	506.36	581.89
Debt at par	102.50	102.50	102.50
Debt at market value	(121.07)	(128.75)	(125.38)
NAV – debt at market value	573.32	480.11	559.01

8. Share capital

	30 SEPTEMBER 2013 (UNAUDITED)	30 SEPTEMBER 2012 (UNAUDITED)	31 MARCH 2013 (AUDITED)
Allotted, called-up and fully paid			
Number of ordinary shares of 25p each	195,116,734	195,116,734	195,116,734

9. It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.
10. The financial information contained in this half-yearly financial report, which has not been audited, does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2013 and 2012 has not been audited. The figures and financial information for the year ended 31 March 2013 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Register of Companies and included the Report of the Independent Auditors, which was unqualified.

By order of the Board
Invesco Asset Management Limited
Company Secretary

13 November 2013

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF THE HALF-YEARLY FINANCIAL REPORT

The Directors are responsible for preparing the half-yearly financial report using accounting policies consistent with applicable law and UK Accounting Standards.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report have been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure and Transparency Rules; and
- the interim management report includes a fair review of the information required on related party transactions.

Signed on behalf of the Board of Directors.

Jim Pettigrew
Chairman

13 November 2013

DIRECTORS, MANAGER AND ADMINISTRATION

Directors

Jim Pettigrew, Chairman
 Victoria Hastings
 Gordon McQueen, Audit Committee Chairman
 Glen Suarez
 Maxwell Ward
 Sir Nigel Wicks, Senior Independent Director

Manager and Company Secretary

Invesco Asset Management Limited
 30 Finsbury Square
 London EC2A 1AG
 Company Secretarial contact: Kelly Nice

Registered Office

Quartermile One
 15 Lauriston Place
 Edinburgh EH3 9EP
 Registered in Scotland: No. SC1836

Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team, available to assist you from 8.30 am to 6 pm Monday to Friday (excluding Bank Holidays). Please feel free to take advantage of their expertise.

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

You can invest in the shares of the Company through an Invesco Perpetual Savings Scheme and ISA.

Invesco Perpetual Savings Scheme and ISA Administration

Invesco Perpetual
 P.O. Box 11150
 Chelmsford
 CM99 2DL
 0800 085 8677

Manager's Website

Information relating to the Company can be found on the Manager's website at www.invescoperpetual.co.uk/investmenttrusts. The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated into, nor do they form part of, this document.

Registrars

Capita Asset Services
 The Registry
 34 Beckenham Road
 Beckenham
 Kent BR3 4TU

If you hold your shares direct and not through 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 charges. From outside the UK: +44 (0)20 8639 3399. Lines are open from 9 am to 5.30 pm Monday to Friday (excluding Bank Holidays).

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

The 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

 0871 664 0454.

Calls cost 10p per minute plus network charges. From outside the UK +44 (0)20 3367 2699. Lines are open from 8 am to 4.30 pm Monday to Friday (excluding Bank Holidays).

Specialist Funds managed by Invesco Perpetual

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

– from equities

The Edinburgh Investment Trust plc

Invesco Income Growth Trust plc

Invesco Perpetual Select Trust plc – UK Equity Share Portfolio

Invesco Perpetual Select Trust plc – Managed Liquidity Share Portfolio

Keystone Investment Trust plc

Perpetual Income and Growth Investment Trust plc

– from fixed interest securities

City Merchants High Yield Trust Limited

Invesco Perpetual Enhanced Income Limited (formerly Invesco Leveraged High Yield Fund Limited)

– from property

Invesco Property Income Trust Limited

Investing in Smaller Companies

Invesco Perpetual UK Smaller Companies Investment Trust plc

Investing Internationally

Invesco Asia Trust plc

Invesco Perpetual Select Trust plc – Global Equity Income Share Portfolio

Investing for Total Returns

Invesco Perpetual Select Trust plc – Balanced Risk Share Portfolio

Investing in Multiple Asset Classes

Invesco Perpetual Select Trust plc – see above for various investment classes

Please contact our Investor 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



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