City Merchants High Yield Trust plc

Half-Yearly Financial Report for the Six Months to 30 June 2011

Key Facts

City Merchants High Yield Trust plc is a UK investment trust listed on the London Stock Exchange.

Objective of the Company

The Company's investment objective is to seek to obtain both high income and capital growth from investment, predominantly in high-yielding fixed-interest securities.

The Company seeks to provide a high level of dividend income relative to prevailing interest rates through investment in fixed-interest securities, various equity-like securities within fixed-income markets and equity-linked securities such as convertible bonds and in direct equities that have a high income yield. It also seeks to enhance total returns through capital appreciation generated by investments which have equity-related characteristics.

Share Capital and Structure

As at 30 June 2011, the Company's authorised share capital was £103.5 million divided into 5,174,116,742 ordinary shares of 2p each of which 72,799,105 were issued fully paid.

Gearing is provided by bank borrowing. At 30 June 2011, the Company was not geared.

Performance Statistics

Total Return for the Six Months Ended 30 June 2011	*% Change*
Total return per ordinary share	+3.6
FTSE All-Share Index*	+3.0
FTSE Government Securities – All Stocks Index*	+1.7

	At 30 June 2011	*At 31 December 2010*	
Capital Return			
Net asset value per ordinary share	169.62p	168.98p	+0.4
Mid-market price per ordinary share	174.38p	173.00p	+0.8
Premium per ordinary share	2.8%	2.4%	
FTSE All-Share Index*			+1.1
FTSE Government Securities – All Stocks Index*			–0.4

* Sources: Thomson Reuters.

Interim Management Report Incorporating The Chairman's Statement

Chairman's Statement

My statement in the 2010 annual report expressed the belief that the portfolio remained well positioned to continue to provide opportunities for modest growth while producing an attractive level of income for shareholders. I am pleased to report that this has been achieved during the six months to 30 June 2011.

In the six months to 30 June 2011, the total return was 3.6% which compares favourably with the average return of 2.5% from the funds in the Investment Management Association Sterling Strategic Bond sector.

The Board has declared two interim dividends in respect of the six months to 30 June 2011 – one of 2.5p per share paid in May and another of 2.5p per share to be paid on 26 August 2011. While actual dividends will depend on revenue receipts during the remainder of the year, the Board continues to target total dividends of 10p per share for 2011.

I am pleased to report that after the period end Exeter Asset Management, the Company's former manager, obtained repayment from HM Revenue & Customs of VAT paid by the Company in the years up to 2005. The total amount received was £410,000. Reflecting allocations made when the VAT was originally charged, £285,000 of this payment has been credited to revenue and £125,000 to capital. Interest on this repayment of £215,000 was also received and has been credited wholly to revenue. This payment represents the final instalment of the total VAT repayable to the Company

Clive Nicholson
Chairman
18 August 2011

Manager's Investment Report

Market background

The first half of 2011 was a positive period overall for the high yield debt market as a strong supply of issuance was met with healthy investor appetite for risk assets. Indeed, many of the key features of the market were consistent with those seen in 2010. The fundamentals of the market were firm, buoyed by growing earnings and stronger corporate balance sheets. The default rate was low. According to Moody's, in the second quarter the European high yield default rate was 1.4%, down from 5.6% a year before. Supply was high – by the end of June European high yield issuance reached 85% of the total for all of 2010. The type of issuance in the market was of higher quality, with more senior secured paper and less leverage. As market support held up and yields and spreads fell further, many companies took the chance to raise new capital and extend the maturity of their debt at low rates. At the same time, just as in 2010, the market was prone to bouts of volatility, prompted more than anything else by the sovereign debt crisis.

According to data from Merrill Lynch, the total return on European high yield in the first six months of 2011 was 4.9% (in local currency terms). Markets were positive in the first quarter and through April and May, before giving back some of their gains in June as sovereign debt concerns flared up again. Spreads over government bonds were 48bps tighter at 576bps. Aggregate yields fell over the period by 15bps to close June at 8.41%. High yield outperformed investment grade. Sterling investment grade bonds had a total return of 3.2% (in sterling terms), with yields down 10bps. Bank capital was the strongest section of the market. Sterling Tier 1 subordinated debt had a total return of 7.7% for the period, its yield falling 66bps to 8.7%.

Concern over the sovereign debt of Greece, Ireland and Portugal has deepened as the months of 2011 have passed. Following Portugal's application in April, all three countries have now received financial aid from the IMF and the European Union. There remains great uncertainty over whether further aid will be required, and if so, how much and how it will be delivered. With the possibility of a default event becoming more widely accepted, the yield on 10 year Greek bonds rose 386bps over the six months to the end of June to reach 16.3%. The spread over German bunds widened by 381bps to 1332bps. Irish and Portuguese yields rose to 11.7% and 10.9% and so their spreads also widened, to 867bps and 787bps.

The rate of CPI inflation in the UK was 4.2% in June, up from 3.7% in December and well over twice the Bank of England's medium term target of 2%. However, the Bank's Monetary Policy Committee (MPC) continued to look through this to a weak underlying UK economy, holding interest rates at 0.5% throughout the period.

Since the end of the reporting period, volatility in the fixed interest markets has increased significantly. There has been a 'risk-off' trend in sentiment driven, as in other recent periods of volatility, by concerns over slowing economic growth in the US, the UK and Europe and, in particular, by the developing debt problems of the Eurozone. There has been strong support for core government bonds, notwithstanding S&P's downgrade of its long-term US debt rating to AA+. Corporate bond spreads have widened and bank capital has been a weak sector on concerns about exposure to sovereign debt.

Portfolio strategy

The Net Asset Value of the Company ('NAV') ended 2010 at 168.98p. It rose to 171.4p in mid-May before falling back as risk aversion took hold of the market in June. The NAV was 169.62p at the close of June. The Company's cash position remains near 5% and its borrowing facility is currently undrawn.

After their strong rally of the last couple of years, high yield bonds made further, albeit more modest, progress in the first half of 2011. The portfolio managers believe they can find opportunities, particularly in the volatile market conditions we have recently seen, and continue to favour better quality (BB and B rated) high-yield issuers as well as higher yielding (BBB rated) investment-grade names. They were active in the new issuance and secondary markets in the first half of the year. Purchases included Jaguar Land Rover 8.125% (Auto, B+ rated), Southern Water 8.5% (Utility, BB– rated), Thames Water 7.75% (Utility, B rated) and Matalan 8.875% (Retail, BB rated). The overall credit quality of the Company's portfolio has risen as exposure to BBB and BB has increased and exposure to B and below has fallen. The Company's exposure to Utilities has also risen, to 10.8% at the end of the period.

The portfolio managers continue to believe that financials, banks in particular, offer attractive opportunities. Their reasons remain the same. They think that the combination of structural reform, implementation of Basel III guidelines and rising capital levels will be a powerful support for subordinated bank debt for years to come. In their opinion, aggregate yields on this type of debt still offer real value even in the context of their higher volatility. Banks have continued to bring attractive deals to the market as they seek to bolster and reorganise their capital structure for the evolving regulatory environment. Investment was made in the widely supported contingent capital issue brought to the market by Credit Suisse earlier in the year and Barclays 9.25% (Upper Tier 2) was also added.

The high yield market has been sensitive to the sovereign debt crisis throughout the period. Such a relationship can create opportunities when security prices move away from fundamental value due to more general shifts in market sentiment. With its current level of liquidity the Company has the flexibility to take advantage of such opportunities as they arise.

Outlook

The market is likely to continue to experience periods of volatility especially as the sovereign debt crisis in the Eurozone evolves. There is still uncertainty as to the support that will be given by the Eurozone authorities to member states and how it will be delivered. What role the private sector will play in sovereign debt relief measures is another question that can increase volatility, both in government bond markets and more widely.

Away from the sovereign debt crisis, economic data in the US and the UK over the past several months has been predominantly negative. In both economies growth expectations have fallen in the face of weak consumer demand. Poor personal earnings growth, low rates of employment growth and rising unemployment are depressing consumer confidence and spending. In the Eurozone growth is stronger, albeit concentrated in the core economies of Germany, France and surrounding countries. Here too, however, growth expectations are beginning to wane as business sentiment and production indicators have become weaker.

The MPC has maintained interest rates at a record low level. In recent months its comments have been more dovish. At June's meeting, votes in favour of retaining the current record low rate rose to seven of the nine members from six before. New member Ben Broadbent, replacing the 'hawk' Andrew Sentance, voted with the majority. It is not expected that there will be significant interest rate rises in the near future.

In such an environment of low growth and low interest rates, combined with strong corporate fundamentals, the portfolio managers will continue to seek opportunities to capture attractive yields and they believe that the Company's portfolio should continue to provide an appealing choice for investors seeking income.

Invesco Asset Management Limited
Manager

Paul Read **Paul Causer**
Portfolio Managers

18 August 2011

Related Parties

Invesco Asset Management Limited ('IAML'), a wholly-owned subsidiary of Invesco Limited, acts as Manager and Company Secretary to the Company. Details of IAML's services and fee arrangements are given in the Company's Annual Financial Report, which is available on the Manager's website.

Principal Risks and Uncertainties

There is no guarantee that the Company's investment objective will be achieved or will provide the returns sought by the Company. The principal risk factors relating to the Company can be divided into the following areas:

– Investment Policy (incorporating the Investment Objective) and Process;
– Market Movement and Portfolio Performance;
– High-Yield Fixed-Interest Securities;
– Gearing;
– Derivatives;
– Regulatory and Tax Related;
– Resources: Reliance on Third Party Providers
– The Ordinary Shares; and
– Shareholder Relationships.

A detailed explanation of these factors can be found in pages 26 to 28 of the 2010 Annual Financial Report, which is available on the Manager's website.

In the view of the Board, these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

Going Concern

The financial statements are prepared on a going concern basis. At the Annual General Meeting held on 26 May 2011, the shareholders passed an ordinary resolution releasing the Directors from their obligation to convene an Extraordinary General Meeting in 2011 to wind up the Company. 99.2% of all votes cast were in favour of the continuation of the Company.

The Directors consider that going concern is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors have taken into account the Company's investment objective, its risk management policies, the diversified nature of its investment portfolio, the borrowing facility which can be used to meet short-term funding requirements, the liquidity of most of its investments which could be used to repay any borrowings in the event that the facility could not be renewed or replaced and the ability of the Company to meet all of its liabilities and ongoing expenses.

Accordingly, the accounts do not include any adjustments which might arise from the reconstruction or liquidation of the Company.

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 Report';
– the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the FSA's Disclosure and Transparency Rules; and
– the interim management report includes a fair review of the information required on related party transactions.

The half-yearly financial report has not been audited or reviewed by the Company's auditors.

Signed on behalf of the Board of Directors.

Clive Nicholson
Chairman

18 August 2011

Thirty Largest Investments at 30 June 2011

Issuer/Issue	Moody/S&P Rating	Sector	Country of Incorporation	Market Value £'000	% of Portfolio
LBG Capital		Financial	UK		
7.975% Sep 15 24	Ba3/BB			3,307	
6.385% May 12 20	Ba2/BB+			1,170	
9% Dec 15 19	Ba2/BB+			968	
6.439% May 23 20	Ba3/BB			780	
16.125% Dec 10 24	Ba2/BB+			134	
				6,359	5.6
Societe Generale		Financial	France		
8.875% FRN Perpetual	Baa2/BBB+			4,053	3.6
General Motors		Consumer Goods	USA		
Pfd USD50.00	NR/NR			2,681	
USD0.01	Equity			623	
Wts Jul 10 16	WR/NR			399	
Wts Jul 10 19	WR/NR			297	
				4,000	3.6
Premier Farnell		Industrials	UK		
Pfd 89.2P Cum Cnv	NR/NR			3,616	3.2
Ford Motor		Consumer Goods	USA		
7.45% Jul 16 31	Ba3/B+			2,810	2.5
Aviva		Financial	UK		
6.125% Perpetual	A3/BBB+			2,599	2.3
Citigroup		Financial	USA		
Pfd Jun FRN 28 67	Ba1/BB+			1,817	
Pfd USD100	Equity			689	
Inc Com USD0.01	Equity			52	
				2,558	2.3
Balfour Beatty		Industrials	UK		
Prf 10.75P Gross	NR/NR			2,464	2.2
Intergen		Oil & Gas	Holland		
9.5% Jun 30 17	Ba3/BB–			2,140	
8.5% Jun 30 17	Ba3/BB–			237	
				2,377	2.1
Cemex Sab		Consumer Goods	USA		
4.875% Cnv Mar 15 15	NR/NR			1,820	
9.25% May 12 20	NR/NR			526	
				2,346	2.1
Ecclesiastical		Financial	UK		
Prf 8.625% Non Cum Irrd	NR/NR			2,190	1.9
American International Group		Financial	USA		
8.625% FRN May 22 68	Baa2/BBB			1,021	
8.175 May 15 68	Baa2/BBB			671	
4.875% FRN Mar 15 67	Baa2/BBB			437	
				2,129	1.9
Credit Agricole		Financial	France		
7.589% FRN Perpetual	A3/BBB+			2,000	1.8
Unity Media		Consumer Services	Germany		
9.625% Dec 1 19	B3/B–			1,948	1.7
DFS		Consumer Goods	UK		
9.75% Jul 15 17	B1/B			1,940	1.7
Barclays		Financial	UK		
9.25% Perpetual	Baa2/A–			1,030	
6.625% Mar 3 22	Baa1/A			899	
				1,929	1.7
Catlin		Financial	USA		
7.249% FRN Perpetual	NR/BBB+			1,843	1.6
First Hydro Finance		Utilities	UK		
9% Jul 31 21	NR/NR			1,837	1.6
Santos Finance		Financial	Australia		
8.25% Sep 22 70	NR/BB			1,833	1.6
BAC Capital Trust		Financial	USA		
5.25% Aug 10 35	Baa3/BB+			1,775	1.6
Scottish & Southern Energy		Utilities	UK		
5.025% Perpetual	Baa2/BBB			1,765	1.6
RWE		Utilities	Germany		
4.625% FRN Perpetual	Baa1/BBB			1,729	1.5
Legrand		Industrials	France		
8.5% Deb Feb 15 25	Baa2/BBB+			1,568	1.4
REA Finance		Consumer Goods	Holland		
9.5% Dec 31 17	NR/NR			1,560	1.4
Wind Acquisition		Consumer Services	Italy		
11.75% Jul 15 17	B2/BB–			767	
7.375% Feb 15 18	Ba2/BB			719	
				1,486	1.3
UBS		Financial			
3.22% Jul 31 12	Aa3/A+		Switzerland	673	
8.836% FRN Perpetual	Baa3/BBB–		Jersey	668	
				1,341	1.2
Suez		Utilities	France		
4.82% FRN Perpetual	Baa2/NR			1,320	1.2
Rexam		Industrials	UK		
6.75% FRN Jun 29 67	Ba2/BB			1,237	1.1
General Accident		Financial	UK		
Prf 8.875%	NR/NR			1,236	1.1
Novae		Financial	UK		
8.375% Apr 27 17	Ba1/NR			1,112	1.0
				66,960	59.4
Other investments				45,758	40.6
Total investments				**112,718**	**100.0**

Condensed Income Statement

	Six Months to 30 June 2011 (Unaudited)			Six Months to 30 June 2010 (Unaudited)			Year to 31 December 2010 (Audited)
	Revenue £'000	***Capital £'000***	***Total £'000***	*Revenue £'000*	*Capital £'000*	*Total £'000*	*Total £'000*
Gains on investments	**—**	**3,148**	**3,148**	—	336	336	9,790
Foreign exchange (losses)/gains	**—**	**(1,648)**	**(1,648)**	—	1,692	1,692	986
Income							
UK dividends	**346**	**—**	**346**	279	—	279	525
UK unfranked investment income – interest	**1,379**	**—**	**1,379**	1,406	—	1,406	2,754
Overseas interest	**2,410**	**—**	**2,410**	3,201	—	3,201	5,912
Overseas dividends	**84**	**—**	**84**	52	—	52	83
Deposit interest	**12**	**—**	**12**	9	—	9	21
Scrip dividends	**2**	**—**	**2**	14	—	14	76
Interest on VAT recovered – note 6	**215**	**—**	**215**	—	—	—	—
	4,448	**1,500**	**5,948**	4,961	2,028	6,989	20,147
Investment management fee	**(295)**	**(159)**	**(454)**	(277)	(149)	(426)	(866)
VAT recoverable on management fee – note 6	**285**	**125**	**410**	—	—	—	—
Other expenses	**(204)**	**(6)**	**(210)**	(246)	(1)	(247)	(450)
Net return before finance costs and taxation	**4,234**	**1,460**	**5,694**	4,438	1,878	6,316	18,831
Finance costs	**(20)**	**(11)**	**(31)**	(76)	(41)	(117)	(179)
Return on ordinary activities before taxation	**4,214**	**1,449**	**5,663**	4,362	1,837	6,199	18,652
Taxation	**(1,114)**	**(72)**	**(1,186)**	(4)	—	(4)	(1,093)
Return on ordinary activities after taxation	**3,100**	**1,377**	**4,477**	4,358	1,837	6,195	17,559
Return per ordinary share – note 2	**4.3p**	**1.9p**	**6.2p**	6.0p	2.5p	8.5p	24.1p

The total column represents the Company's profit and loss account. The supplementary revenue and capital columns are prepared 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. No statement of recognised gains or losses is therefore presented. No operations were acquired or discontinued in the period.

Condensed Balance Sheet

Registered in England and Wales No. 2649592	***30 June 2011 (Unaudited) £'000***	*30 June 2010 (Unaudited) £'000*	*31 December 2010 (Audited) £'000*
Fixed assets			
Investments at fair value through profit or loss:			
United Kingdom	**52,896**	48,693	50,773
Overseas	**59,822**	68,292	60,672
	112,718	116,985	111,445
Current assets			
Prepayments and accrued income	**2,456**	2,514	2,495
Deferred tax asset	**2,730**	5,000	3,921
VAT recoverable on management fees and related interest	**625**	—	—
Unrealised gain on forward currency contract	**—**	902	—
Cash	**6,829**	6,041	5,894
	12,640	14,457	12,310
Creditors: amounts falling due within one year			
Bank loan	**—**	(15,078)	—
Amounts due to brokers	**(502)**	—	—
Accruals	**(340)**	(348)	(341)
Unrealised loss on forward currency contract	**(1,031)**	—	(402)
	(1,873)	(15,426)	(743)
Net current assets/(liabilities)	**10,767**	(969)	11,567
Net assets	**123,485**	116,016	123,012
Capital and reserves			
Share capital	**1,456**	1,456	1,456
Share premium	**140,011**	140,011	140,011
Special reserve	**11,644**	11,644	11,644
Capital redemption reserve	**8,410**	8,410	8,410
Capital reserve	**(41,849)**	(52,911)	(43,226)
Revenue reserve	**3,813**	7,406	4,717
Shareholders' funds	**123,485**	116,016	123,012
Net asset value per ordinary share – note 3	**169.62p**	159.36p	168.98p

Condensed Cash Flow Statement

	Six Months to 30 June 2011 (Unaudited) £'000	*Six Months to 30 June 2010 (Unaudited) £'000*	*Year to 31 December 2010 (Audited) £'000*
Net return before finance costs and taxation	**5,694**	6,316	18,831
Adjustment for gains on investments	**(3,148)**	(336)	(9,790)
Adjustment for exchange losses/(gains)	**1,648**	(1,692)	(986)
VAT recoverable on management fees and related interest	**(625)**	—	—
Scrip dividend	**(2)**	—	—
Decrease in debtors	**37**	100	119
(Decrease)/increase in creditors	**(20)**	32	42
Tax on overseas dividends	**7**	(4)	(14)
Net cash flow from operating activities	**3,591**	4,416	8,202
Servicing of finance	**(12)**	(122)	(201)
Capital expenditure and financial investment			
Purchase of investments	**(30,299)**	(38,213)	(61,078)
Sale of investments	**32,678**	36,216	74,075
Equity dividends paid	**(4,004)**	(4,249)	(8,617)
Cash inflow/(outflow) before financing	**1,954**	(1,952)	12,381
Management of liquid resources			
Cash movement on short-term deposits	**(309)**	—	(3,334)
Financing			
Increase/(decrease) in borrowings	**—**	2,806	(11,108)
Increase/(decrease) in cash	**1,645**	854	(2,061)
Cash flow from movement in liquid resources	**309**	—	3,334
Cash (inflow)/outflow from (increase)/decrease in debt	**—**	(2,806)	11,108
Change in net funds/(debt) resulting from cash flows	**1,954**	(1,952)	12,381
Translation difference	**(1,019)**	1,164	1,762
Movement in net funds/(debt) in the period	**935**	(788)	14,143
Net funds/(debt) at beginning of period	**5,894**	(8,249)	(8,249)
Net funds/(debt) at end of the period	**6,829**	(9,037)	5,894
Analysis of change in net debt:			
Brought forward:			
Cash	**5,894**	2,859	2,859
Bank loans	**—**	(11,108)	(11,108)
Net funds/(debt) brought forward	**5,894**	(8,249)	(8,249)
Cash inflow/(outflow) from bank	**1,954**	(1,952)	12,578
Exchange movements	**(1,019)**	1,164	1,565
Net funds/(debt) at end of the period	**6,829**	(9,037)	5,894

Condensed Reconciliation of Movements in Shareholders' Funds

	Share Capital £'000	*Share Premium £'000*	*Special Reserve £'000*	*Capital Redemption Reserve £'000*	*Capital Reserve £'000*	*Revenue Reserve £'000*	*Total £'000*
Year Ended 31 December 2010 and Six Months Ended 30 June 2011							
At 31 December 2009	1,456	140,011	11,644	8,410	(54,748)	7,297	114,070
Return for the period from the income statement	—	—	—	—	11,522	6,037	17,559
Dividends paid – note 4	—	—	—	—	—	(8,617)	(8,617)
At 31 December 2010	1,456	140,011	11,644	8,410	(43,226)	4,717	123,012
Return for the period from the income statement	—	—	—	—	1,377	3,100	4,477
Dividends paid – note 4	—	—	—	—	—	(4,004)	(4,004)
At 30 June 2011	**1,456**	**140,011**	**11,644**	**8,410**	**(41,849)**	**3,813**	**123,485**
Six Months Ended 30 June 2010							
At 31 December 2009	1,456	140,011	11,644	8,410	(54,748)	7,297	114,070
Return for the period from the income statement	—	—	—	—	1,837	4,358	6,195
Dividends paid – note 4	—	—	—	—	—	(4,249)	(4,249)
At 30 June 2010	1,456	140,011	11,644	8,410	(52,911)	7,406	116,016

Notes to the Condensed Financial Statements

1. **Accounting Policies**
The condensed financial statements have been prepared using the same accounting policies as those adopted in the annual financial report for 31 December 2010, and are prepared in accordance with the Statement of Recommended Practice ('SORP') 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in January 2009.

2. **Basis of Returns**

	Six Months to 30 June 2011	*Six Months to 30 June 2010*	*Year Ended 31 December 2010*
Returns after tax:			
Revenue	**£3,100,000**	£4,358,000	£6,037,000
Capital	**£1,377,000**	£1,837,000	£11,522,000
Total return after tax	**£4,477,000**	£6,195,000	£17,559,000
Weighted average number of shares in issue during the period	**72,799,105**	72,799,105	72,799,105

3. **Basis of Net Asset Value per Ordinary Share**

	At 30 June 2011	*At 30 June 2010*	*At 31 December 2010*
Shareholders' funds	**£123,485,000**	£116,016,000	£123,012,000
Number of shares in issue at the period end	**72,799,105**	72,799,105	72,799,105

4. **Dividends on Ordinary Shares – Dividends Paid**

Year	*Quarterly dividend*	*Rate*	***Six Months to 30 June 2011 £'000***	*Six Months to 30 June 2010 £'000*	*Year Ended 31 December 2010 £'000*
2009	4th interim	1p	**—**	609	609
2009	5th interim	2p	**—**	1,456	1,456
2009	6th interim	1p	**—**	728	728
2010	1st interim	2p	**—**	1,456	1,456
2010	2nd interim	3p	**—**	—	2,184
2010	3rd interim	3p	**—**	—	2,184
2010	4th interim	3p	**2,184**	—	—
2011	1st interim	2.5p	**1,820**	—	—
Total dividends paid			**4,004**	4,249	8,617

The 2nd interim dividend for 2011 of 2.5p has been declared and will be paid on 26 August 2011 to shareholders on the register on 29 July 2011.

5. **Ordinary Shares of 2p each**

	Six Months to 30 June 2011	*Six Months to 30 June 2010*	*Year Ended 31 December 2010*
Nominal number of Ordinary Shares in issue:			
Brought forward	**72,799,105**	72,799,105	72,799,105
Issued in period	**—**	—	—
Carried forward	**72,799,105**	72,799,105	72,799,105

6. After the period end the Company received VAT refunds on management fees from its former manager of £410,000. These were accrued at the period end with £285,000 credited to revenue and £125,000 to capital, being the same proportions as originally charged to the revenue and capital accounts. In addition, £215,000 was received for interest on the VAT recovered and has been credited wholly to revenue. The after tax credit to revenue and capital were respectively £367,000 and £92,000, being the equivalent of 0.50p and 0.13p per share respectively.

7. 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 set out in section 1159 of the Corporation Tax Act 2010.

8. The financial information contained in this half-yearly financial report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The half yearly reports to 30 June 2011 and 30 June 2010 are unaudited. The figures and financial information for the year ended 31 December 2010 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 Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under section 498 of the Companies Act 2006.

By order of the Board
Invesco Asset Management Limited
Company Secretary

18 August 2011

Directors, Investment Manager And Administration

Directors
Clive A. H. Nicholson (Chairman)
Christopher FitzGerald
Richard H. King
Kenneth G. R. MacLennan
Winifred Robbins

Managers, Company Secretary and Registered Office
Invesco Asset Management Limited
30 Finsbury Square
London EC2A 1AG

☎ 020 7065 4000

Company Secretarial contact: Nira Mistry

Company Number
Registered in England and Wales No. 2649592

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Shareholders who hold shares direct and not through a savings scheme or ISA and have queries relating to their shareholding should contact the Registrars' call centre on:

☎ 0871 664 0300
Calls cost 10p per minute plus network extras. Lines are open Monday to Friday 8.30am to 5.30pm.

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

The Registrars provide an online and telephone share dealing service for existing shareholders who are not seeking advice on buying or selling. This service is available at:

☎ 0871 664 0454
www.capitadeal.com
Calls cost up to 10p per minute plus network extras. Lines are open Monday to Friday 8am to 4.30pm.

Dividend Re-Investment Plan
Capita Registrars manage a Dividend Re-Investment Plan for the Company. Shareholders wishing to re-invest their dividends should contact the Registrars at the above address.

Corporate Brokers
Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Invesco Perpetual Investor Services
Invesco Perpetual has an Investor Services Team available from 8.30am to 6.00pm every working day to help you on:

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

Savings Scheme and ISA Administrators
For both the Invesco Perpetual Investment Trust Savings Scheme and ISA:

Invesco Perpetual
Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH

☎ 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 half-yearly report.

Financial Calendar 2011

Announcements

Half-yearly Unaudited results	August
Annual financial results	March/April
Interim Management Statements	April and October

Ordinary Share Dividends

Interims payable	May, August, November and February
Annual General Meeting	May/June
Year end	31 December

Invesco Perpetual

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30 Finsbury Square
London EC2A 1AG
☎ 020 7065 4000

Linkway 15962