Invesco Perpetual UK Smaller Companies Investment Trust plc

Half-Yearly Financial Report for the Six Months to 31 July 2014

KEY FACTS

Invesco Perpetual UK Smaller Companies Investment Trust plc (the Company) is an investment trust, quoted on the London Stock Exchange, which invests predominantly in the shares of small to medium sized UK quoted companies.

Investment Objective and Policy of the Company

The Company's investment objective is to achieve long-term total return for shareholders primarily by investment in a broad cross-section of small to medium sized UK quoted companies. The pursuit of income is of secondary importance.

Full details of the Company's investment policy and risk and investment limits can be found in the annual financial report for the year ended 31 January 2014.

Performance Statistics

The Benchmark Index of the Company is the ***Numis Smaller Companies Index (excluding Investment Companies)*** *on a total return basis.*

	AT 31 JUL 2014	AT 31 JAN 2014	% CHANGE
Net asset value and share price:			
Net asset value (NAV) per share:			
– balance sheet	356.2p	367.9p	-3.2%
– after charging proposed dividends (capital NAV)	354.6p	363.0p	-2.3%
Shareholders' funds (£'000)	189,535	195,749	-3.2%
Share price	310.0p	316.8p	-2.1%
Discount per share based on balance sheet NAV	13.0%	13.9%	

Total return (with income reinvested) for the six months ended 31 July 2014:	
Net asset value*	-1.6%
Benchmark Index*	-2.9%
FTSE All-Share Index*	+4.5%
Capital return:	
Net asset value	-2.3%
Benchmark Index*	-4.3%
FTSE All-Share Index*	+2.6%

**Source: Thomson Reuters Datastream*

	AT 31 JUL 2014	AT 31 JAN 2014
Gearing:		
– gross gearing(1)	nil	1.2%
– net gearing(2)	nil	nil
– net cash(3)	3.7%	1.2%
– maximum permissible gearing(4)	10.6%	10.2%

	SIX MONTHS ENDED 31 JUL 2014	SIX MONTHS ENDED 31 JUL 2013
Return and dividend per share:		
Revenue return	3.6 p	3.6 p
Capital return	(10.4)p	41.2 p
Total return	(6.8)p	44.8 p
Interim dividend	1.6 p	1.6 p

Notes:

1. Gross gearing: borrowings ÷ shareholders' funds.
2. Net gearing: borrowings less cash ÷ shareholders' funds.
3. Net cash: net exposure to cash and cash equivalents ÷ shareholders' funds.
4. Maximum permissible gearing: maximum permissible borrowings as laid down in the investment policy and covenants under the borrowing facility ÷ shareholders' funds.

CHAIRMAN'S STATEMENT INCORPORATING THE INTERIM MANAGEMENT REPORT

Chairman's Statement

Performance

Over the six months to 31 July 2014, your Company delivered a total return of -1.6%, outperforming its benchmark, the Numis Smaller Companies Index (ex Investment Companies), which returned -2.9%. This return is reflective of a challenging period for the UK Smaller Companies sector as a whole during the past six months. Nevertheless, the portfolio remains resilient and has delivered a return in excess of the benchmark.

The Company's share price decreased by -2.1% during the period, down from 316.8p as at 31 January 2014 to 310.0p as at 31 July 2014. During this period the Company's discount to NAV narrowed marginally from 13.9% to 13.0%.

The Future of the Company and Discount Control

In my Chairman's Statement to the 2014 annual financial report, I reiterated the Board's commitment that, on or around the date of the Company's Annual General Meeting in 2017, the Board will make available a number of options for shareholders to consider. These may include one or more of a continuation of the existing Company, a rollover into a similar or other investment vehicle and/or the provision of a cash exit at a price close to NAV. One of the benefits the Board hopes to achieve by this initiative is a narrowing of the discount to NAV at which the shares trade. The Board expects this benefit to become more apparent over time.

No buy backs have been conducted during the period, although the Board will continue to monitor the discount level closely.

Interim Dividend

The Board is pleased to declare an interim dividend of 1.6p per share to be paid on 24 October 2014 to shareholders on the register on 26 September 2014. The shares will go ex-dividend on 24 September 2014. Future dividends, will, as always, depend on market conditions and investment performance.

Alternative Investment Fund Managers Directive (AIFMD)

As previously announced on 22 July 2014, the Company has entered into arrangements necessary to ensure compliance with the AIFMD. The Board has appointed Invesco Fund Managers Limited (IFML) as the Company's Alternative Investment Fund Manager. The existing investment management agreement between the Company and Invesco Asset Management Limited (IAML) has been terminated, although IAML will continue to manage the Company's investment portfolio under delegated authority from IFML. The management fees and notice period remain unchanged. The Company has also appointed BNY Mellon Trust & Depositary (UK) Limited, to act as the Company's depositary. It is not expected or intended that these new arrangements will result in any change to the way the Company's assets are invested.

The Company's Strategy and Outlook

Recent economic data has been indicative of a recovery in the UK. Although this domestic improvement is positive news for UK smaller companies, it is somewhat offset by the lacklustre recovery within the Eurozone which appears fragile. The spectre of deflation, coupled with concern over the potential impact on growth of the ongoing geo-political issues in Russia and Ukraine add to the Eurozone's woes. In the UK, the strength of sterling has acted to erode some of the gains made by companies trading with the primary export markets of the Eurozone and U.S, although more recently the pound has weakened amid uncertainty around the outcome of the Scottish referendum. The inevitable rise in interest rates – as intimated by the Bank of England – may also create more challenging conditions for growth. However, against this backdrop your portfolio manager believes that there is still much to be positive about, not least the exposure of UK smaller companies to the more benign domestic environment, a strengthening labour market and increasing consumer spending. As you will read in the Portfolio Manager's Report which follows, Jonathan Brown, your portfolio manager, continues to take a longer term investment approach, identifying opportunities to purchase high quality growing businesses at good valuations, with a focus on fundamental analysis; your Board remains fully supportive of this strategy.

Ian Barby

Chairman

15 September 2014

Portfolio Manager's Report

Investment Review

The six month period under review provided mixed returns for equity investors. Stock markets were initially buoyed by the ongoing improvement in the general economic outlook, with smaller companies rising 6% in the first few weeks. However, this was relatively short lived as fears about the potential impact of higher interest rates in the UK and a series of geopolitical problems began to weigh on investor sentiment. Compounding this, there was also a diminishing level of liquidity support for markets, as the Federal Reserve in the US continued to reduce the level of quantitative easing (QE), and an abnormally active IPO market in the UK diverted money away from existing holdings. These circumstances, together with greater bid activity within large companies, has led to investors switching from small and mid-cap companies into large companies. After a period of strong outperformance over the last couple of years, small companies underperformed, declining 2.9% on a total return basis compare to the FTSE All-Share Index which rose by 4.5% on the same basis.

Portfolio Strategy and Review

Against this background, your Company saw a decrease in its net asset value of 1.6% for the half year, in total return terms. The portfolio benefited from overweight positions in the Health Care and Software & Computer Services sectors, but was hurt by its exposure to the Support Services and Consumer Goods sectors. At the individual stock level, the best performers included: Staffline (+72%), a blue collar recruitment business, which benefited from improving demand and a significantly earnings enhancing acquisition; CVS Group (+27%), the UK's leading provider of veterinary services, which saw upgrades to its earnings expectations due to strong trading and a number of small bolt-on acquisitions; and Amerisur Resources (+19%), which is a Colombian oil & gas business that enjoyed continued success with the drill bit. Inevitably there were disappointments in the period. These included RPS Group (-24%), a consultancy business specialising in the energy and environmental markets. The company saw diminished demand for its services in Australia and reduced overseas earnings due to the strength of sterling. The fall in the share price looks overdone and we have modestly added to the position. Xaar (-50%), the digital print-head manufacturer and the star performer from last year, saw a savage de-rating due to lower growth in its end markets. We had taken substantial profits from Xaar in the previous period and we have bought some of this back following the fall in the share price.

The US economy suffered a significant wobble in the first quarter of 2014 as the severe winter weather took its toll on economic activity. The economy bounced back strongly in the second quarter, erasing doubts that this was a more significant slowdown, and re-enforcing the view that the US is the best placed of the major western economies. Their economy continues to benefit from a significant energy cost advantage due to exploitation of shale oil and gas reserves and the banking sector is returning to more normal levels of activity. With the ongoing improvement in the labour market, the Federal Reserve has maintained its policy of tapering QE, with the aim of halting altogether in the autumn. So far this appears to have had a limited impact on the economy and on the market, although we have seen less progress from equities and a small increase in bond yields. The portfolio retains a significant exposure to the US via companies such as Senior, which sells components into Boeing and Caterpillar, and Diploma, which distributes pneumatic seals and other industrial products in the region.

As our largest trading partner, the economic fortunes of continental Europe and the UK are to some extent intertwined. The last year has seen a significant improvement in business sentiment in the Eurozone, and some of this confidence has fed through to improving conditions in industrial and service sectors, resulting in a modest fall in unemployment. However, there are signs that the recovery is already waning. Recent data suggests that the French and Italian economies are once again experiencing slowing growth, and Germany, for so long the engine room of Europe, is starting to see the effects of the economic sanctions levelled against Russia in the wake of the Ukraine crisis. The European Central Bank (ECB) has implemented some fairly extreme policies in order to shore up the nascent recovery, including record low interest rates and negative deposit rates. These initiatives are designed to encourage borrowing and spending, but also to moderate the strength of the Euro, which has to some extent reversed the improvements in export competitiveness derived from lower wages. While the ECB has so far stopped short of outright quantitative easing, this may change if the economic situation fails to improve soon. Inevitably the portfolio contains some exposure to the region, and although the economic situation is unhelpful, we aim to target companies with the ability to generate profitable growth even in the absence of economic recovery. However, it seems that Europe may continue to be a drag on the domestic UK economy for some time to come.

The picture elsewhere in the world is mixed. Japan has returned to economic growth after extraordinary levels of central bank stimulus. There is some evidence that their banking system may finally have been cleansed, and the debasement of the Yen has led to an improved export performance. Whether the current recovery will lead to a sustained period of prosperity is debatable. Growth in China, while slowing, is still well in excess of most countries. However, the principal drivers of that growth, a debt financed construction binge, looks to be built on increasingly shaky foundations. It appears to have resulted in a colossal misallocation of capital, with many projects failing to make an economic return. The consequence is likely to be a banking crisis triggered by non-performing loans, and we are already seeing the initial signs of this occurring. The knock on effects of slowing infrastructure spend in China are already being felt in commodity based economies and businesses exposed to the mining sector. With this in mind, we retain a very low level of exposure to this sector. Lower commodity prices are however, providing a much needed boost to the rest of the global economy, keeping inflation in check and allowing central banks to continue with their expansionary policies.

There is evidence of a broadening economic recovery in the UK. Data from the service, industrial and manufacturing sectors has shown an ongoing improvement, with business investment also growing after a period of stagnation. GDP in the UK has finally passed the peak previously achieved before the financial crisis and the continued reduction in unemployment is encouraging consumers to loosen the purse strings. It appears that the unprecedented level of stimulus applied to the economy over the last 5 years is finally having an impact. The UK economy may well be in a "sweet spot", enjoying the benefits of economic recovery driven by cheap money, without the corresponding increases in interest rates that you would normally expect to see at this stage of the economic cycle. However, this may be about to change, with increasing signals from the Bank of England (BoE) that base rates could start to rise soon. As consumer and government debt levels remain high the BoE will wish to tread carefully to avoid damaging growth prospects. With inflation remaining benign and no evidence of wage increases causing an upward spiral, any increase in base rates is likely to be modest and gradual.

Much of the improvement in UK economic growth has been driven by consumer and, to a lesser extent, government spending. The strength of sterling and weak economic growth in the Eurozone in particular has constrained export growth, and this may persist for a while. On the other hand, there are early signs that investment spending, which has remained at low levels for the last few years, has started to pick-up and this should help sustain and accelerate economic growth.

Despite the improving economic backdrop many UK companies have seen a steady erosion of earnings expectations driven mainly by sterling strength and difficult economic conditions in Europe and the emerging markets. Larger companies have seen greater downgrades than more domestically orientated smaller companies. It seems unlikely that sterling will keep appreciating versus the US Dollar given the strengthening recovery in the US and the reduced level of economic stimulus from the Federal Reserve. However, the Euro is likely to remain weak, as the ECB is seemingly determined to debase the currency in order to improve the competitiveness of Eurozone exports. Overall we therefore anticipate that the currency headwind companies have been facing should start to abate, particularly if Scotland votes to leave the UK. Market expectations of around 9% earnings growth for next year for UK smaller companies look reasonable. Company valuations, whilst higher than we have seen over the last few years, do not look excessive, with a prospective median price earnings ratio for the small cap sector of around 13.5x. Small companies are now rated on broadly the same multiple as the market as a whole and are forecast to deliver similar growth. With their greater domestic exposure and the relative strength of the UK economy, UK small companies remain attractive. Certainly when compared with the fixed income sector, which has never been more expensive, equities look relatively attractive. Also when you consider that the yield offered by equities is similar to 10 year government bonds but is also growing year by year, the case for equities still looks strong.

The overarching investment strategy remains unchanged. We continue to look for high quality, growing businesses with strong balance sheets, with a view to acquiring them at decent valuations. The recent sell off in consumer focused stocks, prompted by fears of rising interest rates, is presenting some opportunities to buy good quality businesses at much more attractive valuations. The same is true for export focused businesses, where currency moves have, until recently, depressed short term earnings. Having a long term investment approach allows us to see through the "noise" in the market, and by focusing on the fundamental qualities of companies, we are able to build positions in great businesses when the market takes fright at short term fluctuations in trading.

Outlook

Heightened geopolitical risks and the ongoing reduction in central bank stimulus are currently weighing on investor sentiment, and there is no doubt that these factors could have an impact on company prospects over the coming period. Uncertainty about the outcome of the Scottish referendum and the UK election in 2015 may also cause some short-term concerns – although the next government will remain constrained in what economic actions it can take by the ongoing requirement to reduce the budget deficit. That said, there are many reasons to be optimistic: (a) The broadening economic recovery in the UK is a clear positive for domestic businesses and the improving situation in the US and Japan will benefit export business exposed to those regions; (b) The currency headwinds that UK exporters have been facing are showing signs of abating, putting less downward pressure on forecasts; (c) The selling pressure from fund managers moving up the market cap scale will reach an end once those allocation switches have been completed; and (d) Valuations still look reasonable and we are seeing signs of increasing takeover activity after a particularly quiet period. We are finding plenty of opportunities to buy top quality stocks at good valuations, and this more than anything gives hope of generating positive returns for investors in the second half of the financial year.

Jonathan Brown
Portfolio Manager
15 September 2014

Related Party Transactions and Transactions with the Manager

Under International Financial Reporting Standards, the Company has identified the Directors as related parties. No other related parties have been identified.

With effect from 22 July 2014, Invesco Fund Managers Limited (IFML), a wholly owned subsidiary of Invesco Limited and associate company of Invesco Asset Management Limited (IAML), was appointed as Manager. Prior to 22 Jul 2014, IAML carried out these functions and continues to do so under delegated authority of IFML. Details of the basis of fees payable to the Manager remain unchanged and are as shown in the 2014 annual financial report which is available on the Manager's website.

Principal Risks and Uncertainties

- Market (Economic) Risk – factors such as general fluctuations in stock markets, interest rates and exchange rates may give rise to high levels of volatility in the share prices of investee companies, as well as affecting the Company's own share price and discount to NAV.
- Investment Risk – the Company invests in small and medium-sized companies traded on the London Stock Exchange or on AIM. By their nature these are generally considered riskier than their larger counterparts and their share prices can be more volatile, with lower liquidity. There can be no guarantee that the Company will achieve its published investment objective.
- Shareholder Risk – The value of an investment in the Company may go down as well as up and an investor may not get back the amount invested.
- Borrowings – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings (or gearing) will magnify any loss. If borrowing facilities could not be renewed, the Company might have to sell investments to repay any borrowings it has.
- Reliance on the Manager and other Third Party Service Providers – failure by any third party service provider to carry out its obligations to the Company could have a materially detrimental impact on the operation of the Company to successfully pursue its investment policy.
- Regulatory Risk – the Company is subject to various laws and regulations by virtue of its status as an investment trust. Control failures by any of the third party service providers may result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

A detailed explanation of these principal risks and uncertainties can be found on pages 8 and 9 of the Company's 2014 annual financial report, which is available on the Manager's website at: www.invescoperpetual.co.uk/investmenttrusts

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

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 of its liabilities, including any bank overdraft, and ongoing expenses from its assets.

DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Directors

Ian Barby (Chairman)
Richard Brooman (Deputy Chairman, Chairman of the Audit Committee and Senior Independent Director)
Christopher Fletcher
Jane Lewis
Garth Milne

Manager, Company Secretary and Correspondence Address

Invesco Perpetual*
6th Floor, 125 London Wall
London EC2Y 5AS
☎ 020 3753 1000
Company secretarial contacts: Kevin Mayger and Kelly Nice

Registered Office

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

Company Number

Registered in England and Wales No. 2129187

Depositary

BNY Mellon Trust & Depositary (UK) Limited
160 Queen Victoria Street, London EC4V 4LA

Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team, available from 8.30 am to 6.00pm, Monday to Friday (excluding UK Bank Holidays).
☎ 0800 085 8677
www.invescoperpetual.co.uk/investmenttrusts

* Invesco Perpetual is a business name of Invesco Fund Managers Limited (the Manager) and Invesco Asset Management Limited (the Company Secretary)

Savings Scheme and ISA Administration

For queries relating to both the Invesco Perpetual Investment Trust Saving Scheme and ISA please contact:

Invesco Perpetual, PO Box 11150
Chelmsford, Essex CM99 2DL
☎ 0800 086 8677

Registrars

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

Shareholders who hold shares directly and not through a savings scheme or ISA and have queries relating to their shareholding should contact the registrar on:
☎ 0871 664 0300
Calls cost 10p per minute plus network extras.
From outside the UK: ☎ +44 20 8639 3399.
Lines are open Monday to Friday 9.00am to 5.30pm (excluding UK Bank Holidays).
Shareholders holding shares directly can also access their holding details via Capita's websites:
www.capitaassetservices.com or www.capitashareportal.com

The registrar provides an online and telephone share dealing service for existing shareholders who are not seeking advice on buying or selling.

The website is: www.capitadeal.com or ☎ 0871 664 0454
Calls cost 10p per minute plus network extras.
From outside the UK: ☎ +44 (0)20 3367 2699.
Lines are open Monday to Friday 8.00am to 4.30pm (excluding UK Bank Holidays).

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 links within those websites, are not incorporated into, nor do they form part of, this document.

THIRTY LARGEST HOLDINGS AT 31 JULY 2014

Ordinary shares unless stated otherwise

COMPANY	ACTIVITY BY SECTOR	VALUE £'000	% OF PORTFOLIO
Synergy Health	Health Care Equipment & Services	7,060	3.9
Senior	Aerospace & Defence	5,034	2.8
CVS[AIM]	General Retailers	4,823	2.6
Howden Joinery	Support Services	4,401	2.4
Diploma	Support Services	4,089	2.2
Elementis	Chemicals	3,916	2.1
Amerisur Resources[AIM]	Oil & Gas Producers	3,527	1.9
Ultra Electronics	Aerospace & Defence	3,469	1.9
Mears	Support Services	3,332	1.8
Bovis Homes	Household Goods & Home Construction	3,292	1.8
RPS	Support Services	3,154	1.7
Marston's	Travel & Leisure	3,133	1.7
Dechra Pharmaceuticals	Pharmaceuticals & Biotechnology	3,075	1.7
RPC	General Industrials	3,031	1.7
LSL Property Services	Real Estate Investment & Services	3,019	1.7
Innovation	Software & Computer Services	2,988	1.6
Euromoney Institutional Investor	Media	2,979	1.6
Hunting	Oil Equipment, Services & Distribution	2,945	1.6
N Brown	General Retailers	2,914	1.6
Micro Focus International	Software & Computer Services	2,863	1.6
Aveva	Software & Computer Services	2,850	1.6
EMIS[AIM]	Software & Computer Services	2,715	1.5
Northgate	Support Services	2,609	1.4
FDM	Software & Computer Services	2,519	1.4
Staffline[AIM]	Support Services	2,381	1.3
Victrex	Chemicals	2,373	1.3
Dunelm	General Retailers	2,352	1.3
RWS[AIM]	Support Services	2,296	1.3
Interserve	Support Services	2,198	1.2
Vertu Motors[AIM]	General Retailers	2,168	1.2
		97,505	53.4
Other Investments (67)		84,955	46.6
Total Investments (97)		**182,460**	**100.0**

[AIM] *Investments quoted on AIM*

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS TO 31 JUL 2014 REVENUE £'000	SIX MONTHS TO 31 JUL 2014 CAPITAL £'000	SIX MONTHS TO 31 JUL 2014 TOTAL £'000	SIX MONTHS TO 31 JUL 2013 REVENUE £'000	SIX MONTHS TO 31 JUL 2013 CAPITAL £'000	SIX MONTHS TO 31 JUL 2013 TOTAL £'000	YEAR ENDED 31 JAN 2014 TOTAL £'000
(Losses)/profits on investments held at fair value	—	(4,995)	(4,995)	—	22,215	22,215	43,806
Income							
UK dividends	1,883	—	1,883	1,728	—	1,728	3,453
UK unfranked investment income	87	—	87	—	—	—	36
Scrip dividends	—	—	—	—	—	—	206
Overseas dividends	205	—	205	155	—	155	273
Special dividends	221	5	226	446	—	446	587
Underwriting commission	8	—	8	—	—	—	—
Gross profit/(loss)	2,404	(4,990)	(2,586)	2,329	22,215	24,544	48,361
Investment management fee — note 2	(318)	(318)	(636)	(267)	(267)	(534)	(1,134)
Performance fee — note 2	—	(213)	(213)	—	—	—	—
Other expenses	(170)	(2)	(172)	(149)	(2)	(151)	(318)
Profit/(loss) before finance costs and tax	1,916	(5,523)	(3,607)	1,913	21,946	23,859	46,909
Finance costs — note 2	—	—	—	—	—	—	(6)
Profit/(loss) before tax	1,916	(5,523)	(3,607)	1,913	21,946	23,859	46,903
Taxation	—	—	—	—	—	—	—
Profit/(loss) after tax	1,916	(5,523)	(3,607)	1,913	21,946	23,859	46,903
Return per ordinary share							
Basic — note 3	3.6p	(10.4)p	(6.8)p	3.6p	41.2p	44.8p	88.1p

The total column of this statement represents the Company's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards. The profit after tax is the total comprehensive income for the period. The supplementary revenue and capital columns are both 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 operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 2129187	AT 31 JUL 2014 £'000	AT 31 JUL 2013 £'000	AT 31 JAN 2014 £'000
Non-current assets			
Investments held at fair value through profit or loss	182,460	171,037	193,461
Current assets			
Amounts due from brokers	1,116	1,859	796
Other receivables	369	489	312
Cash and cash equivalents	7,078	1,363	4,690
	8,563	3,711	5,798
Total assets	191,023	174,748	199,259
Current liabilities			
Amounts due to brokers	(1,118)	(1,045)	(959)
Bank overdraft	—	—	(2,371)
Other payables	(157)	(147)	(180)
	(1,275)	(1,192)	(3,510)
Total assets less current liabilities	189,748	173,556	195,749
Provision for performance fee — note 2	(213)	—	—
Net assets	189,535	173,556	195,749
Issued capital and reserves			
Share capital	10,642	10,642	10,642
Share premium	21,244	21,244	21,244
Capital redemption reserve	3,386	3,386	3,386
Capital reserves	149,554	133,793	155,077
Revenue reserve	4,709	4,491	5,400
Total Shareholders' funds	189,535	173,556	195,749
Net asset value per ordinary share			
Basic — see note 5	356.2p	326.2p	367.9p

CONDENSED STATEMENT OF CASH FLOW

	SIX MONTHS TO 31 JUL 2014 £'000	SIX MONTHS TO 31 JUL 2013 £'000	YEAR TO 31 JAN 2014 £'000
Cash flow from operating activities			
(Loss)/profit before tax	(3,607)	23,859	46,903
Adjustments for:			
Purchases of investments	(31,561)	(39,300)	(86,351)
Sales of investments	37,406	33,849	81,044
	5,845	(5,451)	(5,307)
Loss/(profit) on investments	4,995	(22,215)	(43,806)
Finance costs	—	—	6
Operating cash flows before movements in working capital	7,233	(3,807)	(2,204)
Increase in receivables	(57)	(226)	(49)
Increase/(decrease) in payables and provisions	190	(9)	24
Net cash flows from operating activities after tax	7,366	(4,042)	(2,229)
Cash flows from financing activities			
Interest paid	—	—	(6)
Equity dividends paid	(2,607)	(2,337)	(3,188)
Net cash used in financing activities	(2,607)	(2,337)	(3,194)
Net increase/(decrease) in cash and cash equivalents	4,759	(6,379)	(5,423)
Cash and cash equivalents at the beginning of the period	2,319	7,742	7,742
Cash and cash equivalents at the end of the period	7,078	1,363	2,319

CONDENSED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
For the six months ended 31 July 2014						
At 31 January 2014	10,642	21,244	3,386	155,077	5,400	195,749
(Loss)/profit for the year	—	—	—	(5,523)	1,916	(3,607)
Dividends paid — note 4	—	—	—	—	(2,607)	(2,607)
At 31 July 2014	10,642	21,244	3,386	149,554	4,709	189,535
For the six months ended 31 July 2013						
At 31 January 2013	10,642	21,244	3,386	111,847	4,915	152,034
Profit for the year	—	—	—	21,946	1,913	23,859
Dividends paid — note 4	—	—	—	—	(2,337)	(2,337)
At 31 July 2013	10,642	21,244	3,386	133,793	4,491	173,556
For the year ended 31 January 2014						
At 31 January 2013	10,642	21,244	3,386	111,847	4,915	152,034
Profit for the year	—	—	—	43,230	3,673	46,903
Dividends paid — note 4	—	—	—	—	(3,188)	(3,188)
At 31 January 2014	10,642	21,244	3,386	155,077	5,400	195,749

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

Accounting Standards and Policies

These condensed financial statements have been prepared using the same accounting policies as those adopted in the 2014 annual financial report, which are consistent with International Financial Reporting Standards (IFRS), and Standard Interpretation Committee and International Financial Reporting Interpretation Committee interpretations issued by the International Accounting Standards Board to the extent adopted by the EU.

2. Management Fee, Performance Fee and Finance Costs

The investment management fee is allocated 50% to revenue and 50% to capital; finance costs are allocated 20% to revenue and 80% to capital.

Performance-related fees are charged wholly to capital and at the period end there was a provision of £213,000 (31 July 2013 and 31 January 2014: nil).

3. Basis of Returns

	SIX MONTHS ENDED 31 JUL 2014	SIX MONTHS ENDED 31 JUL 2013	YEAR ENDED 31 JAN 2014
Returns after tax:			
Revenue	£1,916,000	£1,913,000	£3,673,000
Capital	(£5,523,000)	£21,946,000	£43,230,000
Total	(£3,607,000)	£23,859,000	£46,903,000
Number of ordinary 20p shares in issue during the period	53,209,084	53,209,084	53,209,084

4. Dividends on Ordinary Shares

	RATE	SIX MONTHS ENDED 31 JUL 2014 £'000	SIX MONTHS ENDED 31 JUL 2013 £'000	YEAR ENDED 31 JAN 2014 £'000
Final 2013	4.4p	—	2,341	2,341
Interim 2014	1.6p	—	—	852
Final 2014	4.9p	2,607	—	—
Return of unclaimed dividends from previous years		—	(4)	(5)
Total		2,607	2,337	3,188

An interim dividend of 1.6p per ordinary share (2013: 1.6p) will be paid on 24 October 2014 to shareholders on the register on 26 September 2014.

5. Basis of Net Asset Value per 20p Ordinary Share

	AT 31 JUL 2014	AT 31 JUL 2013	AT 31 JAN 2014
Shareholders' funds	£189,535,000	£173,556,000	£195,749,000
Ordinary shares in issue at period end	53,209,084	53,209,084	53,209,084

6. Investment Trust Status

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.

7. Status of Half Yearly Financial Report

The financial information contained in this half yearly financial report, which has not been reviewed or audited by an independent auditor, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half years ended 31 July 2013 and 31 July 2014 has not been audited. The figures and financial information for the year ended 31 January 2014 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 include the Report of the Independent Auditor, which was unqualified.

By order of the Board

Invesco Asset Management Limited

Company Secretary

15 September 2014

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 International Financial Reporting 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 International Accounting Standards 34 'Interim Financial Reporting';

– the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UKLA'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 auditor.

Signed on behalf of the Board of Directors.

Ian Barby

Chairman

15 September 2014

Invesco Perpetual

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

Perivan Financial Print 233290