Perpetual Income and Growth Investment Trust plc

Half-Yearly Financial Report for the Six Months to 30 September 2010

KEY FACTS

Perpetual Income and Growth Investment Trust plc ('the Company') is an investment trust company listed on The London Stock Exchange. The Company is managed by Invesco Asset Management Limited.

Investment Objective of the Company

The investment objective of the Company is to generate capital growth with a higher than average income from investment mainly in the UK equity market. It is intended that the Company will provide real dividend growth over the medium term.

Full details of the Company's Investment Policy (incorporating the investment objective and risk and investment limits) can be found on pages 15 and 16 of the Company's 2010 annual financial report.

Performance Statistics

The Benchmark index of the Company is the FTSE All-Share Index.

	AT 30 SEPTEMBER 2010	AT 31 MARCH 2010	% CHANGE
Total return (all income reinvested):			
Diluted net assets*			+4.2
Benchmark*, the FTSE All-Share Index			+0.2
Diluted net asset value per share:			
– after charging proposed dividend	239.5p	231.2p	+3.6
– as balance sheet	241.7p	231.2p	+4.5
Shareholders' funds (£'000)	512,134	487,727	+5.0
Mid-market price:			
– ordinary shares	234.0p	217.9p	+7.4
– subscription shares	28.5p	31.5p	–9.5
Discount per ordinary share	3.2%	5.8%	
Capital return – Benchmark*, the FTSE All-Share Index			–1.5
Actual gearing	118	120	
Asset gearing	118	120	

* Source: Thomson Datastream and Fundamental Data.

	SIX MONTHS ENDED 30 SEPTEMBER 2010	SIX MONTHS ENDED 30 SEPTEMBER 2009	
Revenue			
Diluted revenue return per share	5.46p	5.52p	–1.1
Dividends – first interim	2.2p	3.4p	
– second interim	2.2p	n/a	
– total	4.4p	3.4p	+29.4

INTERIM MANAGEMENT REPORT INCORPORATING CHAIRMAN'S STATEMENT

Chairman's Statement

Performance

During the six months to 30 September 2010, the Company's total return was 4.2% compared to the 0.2% return from the FTSE All-Share Index. The mid-market price per share rose by 7.4% to 234p and the discount to NAV per ordinary share narrowed from 5.8% to 3.2%.

Dividend

The Board has declared a second interim dividend of 2.2p per share in respect of the three months to 30 September 2010. This dividend is payable on 30 December 2010 to shareholders registered at the close of business on 3 December 2010.

With effect from the financial year commencing 1 April 2010, the Board has increased the frequency at which the Company pays dividends from twice yearly to quarterly. As this is the first year in which quarterly dividends are being paid, the 29.4% increase in total dividend should not be taken as an indication of the level of future increases in total distribution.

Subscription Share Exercise and Issued Share Capital

During the period under review, subscription shareholders had their fifth opportunity to exercise their right to subscribe for one ordinary share of the Company at a price of 218.94p. The subscription period ended on 31 August 2010. As a result, 203,607 ordinary shares were allotted on 13 September 2010. Subscription shareholders will have further opportunities to convert their holdings in each of the years 2011 to 2013. As a result of the above transactions, the issued share capital of your Company at the period end was 210,254,624 ordinary shares of 10p each and 17,478,825 subscription shares.

William Alexander
Chairman
22 November 2010

Investment Management Report

Market Review

The UK equity market rose by 0.22% in the 6 months to 30 September 2010, as measured by the FTSE All-Share Index (the 'Index'). The best performing sectors in the Index included leisure goods and personal goods, while oil & gas producers and healthcare were among the worst performing.

Market performance during the review period can be divided into two halves. In the first half, UK equities declined as risk aversion spread through the market on concerns over the pace of global economic growth and on fears that the sovereign debt crisis, which emanated from Greece, would spread to other European countries such as Portugal and Ireland. This led to equity-market volatility as the scale of the debt problem and the difficulty of finding a solution came into the market's focus. The BP oil spill in the Gulf of Mexico and the subsequent sharp fall in its share price also negatively impacted investor sentiment during this time. The repercussions of the spill were far-reaching, culminating in the company agreeing to US government demands to place US$20 billion into a compensation fund, supported by asset sales and the suspension of dividend payments until 2011.

In the second half of the review period, with the UK general election clarified and in light of more positive economic data from the US and China, risk appetite returned to the market. The UK equity market staged a strong rally, recouping the losses accumulated in the first three months of the review period.

For the first time in recent political history, the UK general election led to a hung parliament, which culminated in a Conservative/Liberal Democrat coalition government led by David Cameron. The new chancellor's emergency budget on 22 June contained a number of measures designed to arrest the growth of the UK's budget deficit.

The features of the budget included a new £2 billion levy on banks, downward revisions to GDP forecasts by the newly formed Office for Budget Responsibility, a rise in capital gains tax (to 28% for higher rate taxpayers), an increase in VAT to 20% from 17.5%, and stepped reductions in corporation tax to 24% by 2015. The autumn spending review was going to give more detail on the long-term goals to reduce the UK government's debt. Although the Comprehensive Spending Review has been announced after the period end it is worth noting that the conclusions on the Government deficit were not materially different from the emergency budget in June. The scale of the reduction in the civil service and specific cuts to the welfare budget have grabbed the headlines. However, the success of these cuts will only be determined over the next few years by the strength of the private sector recovery. If the private sector fails to achieve a rebalance of the composition of GDP growth in the UK, then the Chancellor may have to come back for more.

Inflation, as measured by the consumer prices index, remained above the Bank of England's 2% target throughout the review period, while the Monetary Policy Committee ('MPC') kept interest rates on hold at 0.5% and the quantitative easing programme at £200 billion.

Portfolio Strategy & Review

The Company's total return was 4.2% during the 6 months to the end of September 2010, compared to a marginal rise of 0.2% in the Index (both figures include reinvested income).

The Company's holdings in some of the defensive areas of the market performed particularly well over the review period and were the primary drivers to outperforming the Index.

AstraZeneca's share price increased in line with the generally positive environment for pharmaceuticals businesses. Specifically, AstraZeneca enjoyed success in several of its drug trials and was also the beneficiary of a number of positive regulatory decisions in relation to its leading products. In financial terms, the company outperformed expectations for cash generation and the growth of its emerging markets businesses.

International Power received a takeover offer from French utility GDF Suez to combine their international power generation portfolio. The deal was well received by the market. GDF Suez have paid a cash premium for International Power to acquire a controlling interest in the new company which offers better growth prospects and a much stronger balance sheet.

Vodafone and BT were also positive contributors to the Company's outperformance. Following the sale of its holding in China Mobile, Vodafone's shares started to recover in the belief that value will be realised from the disparate portfolio of its non-core assets. There was also positive news from Vodafone's core businesses. The European business is starting to benefit from strong growth in mobile data services, which is offsetting declining revenues derived from voice calls. At BT, the company is benefiting from the ongoing turnaround strategy in the Global Services division, as well as receding fears concerning the pension fund deficit.

The most negative contributor to the Company's performance was Yell. The company continued to suffer as a result of the underperformance of its directory business, and on continued speculation concerning its long-term future. The Manager remains cautiously optimistic as a result of the new strategy to migrate more of Yell's business online. Elsewhere in the portfolio, Imperial Tobacco's share price struggled as investors focused on the most recent company announcement indicating worse than expected sales volumes and weaker performance in mature markets.

Over the review period, a new holding in Ladbrokes was purchased. Ladbrokes has embarked on a new strategy to improve the performance of its retail estate and online businesses. The company has recently appointed a new chairman and CEO who have initiated these changes. In the defence sector, Rolls-Royce was sold following a period of strong performance. The Manager felt that valuations were more attractive in other parts of the defence sector.

Outlook

The Manager's view on the economy remains unchanged from the full-year report. The Manager continues to believe that the economic outlook remains challenging. Credit growth is largely absent, banks continue to repair balance sheets and consumers remain intent on rebuilding their finances following a decade of debt-fuelled spending. This process of deleveraging of the domestic economy will remain a dominant theme for many years and GDP growth will be subdued during this period of time. The Government's recent spending announcements also represent an increased risk to the domestic economy.

Given that the economic outlook is so uncertain, it is perhaps surprising that the stockmarket is not awarding a higher rating to the companies with the most reliable earnings and cashflows. In fact, the continued asset allocation shift out of equities into bonds which is characterising investment flows from both institutional and private clients has created some startling anomalies in the way that the bond and the equity of the same corporate entity are being priced. The discount that is being applied to large companies with dependable earnings looks too wide, given the lack of top-line growth which is seen in the current environment. It is not unreasonable to expect, these kinds of companies to be trading at a premium to the rest of the market, particularly given their other important characteristics of balance sheet strength, diversified revenues and proven business models. Investors' present infatuation with bonds and emerging market equities seems increasingly unsustainable given the cheap and attractive alternative investment opportunities which exist in other parts of the UK equity market and in which a large proportion of the portfolio is currently invested.

Mark Barnett
Investment Manager

22 November 2010

Related Party

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 latest annual financial report, which is available on the Manager's website.

Principal Risks and Uncertainties

The principal risks and uncertainties that could affect the Company's business can be divided into various areas:

- Investment Policy and Process;
- Market Movements and Portfolio Performance;
- Ordinary Shares;
- Gearing;
- Regulatory; and
- Reliance on Third Party Service Providers

A detailed explanation of these principal risks and uncertainties can be found on pages 20 and 21 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 equally 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 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 took into account the Company's investment objective, its risk management policies, the diversified portfolio of readily realisable securities which can be used to meet funding commitments, the overdraft which can be used for both long-term and short-term funding requirements, the liquidity of the investments which could be used to repay the overdraft in the event that the facility could not be renewed or replaced, and the ability of the Company to meet all of its liabilities, including the £30 million debenture, and ongoing expenses.

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.

William Alexander
Chairman

22 November 2010

INVESTMENT PORTFOLIO STATEMENT AT 30 SEPTEMBER 2010

UK ordinary shares unless stated otherwise

COMPANY	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Equity investments			
Reynolds American (US Common Stock)	Tobacco	31,034	5.1
British American Tobacco	Tobacco	30,670	5.1
AstraZeneca	Pharmaceutical and Biotechnology	29,298	4.8
Vodafone	Mobile Communications	28,737	4.7
Imperial Tobacco	Tobacco	27,554	4.5
GlaxoSmithKline	Pharmaceutical and Biotechnology	27,521	4.5
BG	Oil and Gas Producers	26,097	4.3
Tesco	Food and Drug Retailers	22,007	3.6
BT	Fixed Line Communications	21,814	3.6
International Power	Electricity	19,721	3.3
Top ten holdings		264,453	43.5
Capita	Support Services	18,447	3.0
Reckitt Benckiser	Household Goods	17,971	3.0
BAE Systems	Aerospace and Defence	17,091	2.8
Centrica	Gas, Water and Multiutilities	16,517	2.7
Babcock International	Support Services	15,981	2.6
Hiscox	Insurance	13,548	2.2
Scottish & Southern Energy	Electricity	12,996	2.1
Balfour Beatty	Construction and Materials	12,936	2.1
Pennon	Gas, Water and Multiutilities	11,884	2.0
Northumbrian Water	Gas, Water and Multiutilities	11,556	1.9
Top twenty holdings		413,380	67.9
Compass	Travel and Leisure	10,890	1.8
BTG	Pharmaceutical and Biotechnology	10,112	1.7
Napo Pharmaceuticals (US Common Stock-Unquoted)	Pharmaceutical and Biotechnology	10,074	1.7
Drax	Electricity	9,421	1.6
Provident	Financial Services	9,305	1.5
Chemring	Aerospace and Defence	9,302	1.5
Morrison (W) Supermarkets	Food and Drug Retailers	9,285	1.5
Rentokil Initial	Support Services	8,543	1.4
Tate & Lyle	Food Producers	8,519	1.4
Homeserve	Support Services	8,291	1.4
Top thirty holdings		507,122	83.4
Bunzl	Support Services	8,179	1.4
Beazley	Insurance	7,818	1.3
KCOM	Fixed Line Communications	7,580	1.3
Ladbrokes	Travel and Leisure	6,633	1.1
Sage	Software and Computer Services	6,377	1.1
Impax Environment	Equity Investment Instruments	5,229	0.9
Biocompatibles	Healthcare Equipment & Services	5,061	0.8
Altria (US Common Stock)	Tobacco	5,025	0.8
Altus Resources	Equity Investment Instruments	4,751	0.8
Serco	Support Services	4,176	0.7
Top forty holdings		567,951	93.6
Lombard Medical	Healthcare Equipment & Services	4,132	0.7
Damille Investment	Finance	3,855	0.6
Impax Asian Environment - ordinary & subscription shares	Equity Investment Instruments	3,210	0.5
Trading Emissions	Equity Investment Instruments	2,814	0.5
Macau Property	Finance	2,565	0.4
Ecofin Water & Power - ordinary & subscription shares	Finance	2,493	0.4
Vectura	Pharmaceutical and Biotechnology	2,463	0.4
UK Coal	Mining	2,452	0.4
Landkom International	Food Producers	2,202	0.4
Yell	Media	1,984	0.3
Top fifty holdings		596,121	98.2
Imperial Innovations	Pharmaceutical and Biotechnology	1,908	0.3
Helphire	Financial	1,482	0.3
Renovo	Pharmaceutical and Biotechnology	1,091	0.2
Puricore	Personal Goods	1,065	0.2
Fusion IP	Pharmaceutical and Biotechnology	800	0.1
Xcounter AB	Healthcare Equipment & Services	455	0.1
XTL Biopharmaceutical (US ADR)	Pharmaceutical and Biotechnology	162	0.0
Walton & Company	Banks	53	0.0
Mirada	Equity Investment Instruments	22	0.0
Total equity investments (59)		603,159	99.4
Other investments			
Barclays Bank – Nuclear Power Notes 28 February 2019	Electricity	1,510	0.3
Puricore Convertible Notes	Personal Goods	1,500	0.2
Ecofin Water & Power 6% May 31 2016	Equity Investment Instruments	493	0.1
Total other interest investments (3)		3,503	0.6
Total investments (62)		606,662	100.0

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2010 REVENUE £'000	SIX MONTHS TO 30 SEPTEMBER 2010 CAPITAL £'000	SIX MONTHS TO 30 SEPTEMBER 2010 TOTAL £'000	SIX MONTHS TO 30 SEPTEMBER 2009 REVENUE £'000	SIX MONTHS TO 30 SEPTEMBER 2009 CAPITAL £'000	SIX MONTHS TO 30 SEPTEMBER 2009 TOTAL £'000	YEAR TO 31 MARCH 2010 TOTAL £'000
Gains on investments at fair value through profit or loss	—	20,711	20,711	—	83,284	83,284	121,236
Foreign exchange losses	—	(1,128)	(1,128)	—	(25)	(25)	(25)
Income							
UK dividends	11,891	—	11,891	11,592	—	11,592	20,007
Overseas dividends	1,124	—	1,124	972	—	972	2,099
Unfranked investment income	14	—	14	197	—	197	211
Scrip dividends	83	—	83	—	—	—	323
Other income	—	—	—	66	—	66	91
Gross return	13,112	19,583	32,695	12,827	83,259	96,086	143,942
Investment management fee – note 2	(653)	(1,524)	(2,177)	(581)	(1,354)	(1,935)	(4,111)
Performance fee – note 2	—	—	—	—	—	—	—
VAT recovered on management fees – note 3	—	—	—	101	190	291	291
Other expenses	(389)	—	(389)	(258)	(2)	(260)	(627)
Net return before finance costs and taxation	12,070	18,059	30,129	12,089	82,093	94,182	139,495
Finance costs – note 2	(414)	(965)	(1,379)	(384)	(897)	(1,281)	(2,681)
Return on ordinary activities before taxation	11,656	17,094	28,750	11,705	81,196	92,901	136,814
Tax on ordinary activities	(167)	—	(167)	(146)	—	(146)	(332)
Return on ordinary activities after taxation for the financial period	11,489	17,094	28,583	11,559	81,196	92,755	136,482
Return per ordinary share – note 4							
Basic	5.47p	8.14p	13.61p	5.52p	38.82p	44.34p	65.12p
Diluted	5.46p	8.13p	13.59p	5.52p	38.82p	44.34p	65.12p

The total column of this statement represents the Company's income statement. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practise 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 3156676

	AT 30 SEPTEMBER 2010 £'000	AT 30 SEPTEMBER 2009 £'000	AT 31 MARCH 2010 £'000
Fixed assets			
Investments held at fair value through profit or loss	606,662	543,054	586,710
Current assets			
Amounts due from brokers	—	2,292	—
Prepayments and accrued income	2,767	1,867	2,338
	2,767	4,159	2,338
Creditors: amounts falling due within one year			
Bank overdraft	(64,834)	(49,367)	(69,907)
Amounts due to brokers	(941)	(4,065)	(6)
Accruals and deferred income	(1,743)	(1,575)	(1,656)
	(67,518)	(55,007)	(71,569)
Net current liabilities	(64,751)	(50,848)	(69,231)
Total assets less current liabilities	541,911	492,206	517,479
Creditors: amounts falling due after one year			
Debenture 2014	(29,777)	(29,721)	(29,752)
Net assets	512,134	462,485	487,727
Capital and reserves			
Share capital – note 6	21,025	21,005	21,005
Share premium	186,116	185,691	185,691
Capital reserve	286,347	233,803	269,253
Revenue reserve	18,646	21,986	11,778
Shareholders' funds	512,134	462,485	487,727
Net asset value per ordinary share – note 5			
Basic	243.6p	220.2p	232.2p
Diluted	241.7p	220.1p	231.2p

CONDENSED CASH FLOW STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2010 £'000	SIX MONTHS§ TO 30 SEPTEMBER 2009 £'000	YEAR TO 31 MARCH 2010 £'000
Net return before finance costs and taxation	30,129	94,182	139,495
Gains on investments	(20,711)	(83,284)	(121,236)
Foreign exchange losses	1,128	25	25
Scrip dividends	(83)	(279)	(323)
Decrease in debtors	16	6,165	5,694
Increase/(decrease) in creditors	13	(601)	(561)
Tax on overseas income	(167)	(146)	(332)
Net cash flow from operating activities	10,325	16,062	22,762
Servicing of finance	(1,282)	(1,317)	(2,688)
Capital expenditure and financial investment			
Purchase of investments	(53,273)	(84,187)	(151,937)
Sale of investments	55,051	65,895	126,261
Equity dividends paid	(4,621)	(12,588)	(31,073)
Net cash inflow/(outflow) before management of liquid resources and financing	6,200	(16,135)	(36,675)
Financing	—	3,062	3,062
Increase/(decrease) in cash in the period	6,200	(13,073)	(33,613)
Exchange movements	(1,128)	(25)	(25)
Debenture stock non-cash movement	(24)	(17)	(48)
Movement in net debt in the period	5,048	(13,115)	(33,686)
Net debt at beginning of period	(99,659)	(65,973)	(65,973)
Net debt at end of period	(94,611)	(79,088)	(99,659)
Analysis of changes in net debt:			
Brought forward:			
Bank overdraft	(69,907)	(36,269)	(36,269)
Debenture 2014	(29,752)	(29,704)	(29,704)
Net debt brought forward	(99,659)	(65,973)	(65,973)
Movements in the period:			
Cash inflow/(outflow) from bank	6,200	(13,073)	(33,613)
Exchange movements	(1,128)	(25)	(25)
Debenture non-cash movement	(24)	(17)	(48)
Net debt at end of period	(94,611)	(79,088)	(99,659)

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
For the six months ended 30 September 2009					
Shareholder's funds at 1 April 2009	20,840	182,794	152,607	23,015	379,256
Return for the period from the income statement	—	—	81,196	11,559	92,755
Dividends paid – note 7	—	—	—	(12,588)	(12,588)
Ordinary shares issued	161	2,817	—	—	2,978
Exercised subscription shares	4	80	—	—	84
At 30 September 2009	21,005	185,691	233,803	21,986	462,485
For the year ended 31 March 2010					
Shareholder's funds at 1 April 2009	20,840	182,794	152,607	23,015	379,256
Return for the year from the income statement	—	—	116,646	19,836	136,482
Dividends paid – note 7	—	—	—	(31,073)	(31,073)
Ordinary shares issued	161	2,816	—	—	2,977
Exercised subscription shares	4	81	—	—	85
At 31 March 2010	21,005	185,691	269,253	11,778	487,727
For the six months ended 30 September 2010					
Shareholder's funds at 1 April 2010	21,005	185,691	269,253	11,778	487,727
Return for the period from the income statement	—	—	17,094	11,489	28,583
Dividends paid – note 7	—	—	—	(4,621)	(4,621)
Exercised subscription shares	20	425	—	—	445
At 30 September 2010	21,025	186,116	286,347	18,646	512,134

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The condensed financial statements of the Company have been prepared using the same accounting policies as those adopted in the 2010 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'.

2. Investment Management Fees and Finance Costs

Investment management fees and finance costs are allocated 70% to capital and 30% to revenue. A provision for a performance-related fee is recognised if the Company's performance exceeds the FTSE All-Share Index and is wholly allocated to capital. No fee has been provided for the six months under review.

3. VAT Recovered on Management Fees

As reported in the 2010 annual financial report, the Company recognised £291,000 of VAT due from HM Revenue and Customs for the period 2001-2007.

4. Basis of Return per Ordinary Share

	SIX MONTHS TO 30 SEPTEMBER 2010 (UNAUDITED) £'000	SIX MONTHS TO 30 SEPTEMBER 2009 (UNAUDITED) £'000	YEAR TO 31 MARCH 2010 (AUDITED) £'000
Returns after tax:			
Revenue	11,489	11,559	19,836
Capital	17,094	81,196	116,646
Total	28,583	92,755	136,482
Weighted average number of ordinary shares in issue during the period:			
– basic	210,069,931	209,138,685	209,593,601
– diluted	210,279,581	n/a	n/a

The subscription shares are dilutive for the purposes of return per share when they would result in the issue of ordinary shares. This occurs when the average market price of the ordinary shares during the period is greater than the exercise price of 218.94p. The average market price for the six months ended 30 September 2010 was 221.57p and thus was dilutive. The average market price for 30 September 2009 and 31 March 2010 was 190.62p and 200.38p respectively, and was not dilutive.

5. Basis of Net Asset Value ('NAV') per Ordinary Share

	AT 30 SEPTEMBER 2010 (UNAUDITED) £'000	AT 30 SEPTEMBER 2009 (UNAUDITED) £'000	AT 31 MARCH 2010 (AUDITED) £'000
Shareholders' funds :			
– basic	512,134	462,485	487,727
– diluted	550,402	501,199	526,441
Ordinary shares in issue at period end:			
– basic	210,254,624	210,051,017	210,051,017
– diluted	227,733,449	227,733,449	227,733,449

When the basic NAV is greater than the exercise price of 218.94p, the subscription shares are dilutive as shown above. However, subscription shareholders are not likely to exercise their option unless the market price is greater than the exercise price, as otherwise this would dilute their holdings.

6. Share Capital

(a) Ordinary shares of 10p each

	SIX MONTHS TO 30 SEPTEMBER 2010 (UNAUDITED)	SIX MONTHS TO 30 SEPTEMBER 2009 (UNAUDITED)	YEAR TO 31 MARCH 2010 (AUDITED)
Number of ordinary shares:			
Brought forward	210,051,017	208,404,620	208,404,620
Ordinary shares issued for cash	—	1,607,905	1,607,905
Subscription shares exercised	203,607	38,492	38,492
Carried forward	210,254,624	210,051,017	210,051,017

(b) Subscription Shares

The subscription shares carry the right to subscribe for one ordinary share at a price of 218.94p on 31 August in each of the years 2010 to 2013. During the period 203,607 subscription shares were exercised leaving 17,478,825 subscription shares remaining at the period end.

7. Dividends per Ordinary Share

The Company commenced the payment of quarterly (previously bi-annual) dividends from 1 April 2010. The first interim dividend of 2.2p was paid on 27 September 2010 to shareholders registered on 3 September 2010. The Directors have declared a second interim dividend of 2.2p payable on 30 December 2010 to shareholders registered on 3 December 2010.

	SIX MONTHS TO 30 SEPTEMBER 2010 (UNAUDITED)	SIX MONTHS TO 30 SEPTEMBER 2009 (UNAUDITED)	YEAR TO 31 MARCH 2010 (AUDITED)
Dividends paid (pence):			
Second interim	—	5.20	5.20
Special 2009	—	0.84	0.84
First interim 2010	—	—	3.40
Second interim 2010	—	—	5.40
First interim 2011	2.20	—	—
Total	2.20	6.04	14.84
£'000 equivalent	4,621	12,588	31,073

8. 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 set out in section 1158 of the Corporation Tax Act 2010.

9. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly report, which has not been audited or reviewed by the independent auditors, 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 2010 and 30 September 2009 has not been audited. The figures and financial information for the year ended 31 March 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

22 November 2010

DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Directors

William Alexander, Chairman
Sir Martyn Arbib
Vivian Bazalgette
Antony Hardy, Audit Committee Chairman
Robert Yerbury

Manager, Company Secretary and Registered Office

Invesco Asset Management Limited
30 Finsbury Square
London EC2A 1AG

☎ 020 7065 4000

Company Secretarial contact: Karina Bryant

Company Number

Registered in England and Wales: No. 3156676

Registrars

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

If you hold your shares directly rather than through an ISA or Savings Scheme, and have any queries relating to your shareholding you should contact the Registrars on: ☎ 0871 664 0300. Calls cost 10p per minute plus network extras. Lines are open from 8.30 a.m. to 5.30 p.m. every working day.

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

Capita 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 0364. Calls cost 10p per minute plus network extras. Lines are open from 8.00 a.m. to 4.30 p.m. every working day.

Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team available to assist you from 8.30 a.m. to 6.30 p.m. every working day on: ☎ 0800 085 8677.

The Invesco Perpetual investment trust website is:
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.

Invesco Perpetual

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