

Invesco Perpetual Enhanced Income Limited

Half-Yearly Financial Report for the Six Months to 31 March 2015

KEY FACTS

Invesco Perpetual Enhanced Income Limited is a closed-end investment company with limited liability incorporated in Jersey. The Company's ordinary shares are listed on the London Stock Exchange.

Investment Objective of the Company

The Company's principal objective is to provide shareholders with a high level of income whilst seeking to maximise total return through investing in a diversified portfolio of high yielding corporate and Government bonds. The Company may also invest in equities and other instruments that the Manager considers appropriate. The Company seeks to balance the attraction of high yield securities with the need for protection of capital and to manage volatility. The Company generally employs gearing in its Investment Policy.

Full details of the Company's Investment Policy (incorporating the Company's investment objective, investment policy and risk and investment limits) can be found on pages 9 and 10 of the Company's 2014 annual financial report.

Performance Statistics

	AT 31 MAR 2015	AT 30 SEPT 2014	% CHANGE
Capital			
Shareholders' funds (£'000)	89,824 ⁽¹⁾	81,573	+10.1 ⁽¹⁾
Net asset value per ordinary share	75.8p	72.6p	+4.4
Share price	78.3p	74.4p	+5.2
Premium per ordinary share	3.3%	2.5%	
Gross borrowing	41%	41%	
Net borrowing	27%	33%	
Total Return			
3 month LIBOR rate	+0.6%	0.5%	0.6%
Net asset value	+7.9%	+6.3%	+8.2%
Share price*	+8.8%	+19.4%	+19.0%
Revenue			
Net revenue return (£'000)	2,792	2,851	5,578
Revenue return per ordinary share	2.4p	2.6p	5.0p
Dividends per ordinary share:			
– first interim	1.25p	1.25p	1.25p
– second interim	1.25p	1.25p	1.25p
– third interim	—	—	1.25p
– fourth interim	—	—	1.25p
Total	2.50p	2.50p	5.00p

(1) Reflects 6,211,761 ordinary shares issued in the period.

*Source: Thomson Reuters Datastream.

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

I am pleased to report that your Company has once again delivered a positive capital NAV performance, returning 4.4% for the period which translates to a total return NAV of 7.9%, net of performance fee with dividends reinvested. The Company's share price rose by 5.2% over the six months giving a total return including dividends of 8.8%. The share price moved to a premium in mid-2014 and, since then, the Company has once again been in a position to issue new shares to satisfy increased demand. In this six-month period, 6,211,761 new shares have been issued (at an average premium of more than 3.5%) adding £4.6 million to shareholders' funds. In a world of exceptionally low deposit rates to savers, your Board expects day-to-day demand for the Company's shares to continue to exceed supply for the foreseeable future from investors seeking a higher yield from fixed interest securities who accept a degree of risk to their capital. The premium stood at 3.3% on 31 March 2015 and, at the time of writing, at 4.2%

The Board is aware of the large number of new shareholders who have bought the Company's shares in the last year, many of them acting independently of financial advisers, and welcomes them to the register.

As you will read in their report, the portfolio managers continue to seek out income opportunities in a low-yield environment whilst balancing risk and reward, an approach that your Board fully endorses. The world is not without risk and, whilst not expected, sudden interest rate rises could affect capital values of holdings in the Company's portfolio; the portfolio managers continue to focus their attention, therefore, on good quality issuers which they consider to be default-remote.

Donald Adamson

Chairman

MANAGER'S REPORT

Over the period under review, the Company's NAV rose from 72.6p to 75.8p, an increase of 4.4%. The premium increased over this time with the share price increasing from 74.4p to 78.3p, an increase of 5.2% resulting in the Company issuing new shares for £4.6 million. This has contributed to the total value of the fund rising from £81.6 million to £89.8 million. The fund entered the period with gross borrowing of 41%. This was unchanged by the 31 March 2015, however, net borrowing fell from 33% to 27%, taking into account our cash position.

Market Background

High yield bonds achieved a positive level of return over the six months to the end of March 2015. Returns were strongest in the European high yield market with both capital appreciation and yield contributing to performance. Credit spreads were however flat, with much of the sector's performance being driven by the underlying government bond market. Sterling investment grade provided the best return amongst European corporates as it benefitted from a higher sensitivity to interest rate changes. Both Gilt and Bund yields were markedly lower over the six months, delivering strong positive returns.

According to data from Merrill Lynch, European currency high yield bonds returned 4.2% (in sterling hedged terms). The aggregate yield of the market fell 14bps to 4.68%. This return compares to 8.0% for sterling investment grade corporate bonds and 9.1% for Gilts. Euro investment grade corporates returned 3.1% and Bunds 6.8%. Within investment grade, non-financials outperformed financials both in the UK and the Eurozone.

Two events really dominated the market's sentiment through this period. Firstly, crude oil prices between 30 September and early January effectively halved. This had a direct impact on the US high yield market, which has a high allocation to oil companies. It also had a big impact on inflation and in turn expectations about the timing of any future interest rate hikes in the US and UK. As these expectations got pushed out, particularly in the UK, government bonds, and in turn higher quality corporate bonds, rallied strongly.

Secondly, the European Central Bank (ECB) announced in January that alongside Europe's central banks it would, in March, begin buying very large quantities of Eurozone government bonds as part of a Quantitative Easing (QE) programme. The scale of the programme announced both in terms of the amount and the tenure of the bonds that would be purchased surprised the market, helping to push bond yields even lower. By 31 March, 10 year German Bunds were yielding just 0.18% with only bonds with a maturity over seven years offering a positive yield.

With yields at such low levels the demand for income has provided further support to the credit market. Corporate Treasurers have been quick to capitalise on this demand with Barclays estimating European high yield supply of €44 billion across all currencies in the six months to end of March. Much of this supply has been concentrated in January and February with around €38 billion issued in this period – a 54% increase on the same period last year. This increase in supply proved difficult for the market to digest and so, despite rallying in anticipation of QE, there has been some profit taking in the European high yield market post its implementation in March.

Portfolio Strategy

We hold a core of high yield corporate bonds, focused on seasoned issuers that we consider to be default-remote. In addition we hold significant exposure to areas of the market which we believe still offer relatively attractive yield. One of these areas is subordinated bank debt. As a result of the efforts banks have made to rebuild their balance sheets and regulatory changes, the creditworthiness of these bonds has been enhanced. As a result these bonds tend to have the defensive qualities we are looking for whilst still offering a reasonable level of income.

We also have holdings in hybrid capital instruments, across sectors including telecoms and utilities. We believe the subordination risk of these more junior debt instruments is attractive in the context of these companies' relatively strong balance sheets. Many of the securities we hold are in high yielding investment grade names. We continue to seek opportunities to add yield to the portfolio where we consider that the balance of reward to risk is attractive. However, in our opinion, such opportunities are limited in the current market. We hold a relatively high level of cash, affording us some protection from weaker markets and also positioning us to take advantage of more difficult market conditions.

Outlook

The high yield bond market has continued to deliver positive returns in recent quarters. The very high levels of supply we have seen in Europe so far this year have been difficult for the market to digest. Nevertheless, the demand for income remains a very powerful driver of returns and QE in Europe will likely only heighten this demand. From a valuation perspective the market is now, in our opinion, pretty much fully valued. Yields and spreads are very low by historical standards. We are seeking to provide an attractive level of income while focusing our portfolio on issuers that we see as default-remote and on bonds where we think the balance of reward to risk remain relatively attractive.

Paul Read/Paul Causer **Rhys Davies**
Portfolio Managers *Deputy Portfolio Manager*

15 May 2015

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Investment Policy – the adopted investment policy and process may not achieve the Company's published investment objective.
- Market Risk – a fall in the stock markets and/or a prolonged period of decline in the stock markets relative to other forms of investments will affect the performance of the portfolio, as well as the performance of individual portfolio investments.
- Investment Risk – the investment process employed by the Manager is likely to result, from time to time, in a more concentrated portfolio than those of other investment funds.
- Foreign Exchange Risk – the movement of exchange rates may have an unfavourable or favourable impact on returns as the Company holds non-sterling denominated investments and cash.
- Shares – share price is affected by market sentiment, supply and demand for the shares, dividends declared, portfolio performance as well as wider economic factors and changes in the law. The market value of, and the income derived from, the Company's ordinary shares can fluctuate and may go down as well as up.
- Gearing Returns Using Borrowings – net borrowing may not exceed 50% of shareholders' funds. Borrowing levels may change from time to time in accordance with the Manager's assessment of risk and reward. As a consequence, any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its NAV (which is likely to adversely affect the Company's share price).
- High Yield Corporate Bonds – corporate bonds are subject to credit, liquidity, duration and interest rate risk. Adverse changes in the financial position of the issuer of corporate bonds or in general economic conditions may impair the ability of the issuer to make payments of principal interest or may cause the liquidation or insolvency of the issuer.
- Derivatives – the Company may enter into derivative transactions for the purpose of efficient portfolio management. The Company will not enter into derivative transactions for speculative purposes.
- Reliance on External Service Providers – failure by any service provider to carry out its obligations to the Company could have a materially detrimental impact on the operation of the Company and affect the ability of the Company to successfully pursue its investment policy.
- Regulatory – whilst compliance with rules and regulations is closely monitored, breaches could affect returns to shareholders.

A detailed explanation of these principal risks and uncertainties can be found on pages 12 to 16 of the Company's 2014 annual financial report, which is available on the Company's section of the Manager's website at: www.invescoperpetual.co.uk/enhancedincome

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 half-yearly financial report has been prepared on a going concern basis. The Directors consider that 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 considering this, the Directors took into account the Company's investment objective, risk management policies and capital management policies, the diversified portfolio, the liquidity of the securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities, including its repo financing, and ongoing expenses from its assets.

RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE MANAGER

Note 23 of the 2014 annual financial report gives details of related party transactions and transactions with the Manager. The basis of these has not changed for the six months being reported. The 2014 annual financial report, is available on the Company's section of the Manager's website at www.invescoperpetual.co.uk/enhancedincome.

STATEMENT OF DIRECTORS' RESPONSIBILITIES 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 DTR 4.2.7R and DTR 4.2.8R of the FCA's Disclosure and Transparency Rules; and
- the interim management report includes a fair review of the information required on related party transactions.

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

Signed on behalf of the Board of Directors.

Donald Adamson
Chairman

15 May 2015

BOND RATING ANALYSIS AT 31 MARCH 2015

Standard and Poor's Ratings, investments grade is BBB- and above

The definitions of these ratings are set out on page 64 of the 2014 annual financial report.

Rating	31 MAR 2015		30 SEPT 2014	
	% OF PORTFOLIO	CUMULATIVE TOTAL %	% OF PORTFOLIO	CUMULATIVE TOTAL %
Investment Grade:				
AA+	—	—	0.5	0.5
A+	—	—	1.0	1.5
A-	0.3	0.3	0.3	1.8
BBB+	5.7	6.0	10.0	11.8
BBB	12.3	18.3	12.2	24.0
BBB-	8.3	26.6	6.9	30.9
Non-Investment Grade:				
BB+	16.3	42.9	15.5	46.4
BB	10.5	53.4	12.8	59.2
BB-	7.1	60.5	10.9	70.1
B+	12.0	72.5	9.0	79.1
B	11.7	84.2	9.7	88.8
B-	0.9	85.1	1.1	89.9
CCC+	1.2	86.3	0.4	90.3
NR ⁽¹⁾	13.7	100.0	9.7	100.0
	100.0		100.0	

(1) Including any equities warrants and credit default swaps.

INVESTMENT PORTFOLIO

AT 31 MARCH 2015

All investments are fixed interest bonds unless otherwise stated; floating rate notes are depicted by FRN.

Bonds and Equity Investments

ISSUER	ISSUE	RATING	MARKET VALUE AT £'000	% OF PORTFOLIO
Euro				
UniCredit International Bank	8.125% FRN Perpetual	B1/B+	2,535	2.2
Santos Finance	8.25% FRN 22 Sep 2070	NR/BBB-	2,346	2.1
Obrascon Huarte Lain	5.5% 15 Mar 2023 (SNR)	B1/NR	1,883	1.7
Commerzbank	7.75% 16 Mar 2021	Ba2/BB	1,816	1.6
Rexam	6.75% FRN 29 Jun 2067	Ba2/BB	1,780	1.6
Achmea	6% 04 Apr 2043	NR/BBB	1,741	1.5
Telecom Italia	5.25% 17 Mar 2055	Ba1/BB+	1,673	1.5
Origin Energy	7.875% 16 Jun 2071	Ba1/BB+	1,564	1.4
RWE	4.625% FRN Perpetual	Baa3/BBB-	1,465	1.3
Intesa Sanpaolo	8.375% FRN Perpetual	Ba3/B+	1,305	1.2
Telefonica Europe	7.625% Perpetual	Ba1/BB+	1,242	1.1
Lloyds Banking Group – LBG Capital No.2 (ECN) – Lloyds Bank	6.385% 12 May 2020	Baa3/BBB-	1,055	1.1
	6.375% Perpetual	NR/B+	124	
Vougeot Bidco	FRN 18 Jul 2020	B2/B	1,161	1.0
Galapagos	FRN 15 Jun 2021	B1/B	1,055	0.9
Paprec	7.375% 01 Apr 2023	B2/NR	524	0.8
	5.25% 01 Apr 2022	B1/NR	379	
Constellium	4.625% 15 May 2021	B1/B	479	0.7
	7% 15 Jan 2023 (SNR)	B1/B	366	
Unitymedia Kabel	9.5% 15 Mar 2021	B3/B	819	0.7
Iberdrola International	5.75% Perpetual	Baa3/BB+	793	0.7
Abengoa	8.5% 31 Mar 2016	B2/B	745	0.7
Campofrio Food	8.25% 31 Oct 2016	NR/BB+	738	0.6
Matterhorn Mobile	FRN 15 May 2019	B1/B+	730	0.6
Algeco Scotsman Global Finance	9% 15 Oct 2018	B2/NR	716	0.6
ECO-BAT Finance	7.75% 15 Feb 2017	B2/CCC+	707	0.6
Picard	FRN 01 Aug 2019	B1/B+	640	0.6
VRX Escrow	4.5% 15 May 2023 (SNR)	B1/B	638	0.6
Telekom Austria	5.625% Perpetual	Ba1/BB+	624	0.6
Royal Bank of Scotland	FRN 14 Jun 2022	Ba2/BB+	622	0.6
ENEL	5% 15 Jan 2075	Ba1/BB+	562	0.5
TMF	5.599% FRN 03 Dec 2018	B1/B	548	0.5
Solvay Finance	4.199% Perpetual	Ba1/BBB-	523	0.5
UBS	5.75% Var Perpetual	NR/BB	492	0.4
CNP Assurances	FRN Perpetual	NR/NR	470	0.4
Numericable	5.625% 15 May 2024	Ba3/B+	443	0.4
Gategroup Finance	6.75% 01 Mar 2019	B1/BB-	381	0.3
Kerneos	FRN 01 Mar 2021	B2/B+	365	0.3
Sisal	7.25% 30 Sep 2017	B1/B	287	0.3
Manutencoop Facility Management	8.5% 01 Aug 2020	B2/B	271	0.2
BNP Paribas Fortis	Cnv FRN Perpetual	Ba3/BB	268	0.2
Aviva	6.125% FRN 05 Jul 2043	Baa1/BBB	218	0.2
Kerling	10.625% 01 Feb 2017 (SNR)	Caa1/B-	184	0.2
KraussMaffei	8.75% 15 Dec 2020	B2/B-	172	0.2
			37,449	33.2
Sterling				
Lloyds Banking Group – Lloyds Bank – Lloyds Bank	7.625% 22 Apr 2025	Baa2/BBB-	2,642	3.3
	7% Var Perpetual	NR/B+	1,094	
Enterprise Inns	6.5% 06 Dec 2018 (SNR)	NR/BB-	2,636	2.3
ENW Finance	5.875% 21 Jun 2021	NR/BB+	2,576	2.3
Twinkle Pizza	6.625% 01 Aug 2021	B2/B	2,460	2.2
ENEL	7.75% 10 Sep 2075	Ba1/BB+	1,618	2.2
	6.625% 15 Sep 2076	Ba1/BB+	825	
NGG Finance	5.625% FRN 18 Jun 2073	Baa3/BBB	2,437	2.2
Arqiva Broadcast Finance	9.5% 31 Mar 2020	B3/NR	2,163	1.9
Electricite De France	6% Perpetual	A3/BBB+	1,423	1.9
	5.875% Perpetual	A3/BBB+	650	
Iron Mountain	6.125% 15 Sep 2022	Ba2/B+	2,047	1.8
Virgin Media Finance	5.125% 15 Jan 2025 (SNR)	Ba3/BB-	1,360	1.8
	6% 15 Apr 2021	Ba3/BB-	681	
Standard Chartered	5.125% 06 Jun 2034	A3/BBB	1,945	1.7
Société Générale	8.875% FRN Perpetual	Ba2/BB+	1,702	1.5
AA Bond	5.5% MTN 31 Jul 2022	NR/NR	1,112	1.5
	9.5% 31 Jul 2043	NR/BB-	554	
Aviva	6.125% Perpetual	Baa1/BBB	1,629	1.4
Jaguar Land Rover	3.875% 01 Mar 2023	Ba2/BB	1,580	1.4
Deutsche Bank	7.125% Perpetual	Ba3/BB	1,200	1.1
Telefonica Europe	6.75% Perpetual	Ba1/BB+	1,200	1.1
Orange	5.875% Var 29 Dec 2019	Baa3/BBB-	1,198	1.1
Southern Water (Greensands)	8.5% 15 Apr 2019	NR/BB-	1,125	1.0
Thames Water	7.75% 01 Apr 2019	B1/NR	1,089	1.0
Gala Finance	8.875% 01 Sep 2018	B1/B+	1,083	0.9
Premier Foods Finance	6.5% 15 Mar 2021 (SNR)	B2/B	922	0.8
Scottish Widows	5.5% 16 Jun 2023	Baa1/BBB+	871	0.8
Koninklijke KPN	6.875% FRN 14 Mar 2073	Ba2/BB	851	0.7
Stretford 79	6.25% 15 Jul 2021 (SNR)	B2/B+	842	0.7

Bonds and Equity Investments continued

ISSUER	ISSUE	RATING	MARKET VALUE £'000	AT % OF PORTFOLIO
Sterling				
InterGen Services	7.5% 30 Jun 2021	B1/B+	752	0.7
Wm Morrison Supermarkets	4.75% 04 Jul 2029	Baa2/NR	668	0.6
Verizon Communications	4.75% 17 Feb 2034	Baa1/BBB+	640	0.6
Wagamama Finance	7.875% 01 Feb 2020 (SNR)	B2/B-	581	0.5
Pendragon	6.875% 01 May 2020	Ba3/BB-	578	0.5
UniCredit International Bank	8.5925% FRN Perpetual	B1/B+	549	0.5
AXA	5.453% FRN Perpetual	Baa1/BBB	532	0.5
Legal & General	6.385% FRN Perpetual	Baa2/BBB+	531	0.5
Odeon & UCI Finco	9% 01 Aug 2018	B3/CCC+	501	0.4
Tesco	5.2% 05 Mar 2057	Ba1/BB+	473	0.4
Premier Farnell	89.2p Convertible Preference	NR/NR	471	0.4
Standard Life	5.5% 04 Dec 2042	Baa2/BBB	390	0.3
Equiniti Newco 2	FRN 15 Dec 2018	B3/B	310	0.2
Care UK Health and Social Care	FRN 15 Jan 2020	Caa2/CCC+	228	0.2
			50,719	44.9
US Dollar				
General Motors	Wts 10 Jul 2019	NR/NR	4,096	3.6
TimeWarner	4.65% 01 Jun 2044	Baa2/BBB	3,636	3.2
Stora Enso	7.25% 15 Apr 2036	Ba2/BB	1,482	1.3
Standard Chartered	5.7% 26 Mar 2044	A3/BBB	1,479	1.3
Celanese	4.625% 15 Nov 2022	Ba2/BB+	1,354	1.2
Vedanta Resources	6.75% 07 Jun 2016	Ba3/BB	1,345	1.2
Catlin Insurance	7.249% FRN Perpetual	NR/BBB+	1,261	1.1
HSBC	5.25% 14 Mar 2044	A3/BBB+	467	1.0
	4.25% 14 Mar 2024	A3/BBB+	451	
	6.375% Cnv Perpetual	Baa3/NR	179	
Constellium	8% 15 Jan 2023	B1/B	730	0.9
	5.75% 15 May 2024	B1/B	319	
Banco Santander	6.375% Perpetual	Ba1/NR	929	0.8
CEMEX Espana	9.25% 12 May 2020	NR/B+	796	0.7
VRX Escrow	5.375% 29 Feb 2020	B1/B	455	0.7
	6.125% 15 Apr 2025	NR/B	285	
Aperam	7.75% 01 Apr 2018	B2/BB-	700	0.6
Société Générale	8.75% Perpetual	Ba2/BB+	673	0.6
Jaguar Land Rover	3.5% 15 Mar 2020 (SNR)	Ba2/BB	582	0.5
ESAL	6.25% 05 Feb 2023 (SNR)	NR/BB	523	0.5
CGG Veritas	7.75% 15 May 2017	B1/B	449	0.4
BBVA	9% Perpetual	NR/NR	438	0.4
Altice	6.625% 15 Feb 2023	B1/BB-	138	0.3
	7.75% 15 May 2022	B3/B	137	
	7.625% 15 Feb 2025	B3/B	135	
Bombardier	7.5% 15 Mar 2025	B1/B+	360	0.3
Prudential	6.5% Perpetual	Baa1/A-	346	0.3
Rothschilds Continuation Finance	FRN Perpetual	NR/NR	343	0.3
Abengoa	7.75% 01 Feb 2020 (SNR)	B2/B	323	0.3
Greenko	8% 01 Aug 2019	NR/B	255	0.3
Peabody Energy	4.75% Cnv 15 Dec 2066	Caa1/B-	112	0.1
Motors Liquidation	8.375% 15 Jul 2033	NR/NR	—	—
			24,778	21.9
Total investments			112,946	100.0

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS TO 31 MARCH 2015			SIX MONTHS TO 31 MARCH 2014			YEAR ENDED 30 SEPTEMBER 2014
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000	TOTAL £'000
Profit on investments at fair value	—	2,564	2,564	—	2,806	2,806	202
Exchange differences	—	779	779	—	54	54	915
Profit on derivative financial instruments – currency hedges	—	1,011	1,011	—	518	518	1,714
Income							
UK bond interest	1,418	—	1,418	1,310	—	1,310	2,556
UK dividends	13	—	13	13	—	13	27
Overseas bond interest	1,829	—	1,829	2,020	—	2,020	3,956
Overseas dividends	5	—	5	—	—	—	7
Deposit interest	2	—	2	2	—	2	4
Investment management fee – note 2	(200)	(200)	(400)	(207)	(207)	(414)	(810)
Performance fee – note 2	—	(399)	(399)	—	(992)	(992)	(1,340)
Other expenses	(156)	—	(156)	(190)	(3)	(193)	(368)
Profit before finance costs and taxation	2,911	3,755	6,666	2,948	2,176	5,124	6,863
Finance costs	(78)	(78)	(156)	(72)	(72)	(144)	(278)
Profit before tax	2,833	3,677	6,510	2,876	2,104	4,980	6,585
Taxation – note 3	(41)	—	(41)	(25)	—	(25)	(61)
Profit after tax	2,792	3,677	6,469	2,851	2,104	4,955	6,524
Return per ordinary share – note 4	2.4p	3.2p	5.6p	2.6p	1.9p	4.5p	5.9p

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. 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. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 75059	AT 31 MARCH 2015 £'000	AT 31 MARCH 2014 £'000	AT 30 SEPTEMBER 2014 £'000
Non-current assets			
Investments held at fair value through profit or loss	112,946	107,233	107,697
Current assets			
Other receivables	2,232	2,779	2,087
Derivative financial instruments – unrealised gain	282	84	384
Cash and cash equivalents	13,084	6,649	6,441
	15,598	9,512	8,912
Current liabilities			
Amounts due to brokers	(1,100)	—	—
Accruals	(279)	(340)	(305)
Performance fee payable – note 2	—	—	(1,340)
Securities sold under agreements to repurchase	(36,942)	(33,431)	(33,391)
	(38,321)	(33,771)	(35,036)
Net current liabilities	(22,723)	(24,259)	(26,124)
Provision for performance fee – note 2	(399)	(992)	—
Total net assets	89,824	81,982	81,573
Issued capital and reserves attributable to equity holders			
Share capital – note 7	5,929	5,565	5,618
Share premium	118,725	113,634	114,390
Capital reserve	(47,690)	(50,209)	(51,367)
Revenue reserve	12,860	12,992	12,932
Shareholders' funds	89,824	81,982	81,573
Net asset value per ordinary share – note 6	75.8p	73.7p	72.6p

CONDENSED STATEMENT OF CASH FLOW

	SIX MONTHS ENDED 31 MARCH 2015 £'000	SIX MONTHS ENDED 31 MARCH 2014 £'000	YEAR ENDED 30 SEPTEMBER 2014 £'000
Cash flow from operating activities			
Profit before tax	6,510	4,980	6,585
Taxation	(41)	(25)	(61)
Adjustments for:			
Purchases of investments	(16,462)	(12,812)	(30,680)
Sales of investments	14,877	14,615	29,415
	(1,585)	1,803	(1,265)
Increase/(decrease) from securities sold under agreement to repurchase	3,551	(271)	(311)
Profit on investments	(2,564)	(2,806)	(202)
Exchange differences	(23)	178	(43)
Decrease in derivative financial instruments – currency hedges	102	718	418
Finance costs	156	144	278
Operating cash flows before movements in working capital	6,106	4,721	5,399
(Increase)/decrease in receivables	(145)	(426)	266
(Decrease)/increase in payables	(979)	(60)	276
Net cash flows from operating activities before and after tax	4,982	4,235	5,941
Cash flows from financing activities			
Interest paid	(144)	(108)	(265)
Net proceeds from issue of shares	4,646	—	809
Equity dividends paid – note 5	(2,864)	(2,782)	(5,569)
Net cash used in financing activities	1,638	(2,890)	(5,025)
Net increase in cash and cash equivalents	6,620	1,345	916
Exchange differences	23	(178)	43
Cash and cash equivalents at the beginning of the period	6,441	5,482	5,482
Cash and cash equivalents at the end of the period	13,084	6,649	6,441

CONDENSED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
For the six months ended 31 March 2015					
At 1 October 2014	5,618	114,390	(51,367)	12,932	81,573
Total comprehensive income for the period	—	—	3,677	2,792	6,469
Net proceeds from issue of shares	311	4,335	—	—	4,646
Dividends paid – note 5	—	—	—	(2,865)	(2,865)
Unclaimed dividends – note 5	—	—	—	1	1
At 31 March 2015	5,929	118,725	(47,690)	12,860	89,824
For the six months ended 31 March 2014					
At 1 October 2013	5,565	113,634	(52,313)	12,923	79,809
Total comprehensive income for the period	—	—	2,104	2,851	4,955
Dividends paid – note 5	—	—	—	(2,782)	(2,782)
At 31 March 2014	5,565	113,634	(50,209)	12,992	81,982
For the year ended 30 September 2014					
At 1 October 2013	5,565	113,634	(52,313)	12,923	79,809
Total comprehensive income for the year	—	—	946	5,578	6,524
Net proceeds from issue of shares	53	756	—	—	809
Dividends paid – note 5	—	—	—	(5,569)	(5,569)
At 30 September 2014	5,618	114,390	(51,367)	12,932	81,573

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The condensed financial statements have been prepared using the same accounting policies as those adopted in the 2014 annual financial report. They have been prepared on an historical cost basis, in accordance with the applicable International Financial Reporting Standards and, where possible, in accordance with the Statement of Recommended Practice for Financial Statements of Investment Trust Companies and Venture Capital Trusts.

2. Management and Performance Fees

Investment management fees and finance costs are allocated equally to revenue and capital. The management fee is 1% on the first £80 million of shareholders' funds; 0.7% on the next £70 million; and 0.6% on any excess of shareholders' funds over £150 million (previously: 1% per annum of total shareholders' funds).

A performance related fee is calculated at 20% of outperformance over a hurdle of LIBOR +1%, stepped and reducing to 10% of outperformance in respect of shareholders' funds in excess of £80 million (previously: 20% of outperformance over the same hurdle). Payment of the performance fee is subject to various constraints as defined in the 2014 annual financial report. The performance related fee is allocated wholly to capital.

3. Taxation

The Company is subject to Jersey income tax at the rate of 0% (2014: 0%). The overseas tax charge consists of irrecoverable withholding tax.

4. Basis of Returns

	SIX MONTHS TO 31 MAR 2015	SIX MONTHS TO 31 MAR 2014	YEAR TO 30 SEPT 2014
Profit after tax:			
Revenue	£2,792,000	£2,851,000	£5,578,000
Capital	£3,677,000	£2,104,000	£946,000
Total	£6,469,000	£4,955,000	£6,524,000
Weighted average number of shares in issued during the period	115,671,677	111,292,526	111,491,293

5. Dividends Paid

	SIX MONTHS TO 31 MAR 2015 £'000	SIX MONTHS TO 31 MAR 2014 £'000	YEAR TO 30 SEPT 2014 £'000
Fourth interim of 1.25p	1,405	1,391	1,391
First interim of 1.25p	1,460	1,391	1,391
Second interim of 1.25p	—	—	1,391
Third interim of 1.25p	—	—	1,396
	2,865	2,782	5,569
Unclaimed dividend in respect of prior years	(1)	—	—
Total paid	2,864	2,782	5,569

The first interim dividend for the quarter ended 31 December 2014 was paid on 30 January 2015 to Shareholders on the register on 9 January 2015. The second interim dividend for the quarter ended 31 March 2015 was paid on 30 April 2015 to Shareholders on the register on 10 April 2015.

6. Basis of Net Asset Value per Ordinary share

	AT 31 MAR 2015	AT 31 MAR 2014	AT 30 SEPT 2014
Shareholders' funds	£89,824,000	£81,982,000	£81,573,000
Ordinary shares in issue at period end	118,579,287	111,292,526	112,367,526

7. Movement in Share Capital

	SIX MONTHS TO 31 MAR 2015	SIX MONTHS TO 31 MAR 2014	YEAR TO 30 SEPT 2014
Share Capital:			
Number of 5p ordinary shares:			
Brought forward	112,367,526	111,292,526	111,292,526
Issued in period	6,211,761	—	1,075,000
Carried forward	118,579,287	111,292,526	112,367,526

The average price of the share issue was 75.60p.

Subsequent to the period end 1,900,000 shares have been issued at an average price of 77.21p.

8. Classification Under Fair Value Hierarchy

Note 19 of the 2014 annual financial report sets out the basis of classification as set out by IFR7 'Financial Instrument Disclosures'.

No Level 3 items are held at any period end, and the total (not shown) is therefore the aggregate of Level 1 and Level 2.

	AT 31 MAR 2015		AT 30 SEPT 2014	
	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 1 £'000	LEVEL 2 £'000
<i>Financial assets designated at fair value through profit or loss:</i>				
Debt securities	—	108,379	—	104,238
Equities	471	—	549	—
Warrants	4,096	—	2,910	—
Derivative financial instruments – currency hedges	—	282	—	384
Total for financial assets	4,567	108,661	3,459	104,622

9. Status of Half-yearly Financial Report

The financial information contained in this half-yearly report, which has not been reviewed or audited, does not constitute statutory accounts as defined in Article 104 of Companies (Jersey) Law 1991. The financial information for the half years ended 31 March 2014 and 2015 have not been audited. The figures and financial information for the year ended 30 September 2014 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year.

By order of the Board
R&H Fund Services (Jersey) Limited
Company Secretary

15 May 2015

DIRECTORS AND ADVISERS

Directors

Donald Adamson (Chairman)
Peter Yates (Audit Committee and Management Engagement Committee Chairman)
Michael Lombardi
Gordon Neilly
Clive Spears

Investment Manager

Invesco FUND MANAGERS Limited
Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH
☎ 020 3753 1000

🌐 www.invescoperpetual.co.uk/investmenttrusts

Company Secretary, Administrator and Registered Office

R&H Fund Services (Jersey) Limited
PO Box 83, Ordinance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Company Secretarial Contact: Hilary Jones
☎ 01534 825323

Registered in Jersey: Number 75059

Corporate Broker

Panmure Gordon (UK) Limited
One New Change, London EC4M 9AF

Registrar

Capita Registrars (Jersey) Limited
12 Castle Street, St. Helier, Jersey JE2 3RT
If you hold your shares directly and have any queries you should contact the registrar on:

☎ 0871 664 0300

Calls cost 10p per minute plus network charges.

Lines are open from 9am to 5.30pm, Monday to Friday (excluding Bank Holidays).
From outside the UK +44 208 639 3399.

Shareholders can also access their holding details via Capita's websites at:

🌐 www.capitashareportal.com or www.capitaassetservices.com

Savings Scheme and ISA Administration

For both the Invesco Perpetual Trust Savings Scheme and ISA, contact:
Invesco Perpetual, P.O. Box 11150, Chelmsford CM99 2DL

☎ 0800 085 8677

Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team available to assist you from 8.30am to 6pm, Monday to Friday (excluding Bank Holidays) on:

☎ 0800 085 8677

🌐 www.invescoperpetual.co.uk/investmenttrusts

Information relating to the Company can be found on the Company's section of the Manager's website, at www.invescoperpetual.co.uk/enhancedincome. 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.



Invesco Fund Managers Limited

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