

# Perpetual Income and Growth Investment Trust plc

Half-Yearly Financial Report for the Six Months to 30 September 2012

## 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 Company's investment objective is to provide shareholders with capital growth and real growth in dividends over the medium to longer term from a portfolio of securities listed mainly in the UK equity and fixed interest markets.

Full details of the Company's Investment Policy can be found on page 14 of the Company's 2012 annual financial report.

## Performance Statistics

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

	AT 30 SEPTEMBER 2012	AT 31 MARCH 2012	% CHANGE
<b>Total return (all income reinvested):</b>			
Diluted net assets*			+5.7
Share price*			+6.1
Benchmark*			+1.9
<b>Diluted net asset value per ordinary share:</b>			
– after charging dividend	274.2p	264.2p	+3.8
– as balance sheet	276.7p	267.4p	+3.5
<b>Shareholders' funds (£'000)</b>	612,010	579,908	+5.5
<b>Mid-market price:</b>			
– ordinary shares	278.0p	267.7p	+3.8
– subscription shares	53.0p	42.5p	+24.7
Premium per ordinary share	0.5%	0.1%	
<b>Capital return – Benchmark*</b>			–0.1
<b>Gearing:</b>			
– gross gearing <sup>1</sup>	16.4%	18.0%	
– net gearing <sup>2</sup>	16.4%	18.0%	

\* Source: Thomson Reuters Datastream.

<sup>1</sup> Gross gearing: borrowings ÷ shareholders' funds.

<sup>2</sup> Net gearing: borrowing less cash and UK government bond holdings ÷ shareholders' funds.

	SIX MONTHS ENDED		
	30 SEPTEMBER 2012	30 SEPTEMBER 2011	
<b>Revenue</b>			
Diluted revenue return per share	6.41p	5.94p	+7.9
Dividends – first interim	2.55p	2.40p	
– second interim	2.55p	2.40p	
– total	5.10p	4.80p	+6.3

## INTERIM MANAGEMENT REPORT INCORPORATING CHAIRMAN'S STATEMENT

### Chairman's Statement

#### Performance

During the six months to 30 September 2012, the Company's total return was 5.7% compared to the 1.9% return from the FTSE All-Share Index. The share price total return was 6.1% and the premium to NAV per ordinary share increased from 0.1% to 0.5%.

## Dividend

The Board is pleased to declare a second interim dividend of 2.55p per share in respect of the three months to 30 September 2012. This dividend is payable on 28 December 2012 to shareholders registered at the close of business on 7 December 2012.

## Subscription Share Exercise and Issued Share Capital

During the period under review, subscription shareholders had their seventh 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 2012. As a result, 4,072,885 ordinary shares were allotted on 13 September 2012. Subscription shareholders will have their final opportunity to convert their holdings in 2013.

In addition a further 566,039 ordinary shares were issued for cash and, as a result of the above transactions, the issued share capital of your Company at the period end was 218,455,774 ordinary shares of 10p each and 12,914,737 subscription shares.

## Board of Directors

Following a thorough search, the Board is pleased to announce the appointment of Richard Laing as a non-executive Director of the Company with effect from 20 November 2012. Richard was previously CEO of CDC Group plc, formerly the Commonwealth Development Corporation Group, from 2004 to 2011, having joined the organisation in 2000 as Finance Director. Prior to CDC, Richard spent 15 years at De La Rue plc where he held a number of positions both in the UK and overseas, latterly as Group Finance Director. Richard is currently a non-executive Director at Miro Forestry, the London Metal Exchange and a Trustee and board member of the Overseas Development Institute (the UK's leading independent think-tank on international development). He also sits on the Advisory Board for Aureos Capital. He is a graduate of Cambridge University where he obtained an MA in Engineering and is a Fellow of the Institute of Chartered Accountants.

### Bill Alexander

Chairman

28 November 2012

## Investment Management Report

### Market Review

Global stock markets made further positive progress during the period, as investor appetite for riskier assets increased. This improvement in sentiment resulted from developments in the Eurozone and the promise of substantial further monetary stimulus. European political leaders committed themselves to the idea of a single supervisor of Eurozone banks and a mechanism to inject capital into troubled banks directly. A further boost came as the European Central Bank announced a new bond buying plan and the US Federal Reserve announced additional and unlimited quantitative easing. The period ended, however, with a further warning from the International Monetary Fund that it would cut its forecast for global economic growth, while civil unrest in Spain and Greece highlighted the challenges facing governments intent on imposing further austerity measures.

The period was also noteworthy for the number of profit downgrades from companies, particularly within the industrial cyclical part of the market. These included Caterpillar, a traditional bellwether of the global corporate outlook, which cut its earnings forecasts as far ahead as 2015, citing weak demand from the mining industry.

### Portfolio Strategy & Review

The outperformance of the Company compared to the benchmark index arose from a range of the "mid-cap" stocks in the portfolio which contributed

significantly to performance. Provident Financial announced a positive trading update, notably in its fast growing credit card business, while Amlin, Beazley and Hiscox all announced a return to profits on the back of a more benign claims environment. TalkTalk Telecom saw its shares rise very strongly over a period when the company announced first a joint venture with the Post Office and Fujitsu to provide next-generation broadband and telephony services and subsequently plans to launch a new TV service.

Shares in BAE Systems had performed strongly in the months before the company confirmed that it was in early stage talks with EADS regarding a merger. The deal did not appear to be significantly beneficial to shareholders and, after an initial spike higher, BAE Systems shares retreated to the level they stood at immediately before the announcement. Since the half year end the two companies have confirmed that merger negotiations have been terminated.

The portfolio has no exposure to the mining sector and this provided a positive impact on performance over the six months. The sector underperformed as company results confirmed the impact that falling commodity prices and rising costs are having on earnings and future projects in the sector.

The portfolio has a significant weighting in the tobacco sector, which underperformed during the period. News that the Australian Government had been successful in defending a challenge from the tobacco industry against the introduction of plain packaging had largely been expected, but appeared to act as a catalyst for profit taking in a sector which has performed very strongly over the past few years. The Investment Manager remains of the view that the companies held in the sector represent exactly the sort of quality stocks that can deliver rising profits and dividends through a low growth environment – and does not believe that this sustainable growth potential is yet valued appropriately.

In terms of trading activity within the portfolio, new investments were made in Carnival and Thomas Cook. The Company disposed of its holding in Pennon Group and Rolls Royce while the holding in International Power was the subject of a cash bid from GDF Suez.

## Outlook

The stock market's rise in the past year, fuelled by monetary stimulus and central bank policy initiatives, occurred despite reductions in the forecasts of company earnings for the current financial year due to renewed weakness in the key economics of the US, China and the Eurozone. Equity valuations are therefore no longer as compellingly cheap as they were at the beginning of the year, and the Investment Manager anticipates that stock markets may now track sideways for a while.

However, within the market as a whole there is still a subset of stocks that look attractively valued, particularly for investors seeking income. Indeed with the yield on offer from equities currently well above that of bonds or cash – a situation last witnessed in the 1950s – and earnings growth under pressure, income is likely to provide a higher percentage of stock market total return.

The investment manager's investment strategy is to focus on companies with reliable cash flow and sustainable dividend growth, operating in less cyclical and more defensive industries. Overlaying this is balance sheet strength, with an associated ability to access the credit markets for funding. He continues to believe that the valuations of such companies do not reflect their ability to deliver earnings and dividend growth in an economic environment that continues to be challenging.

### Mark Barnett

*Investment Manager*

28 November 2012

## Related Parties and Transactions with the Manager

The Company has no related parties. Invesco Asset Management Limited ('IAML'), a wholly owned subsidiary of Invesco Limited, acts as Manager and Company Secretary to the Company. Details of IAML's services and fee arrangements are given in the latest annual financial report, which is available on the Manager's website.

## Principal Risks and Uncertainties

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

- Investment objective – there can be no guarantee that the Company will meet its 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 – is the risk of poor performance of individual investments. This is mitigated by diversification and ongoing monitoring of investment guidelines;
- Shares – share prices are affected by market sentiment, supply and demand for the shares, and dividends declared as well as portfolio performance;
- Gearing – the use of borrowings will amplify the effect on shareholders' funds of portfolio gains and losses;
- Regulatory – consequences of a serious breach of regulatory rules could include, but are not limited to, the Company being subject to capital gains on its investments; suspension from the London Stock Exchange; fines; a qualified audit report, reputational problems and a loss of assets through fraud; and
- Reliance on third party 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.

A detailed explanation of these principal risks and uncertainties can be found on pages 16 to 18 of the Company's 2012 annual financial report, which is available on the Manager's website [www.invescopetual.co.uk/investmenttrusts](http://www.invescopetual.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 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 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 and ongoing expenses from its assets.

## 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.

### Bill Alexander

*Chairman*

28 November 2012

## INVESTMENT PORTFOLIO STATEMENT AT 30 SEPTEMBER 2012

UK ordinary shares unless stated otherwise

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO	ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
<b>Equity investments</b>							
BT	Fixed Line Telecommunications	40,437	5.7	Filtrona	Support Services	4,644	0.7
Imperial Tobacco	Tobacco	37,850	5.3	Impax Environmental Markets	Equity Investment Instruments	4,018	0.6
British American Tobacco	Tobacco	34,896	4.9	Regus	Support Services	3,972	0.6
Reynolds American – <i>US Common Stock</i>	Tobacco	34,731	4.9	Impax Asian	Equity Investment Instruments	3,517	0.5
Roche – <i>Swiss Common Stock</i>	Pharmaceuticals & Biotechnology	30,082	4.2	Environmental Markets – ordinary & subscription shares			
GlaxoSmithKline	Pharmaceuticals & Biotechnology	28,037	3.9	Lombard Medical Technologies	Healthcare Equipment & Services	3,508	0.5
AstraZeneca	Pharmaceuticals & Biotechnology	27,986	3.9	Damille Investments II	Equity Investment Instruments	3,479	0.5
BAE Systems	Aerospace & Defence	27,068	3.8	Thomas Cook	Travel & Leisure	3,437	0.5
Reckitt Benckiser	Household Goods & Home Construction	24,651	3.5	Fusion	Financial Services	3,249	0.5
BG	Oil & Gas Producers	24,546	3.4	Imperial Innovations – convertible 'B' shares <sup>UQ</sup> – ordinary shares	Financial Services	1,784 } 1,240 }	0.4
<b>Top ten holdings</b>		<b>310,284</b>	<b>43.5</b>	Damille Investments	Equity Investment Instruments	2,521	0.4
Novartis – <i>Swiss Common Stock</i>	Pharmaceuticals & Biotechnology	24,031	3.3	<b>Top fifty holdings</b>		<b>700,062</b>	<b>98.0</b>
Babcock International	Support Services	21,590	3.0	Macau Property	Real Estate Investment & Services	2,257	0.3
Hiscox	Non-life Insurance	20,042	2.8	Altus Resource	Equity Investment Instruments	1,887	0.3
Capita	Support Services	17,891	2.5	Opportunities Fund			
Provident Financial	Financial Services	16,969	2.3	PuriCore	Healthcare Equipment & Services	1,198	0.2
Vodafone	Mobile Communications	16,913	2.3	XCounter AB – <i>Swedish Common Stock</i>	Healthcare Equipment & Services	1,193	0.2
Amlin	Non-life Insurance	15,546	2.1	Halosource	Chemicals	719	0.1
Ladbrokes	Travel & Leisure	14,388	2.0	UK Coal	Mining	463	0.1
TalkTalk Telecom	Fixed Line Telecommunications	14,067	2.0	XTL Biopharmaceutical US ADR (10 ord shares)	Pharmaceuticals & Biotechnology	401	—
KCOM	Fixed Line Telecommunications	14,036	2.0	Hibu	Media	66	—
<b>Top twenty holdings</b>		<b>485,757</b>	<b>67.8</b>	Helphire	Financial Services	53	—
Beazley	Non-life Insurance	13,964	1.9	Mirada	Media	9	—
Centrica	Gas, Water & Multiutilities	13,229	1.9	<b>Top sixty holdings</b>		<b>708,308</b>	<b>99.2</b>
Carnival	Travel & Leisure	12,688	1.8	<b>Total equity investments (60)</b>		<b>708,308</b>	<b>99.2</b>
Compass	Travel & Leisure	12,327	1.7	<b>Other investments</b>			
BTG	Pharmaceuticals & Biotechnology	11,795	1.6	ISSUER	SECTOR (MOODY RATING)		
Rentokil Initial	Support Services	11,680	1.6	Lombard Medical	Healthcare Equipment & Services	2,100	0.3
Drax	Electricity	11,574	1.6	Technologies – 8% 01 Sep 2013 <sup>UQ</sup>	NR		
Serco	Support Services	10,184	1.4	Barclays Bank – Nuclear Power Notes 28 Feb 2019	Electricity NR	1,409	0.2
Napo Pharmaceuticals <sup>UQ</sup>	Pharmaceuticals & Biotechnology	9,260	1.3	PuriCore Convertible Notes 6% 31 Dec 2013 <sup>UQ</sup>	Healthcare Equipment & Services NR	1,125	0.2
SSE	Electricity	8,703	1.2	Ecofin Water & Power Opportunities 6% 31 Jul 2016	Equity Investment Instruments NR	392	0.1
<b>Top thirty holdings</b>		<b>601,161</b>	<b>83.8</b>	<b>Total other investments (4)</b>		<b>5,026</b>	<b>0.8</b>
Brown (N)	General Retailers	7,687	1.1	<b>Total investments (64)</b>		<b>713,334</b>	<b>100.0</b>
Tate & Lyle	Food Producers	7,160	1.0				
Workspace	Real Estate Investment & Services	7,135	1.0				
Lancashire	Non-life Insurance	6,743	1.0				
Wm Morrison Supermarkets	Food & Drug Retailers	6,668	0.9				
Homeserve	Support Services	6,418	0.9				
Reed Elsevier	Media	6,085	0.9				
Chemring	Aerospace & Defence	5,746	0.8				
Vectura	Pharmaceuticals & Biotechnology	5,074	0.7				
Doric Nimrod Air Two – <i>Preference shares</i>	Equity Investment Instruments	4,816	0.7				
<b>Top forty holdings</b>		<b>664,693</b>	<b>92.8</b>				

<sup>UQ</sup> Unquoted NR Non-rated

## CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2012 (UNAUDITED)			SIX MONTHS TO 30 SEPTEMBER 2011 (UNAUDITED)			YEAR TO 31 MARCH 2012 AUDITED	
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000	TOTAL £'000	
Gains/(losses) on investments at fair value	—	25,348	25,348	—	(19,434)	(19,434)	31,275	
Foreign exchange gains	—	39	39	—	5	5	19	
Income								
UK dividends	14,246	—	14,246	13,136	—	13,136	23,328	
Overseas dividends	1,168	—	1,168	977	—	977	3,427	
Unfranked investment income	143	—	143	245	—	245	117	
Scrip dividends	49	—	49	—	—	—	32	
<b>Gross return</b>	<b>15,606</b>	<b>25,387</b>	<b>40,993</b>	<b>14,358</b>	<b>(19,429)</b>	<b>(5,071)</b>	<b>58,198</b>	
Investment management fee – note 2	(793)	(1,850)	(2,643)	(744)	(1,736)	(2,480)	(4,986)	
Performance fee – note 2	—	(2,456)	(2,456)	—	(2,737)	(2,737)	(886)	
Other expenses	(269)	(1)	(270)	(293)	(1)	(294)	(547)	
<b>Net return before finance costs and taxation</b>	<b>14,544</b>	<b>21,080</b>	<b>35,624</b>	<b>13,321</b>	<b>(23,903)</b>	<b>(10,582)</b>	<b>51,779</b>	
Finance costs – note 2	(454)	(1,059)	(1,513)	(453)	(1,057)	(1,510)	(2,957)	
<b>Return on ordinary activities before taxation</b>	<b>14,090</b>	<b>20,021</b>	<b>34,111</b>	<b>12,868</b>	<b>(24,960)</b>	<b>(12,092)</b>	<b>48,822</b>	
Tax on ordinary activities – note 3	(144)	—	(144)	(146)	—	(146)	(514)	
<b>Return on ordinary activities after taxation for the financial period</b>	<b>13,946</b>	<b>20,021</b>	<b>33,967</b>	<b>12,722</b>	<b>(24,960)</b>	<b>(12,238)</b>	<b>48,308</b>	
<b>Return per ordinary share – note 4</b>								
Basic	6.50p	9.34p	15.84p	6.01p	(11.80p)	(5.79p)	22.74p	
Diluted	6.41p	9.20p	15.61p	5.94p	(11.65p)	(5.71p)	22.47p	

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 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 3156676

	AT 30 SEPTEMBER 2012 UNAUDITED £'000	AT 30 SEPTEMBER 2011 UNAUDITED £'000	AT 31 MARCH 2012 AUDITED £'000
<b>Fixed assets</b>			
Investments at fair value	713,334	631,199	683,579
<b>Current assets</b>			
Amount due from brokers	459	1,491	33
Proceeds due from issue of new shares	—	1,008	893
Prepayments and accrued income	3,062	2,751	3,487
	3,521	5,250	4,413
<b>Creditors: amounts falling due within one year</b>			
Bank overdraft	(70,608)	(74,428)	(74,302)
Amounts due to brokers	—	(67)	(1,190)
Accruals and deferred income	(1,893)	(1,719)	(1,846)
Performance fee payable	—	—	(886)
	(72,501)	(76,214)	(78,224)
<b>Net current liabilities</b>	(68,980)	(70,964)	(73,811)
<b>Total assets less current liabilities</b>	644,354	560,235	609,768
<b>Creditors: amounts falling due after more than one year</b>			
Debenture 2014	(29,888)	(29,833)	(29,860)
<b>Provision for performance fee</b>	(2,456)	(2,737)	—
<b>Net assets</b>	612,010	527,665	579,908
<b>Capital and reserves</b>			
Share capital – note 6	21,846	21,308	21,382
Share premium	204,793	192,955	194,816
Capital reserve	362,784	292,845	342,763
Revenue reserve	22,587	20,557	20,947
<b>Shareholders' funds</b>	612,010	527,665	579,908
<b>Net asset value per ordinary share – note 5</b>			
Basic	280.2p	247.6p	271.2p
Diluted	276.7p	245.5p	267.4p

## CONDENSED CASH FLOW STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2012 UNAUDITED £'000	SIX MONTHS TO 30 SEPTEMBER 2011 UNAUDITED £'000	YEAR TO 31 MARCH 2012 AUDITED £'000
<b>Net return before finance costs and taxation</b>	35,624	(10,582)	51,779
(Gains)/losses on investments	(25,348)	19,434	(31,275)
Foreign exchange gains	(40)	(5)	(19)
Scrip dividends	(49)	—	(32)
Decrease in debtors	425	845	109
Increase in creditors and provisions	1,617	2,665	941
Tax on overseas income	(144)	(146)	(514)
<b>Net cash flow from operating activities</b>	12,085	12,211	20,989
<b>Servicing of finance</b>	(1,485)	(1,482)	(2,902)
<b>Capital expenditure and financial investment</b>			
Purchase of investments	(77,499)	(59,096)	(137,041)
Sale of investments	71,525	54,335	133,223
<b>Net equity dividends paid</b>	(12,306)	(10,879)	(21,117)
<b>Net cash outflow before management of liquid resources and financing</b>	(7,680)	(4,911)	(6,848)
<b>Financing</b>	11,334	4,434	6,483
<b>Increase/(decrease) in cash in the period</b>	3,654	(477)	(365)
Exchange movements	40	5	19
Debenture stock non-cash movement	(28)	(28)	(55)
<b>Movement in net debt in the period</b>	3,666	(500)	(401)
Net debt at beginning of period	(104,162)	(103,761)	(103,761)
<b>Net debt at end of period</b>	(100,496)	(104,261)	(104,162)
<b>Analysis of changes in net debt:</b>			
Brought forward:			
Bank overdraft	(74,302)	(73,956)	(73,956)
Debenture 2014	(29,860)	(29,805)	(29,805)
<b>Net debt brought forward</b>	(104,162)	(103,761)	(103,761)
Movements in the period:			
Cash inflow/(outflow) from bank	3,654	(477)	(365)
Exchange movements	40	5	19
Debenture stock non-cash movement	(28)	(28)	(55)
<b>Net debt at end of period</b>	(100,496)	(104,261)	(104,162)

## CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
<b>FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)</b>					
At 31 March 2011	21,090	187,732	317,805	18,714	545,341
Net return on ordinary activities	—	—	(24,960)	12,722	(12,238)
Dividends paid – note 7	—	—	—	(10,892)	(10,892)
Unclaimed dividends	—	—	—	13	13
Issue of new shares	169	4,197	—	—	4,366
Exercise of subscription shares	49	1,026	—	—	1,075
At 30 September 2011	21,308	192,955	292,845	20,557	527,665
<b>FOR THE YEAR ENDED 31 MARCH 2012 (AUDITED)</b>					
At 31 March 2011	21,090	187,732	317,805	18,714	545,341
Net return on ordinary activities	—	—	24,958	23,350	48,308
Dividends paid – note 7	—	—	—	(21,130)	(21,130)
Unclaimed dividends	—	—	—	13	13
Issue of new shares	243	6,058	—	—	6,301
Exercise of subscription shares	49	1,026	—	—	1,075
At 31 March 2012	21,382	194,816	342,763	20,947	579,908
<b>FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)</b>					
At 31 March 2012	21,382	194,816	342,763	20,947	579,908
Net return from ordinary activities	—	—	20,021	13,946	33,967
Dividends paid – note 7	—	—	—	(12,309)	(12,309)
Unclaimed dividends	—	—	—	3	3
Issue of new shares	57	1,467	—	—	1,524
Exercise of subscription shares	407	8,510	—	—	8,917
At 30 September 2012	21,846	204,793	362,784	22,587	612,010

## 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 2012 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. A performance fee of £2,456,000 has been provided for the six months under review (30 September 2011: £2,737,000). A performance fee of £886,000 was accrued and later paid for the year ended 31 March 2012.

### 3. Tax

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

### 4. Basis of Return per Ordinary Share

	SIX MONTHS TO 30 SEPT 2012 (UNAUDITED)	SIX MONTHS TO 30 SEPT 2011 (UNAUDITED)	YEAR TO 31 MAR 2012 (AUDITED)
<b>Returns after tax (£'000):</b>			
Revenue	13,946	12,722	23,350
Capital	20,021	(24,960)	24,958
<b>Total</b>	<b>33,967</b>	<b>(12,238)</b>	<b>48,308</b>
<b>Weighted average number of ordinary shares in issue during the period:</b>			
– basic	214,451,329	211,512,685	212,400,366
– diluted	217,551,933	214,197,720	215,051,088

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 2012 was 269.11p (six months ended 30 September 2011: 258.80p; year ended 31 March 2012: 258.13p) and was dilutive.

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

	AT 30 SEPT 2012 (UNAUDITED)	AT 30 SEPT 2011 (UNAUDITED)	AT 31 MAR 2012 (AUDITED)
<b>Shareholders' funds (£'000):</b>			
– basic	612,010	527,665	579,908
– diluted	640,286	564,858	617,101
<b>Number of ordinary shares in issue at period end:</b>			
– basic	218,455,774	213,085,780	213,816,850
– diluted	231,370,511	230,073,402	230,804,472

As the basic NAV is greater than the exercise price of 218.94p, the subscription shares are dilutive and subscription shareholders are likely to exercise their option.

### 6. Share Capital

#### (a) Ordinary shares of 10p each

	SIX MONTHS TO 30 SEPT 2012 (UNAUDITED)	SIX MONTHS TO 30 SEPT 2011 (UNAUDITED)	YEAR TO 31 MAR 2012 (AUDITED)
<b>Number of ordinary shares:</b>			
Brought forward	213,816,850	210,900,504	210,900,504
Ordinary shares issued for cash	566,039	1,694,073	2,425,143
Exercise of subscription shares	4,072,885	491,203	491,203
<b>Carried forward</b>	<b>218,455,774</b>	<b>213,085,780</b>	<b>213,816,850</b>

During the period 566,039 new ordinary shares were issued for an average 270.65 pence per share.

#### (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 4,072,885 subscription shares were exercised leaving 12,914,737 subscription shares remaining at the period end.

### 7. Dividends per Ordinary Share

The first interim dividend of 2.55p was paid on 28 September 2012 to shareholders registered on 7 September 2012. The Directors have declared a second interim dividend of 2.55p payable on 28 December 2012 to shareholders registered on 7 December 2012.

	SIX MONTHS TO 30 SEPT 2012 (UNAUDITED)	SIX MONTHS TO 30 SEPT 2011 (UNAUDITED)	YEAR TO 31 MAR 2012 (AUDITED)
<b>Interim dividends paid (pence):</b>			
Fourth 2011	—	2.75	2.75
First 2012	—	2.40	2.40
Second 2012	—	—	2.40
Third 2012	—	—	2.40
Fourth 2012	3.20	—	—
First 2013	2.55	—	—
<b>Total</b>	<b>5.75</b>	<b>5.15</b>	<b>9.95</b>
<b>£'000 equivalent</b>	<b>12,309</b>	<b>10,892</b>	<b>21,130</b>

### 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.

### 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 2012 and 30 September 2011 has not been audited. The figures and financial information for the year ended 31 March 2012 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 Auditor, 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

28 November 2012

## DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

### Directors

Bill Alexander, Chairman  
Sir Martyn Arbib  
Vivian Bazalgette  
Richard Laing (appointed 20 November 2012)  
Antony Hardy, Audit Committee Chairman and Senior Independent Director  
Bob Yerbury

### Manager, Company Secretary and Registered Office

Invesco Asset Management Limited  
30 Finsbury Square  
London EC2A 1AG  
☎ 020 7065 4000

Company Secretarial contact: Kelly Nice

### Company Number

Registered in England and Wales: No. 3156676

### Registrars

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

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 9 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

From outside the UK: +44 (0)208 639 3399.

Shareholders holding shares directly can also access their holding details via Capita's website [www.capitaregistrars.com](http://www.capitaregistrars.com) or [www.capitashareportal.com](http://www.capitashareportal.com)

The Registrars provide on-line and telephone share dealing services to existing shareholders who are not seeking advice on buying or selling. This service is available at [www.capitadeal.com](http://www.capitadeal.com) or ☎ 0871 664 0364. Calls cost 10p per minute plus network extras.

(From outside the UK: +44 (0)203 367 2686).

Lines are open from 8.00 am to 4.30 pm, Monday to Friday (excluding Bank Holidays).

### Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team available from 8.30 am to 6 pm Monday to Friday (excluding Bank Holidays) on: ☎ 0800 085 8677.

The Invesco Perpetual investment trust website is:  
🌐 [www.invescoperpetual.co.uk/investmenttrusts](http://www.invescoperpetual.co.uk/investmenttrusts)

### Invesco Perpetual Investment Trust Savings Scheme and ISA Administrators

For both the Invesco Perpetual Investment Trust Savings Scheme & ISA:  
International Financial Data Services  
IFDS House  
St Nicholas Lane  
Basildon  
Essex SS14 5FS  
☎ 0800 028 5544  
[enquiry@invescoperpetual.co.uk](mailto:enquiry@invescoperpetual.co.uk)

### Manager's Website

Information relating to the Company can be found on the Manager's website at [www.invescoperpetual.co.uk/investmenttrusts](http://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 Asset Management Limited  
30 Finsbury Square  
London EC2A 1AG  
☎ 020 7065 4000

Invesco Asset Management Limited is a wholly owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Services Authority  
Invesco Perpetual is a business name of Invesco Asset Management Limited