

Keystone Investment Trust plc

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

KEY FACTS

Keystone Investment Trust plc is an investment trust company listed on the London Stock Exchange. The Company is managed by Invesco Asset Management Limited.

Objective of the Company

The objective of Keystone Investment Trust plc is to provide shareholders with long-term growth of capital, mainly from UK investments.

Full details of the Company's investment policy, risk and limits can be found in the annual financial report for the year ended 30 September 2013.

Performance Statistics

Total Return (capital growth with income reinvested)

Net asset value (NAV) per share:

	SIX MONTHS ENDED 31 MAR 2014 CHANGE %	SIX MONTHS ENDED 31 MAR 2013 CHANGE %	YEAR ENDED 30 SEPT 2013 CHANGE %
– debt at par	+10.1	+21.3	+29.4
– debt at fair value	+10.6	+22.5	+31.1
Share price (mid-market)	+6.0	+16.2	+29.3
FTSE All-Share Index	+4.8	+14.5	+18.9

Source: Thomson Reuters Datastream

Capital Return

NAV per share:

	SIX MONTHS ENDED 31 MAR 2014	SIX MONTHS ENDED 31 MAR 2013	% CHANGE
– debt at par	+6.9	+17.9	+25.2
– debt at fair value	+7.3	+18.8	+26.7
Share price	+3.6	+13.5	+24.9
FTSE All-Share Index	+3.2	+12.7	+14.8

Revenue

	SIX MONTHS ENDED 31 MAR 2014	SIX MONTHS ENDED 31 MAR 2013	% CHANGE
Revenue return per ordinary share	29.1p	26.6p	+9.4
Interim dividend per ordinary share	18.0p	18.0p	—

Period End

NAV per share:

	AT 31 MAR 2014	AT 31 MAR 2013	AT 30 SEPT 2013
– debt at par	1831.2p	1612.8p	1712.3p
– debt at fair value	1781.8p	1557.2p	1660.1p
Share price	1705.0p	1496.0p	1646.0p

Discount/(premium) of share price to net asset value per share:

	AT 31 MAR 2014	AT 31 MAR 2013	AT 30 SEPT 2013
– debt at par	6.9%	7.2%	3.9%
– debt at fair value	4.3%	3.9%	0.8%

Gearing from borrowings:

	AT 31 MAR 2014	AT 31 MAR 2013	AT 30 SEPT 2013
– gross	12.9%	14.7%	13.8%
– net	4.5%	8.5%	9.5%

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

Chairman's Statement

Performance

The Company's shares gave a total return of 6.0% to shareholders over the six months from 30 September 2013 to 31 March 2014. From the perspective of the underlying net asset value (NAV) per ordinary share, the total return was 10.6%. These compare with a total return by the Company's benchmark for performance measuring purposes, the FTSE All-Share Index, of 4.8% (all these figures are with income reinvested). On 31 March 2014, the discount of the share price relative to NAV (debt at fair value) was 4.3%.

As mentioned in my statement in the last annual financial report, we are very grateful to Mark Barnett, on behalf of shareholders, for the excellent performance he has produced since he took control of the portfolio on 1 January 2003. From that date to 31 March 2014 the Company's NAV total return was 336.3% compared with 178.1% for the benchmark FTSE All-Share Index. The share price total return was 417.1% (Source: Thomson Reuters Datastream). Mark will continue to manage the Company's portfolio following his well-deserved promotion to Head of UK Equities at Invesco Perpetual in March this year.

Gearing and Investment Guidelines

Equity exposure ranged from approximately 104% to 110% of net assets in the period and stood at 104.5% at 31 March 2014 (109.5% at 30 September 2013). The Board sets guidelines for the Manager for gearing and during the period the gearing limits set by the Board were changed, requiring that the Manager must make no net purchases if equity exposure is more than 105% of net assets (reduced from 110%), and must make sales if (as a result of market movements) equity exposure rises to more than 115% of net assets.

Dividend

The Board has declared a first interim dividend of 18p per ordinary share which will be paid on 27 June 2014 to shareholders on the register on 30 May 2014. The shares will be marked ex-dividend on 28 May 2014.

Auditor

In accordance with corporate governance best practice the Audit Committee recently put the audit of the Company's annual financial statements to competitive tender. Following this process the Directors asked Ernst & Young LLP to resign and the Board has invited PricewaterhouseCoopers LLP to take their place.

Beatrice Hollond
Chairman

15 May 2014

Manager's Report

Market Review

The period was noteworthy for improving news on the UK economy at the macroeconomic level, concluding with an upbeat assessment of the economy by the Chancellor of the Exchequer in his Budget speech in March. It also witnessed the commencement of tapering of quantitative easing by the US Federal Reserve, the prospect of which had been unsettling stock markets for much of 2013, with stock market concerns allayed by comments that US interest rates would be kept low for some time. However, 2014 commenced with a more difficult quarter as concerns grew over the outlook for economic growth in emerging markets, most notably China.

Portfolio Strategy & Review

The Company's net asset value, including reinvested dividends, rose by 10.6% during the 6 months to the end of March 2014, compared to a rise of 4.8% from the FTSE All-Share Index (total returns).

Over a third of the portfolio's rise was driven by its holdings in the pharmaceutical sector, notably AstraZeneca. The company has unveiled a series of positive surprises on the drug pipeline front, while the industry as a whole is benefiting from an increased rate of drug approvals by the FDA. BTG saw its shares rise on news that it had received approval from the US Food and Drug Administration for its Varithena injectable foam treatment (previously known as Varisolve) for the non-surgical treatment of varicose veins.

The holdings in the fixed line telecoms sector also performed well over the period, contributing nearly one fifth of the portfolio's increase in value. BT Group has continued to deliver results above expectations, with profit growth driven by cost cutting as well as by the company's dominant position in fibre optic infrastructure and broadband. The latest results were also accompanied by a 13% hike in the dividend and a comment that its recently introduced BT Sport package had made a "confident start". TalkTalk Telecom had previously seen its shares underperform on fears over the impact that BT might have on its broadband strategy, but saw its shares rise very strongly during the review period on confirmation of good progress over the first half of its fiscal year, with accelerating revenue growth.

The non-life insurance sector provided the next most significant contribution to performance. The specialist insurance group Beazley saw gross premiums written rise by 5%, driven by growth in reinsurance and positive news from its Political Risks and Contingency Division. Beazley also said that the claims environment had “developed favourably” last year.

The portfolio’s holdings in the support services sector enjoyed mixed fortunes over the period, but overall contributed positively. Capita maintained its very impressive run of good news, again confirming a major increase in its pipeline of tendered work – now up to £5.5 billion. Bunzl pleased investors with an improving rate of organic revenue growth but particularly with a rise in its operating margin. There was disappointing news, however, from Serco. The company warned that 2014 profits would fall by as much as 20% below market forecasts, citing a reduction of its largest contract, in Australia. More positive news was that the company is now eligible to bid for UK government contracts, after the government said that it was reassured that Serco “had developed a thorough plan for corporate renewal”, and the appointment of Rupert Soames as the company’s new CEO.

The political debate over electricity retail prices had a negative impact on the share prices of SSE and Centrica. Both have subsequently shown some recovery as SSE announced its own price freeze and Ofgem confirmed a full competition industry review. The referral by Ofgem of the industry to the Competition Commission noted that there is no meaningful evidence of wrong doing or excessive returns, but just that some elements of the market are not functioning optimally. We expect the review to conclude that industry returns are not excessive, while moves such as that by SSE are already addressing the political agenda of pricing and transparency of margins.

Rolls-Royce surprised the market with its first profit warning in a decade, and confirmed that this year will see no growth in sales or profits. This is largely blamed on defence spending cuts and the company claims that this is a pause, not a change in direction, and that growth will resume in 2015. BAE Systems, meanwhile, warned that profits would also be hit by defence cuts, however, the company reassuringly announced that it had agreed pricing with Saudi Arabia over the rising cost of a long running Eurofighter contract.

The UK Budget led to a fall in value of the holding in Ladbrokes, as a new duty on fixed odds betting terminals was unveiled. This followed a warning from the company earlier in the period that profits would not match expectations, blaming challenging trading in its on-line business.

In terms of portfolio activity, new investments were made in BP, CLS Holdings, Derwent London, G4S, Horizon Discovery, Nimrod Sea Assets, Macau Property and Shaftesbury. The holding in Carnival was sold.

Outlook

The UK equity market has struggled to find a convincing direction in 2014. The outlook is likely to remain challenging for the foreseeable future due to a combination of elevated valuations and an environment of continued flat corporate profit. In fact the recent earnings season was notable for the number of profit warnings from large corporates. Despite the well-publicised improvements in economic growth in the UK and US economies, the current valuation of the market represents a level which perhaps overly reflects this optimism and which may struggle to be maintained if the pace of earnings growth does not accelerate. The other significant reasons for caution over the near term are a reduction in the scale of asset purchases under the policy of QE in the US, uncertainty about the strength of economic growth in the developing world especially China, and a heightened level of political risk both in a domestic context ahead of the UK General Election and internationally due to the Ukrainian/Russian situation.

Despite the overall cautious tone of these comments, there remain some pockets of undervaluation within the UK stock market. The key to navigating the near term is to remain highly vigilant about the strength of corporate performance and to remain judicious in portfolio selection, given the increase in valuations. It is unlikely that the performance of the market in 2013 will be repeated in the current year. The portfolio strategy remains largely unchanged from the recent past, with a strong preference for companies that have proven ability to grow revenues, profits and free cash flow in this low growth world, coupled with management teams that are fully cognisant of the need to deliver sustainable, long term, dividend growth. It is this type of investment opportunity that forms the majority of the portfolio and that we believe offers the potential to deliver good risk adjusted returns over the long term.

Mark Barnett
Fund Manager

15 May 2014

Related Party Transactions and Transactions with the Manager

Note 21 of the 2013 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 2013 annual financial report is available on the Manager’s website at www.invesco-perpetual.co.uk/investment-trusts

Principal Risks and Uncertainties

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

- Investment Objective – the Company may not achieve its published objective.
- Market Risk – a fall in the stock market as a whole will affect the performance of the portfolio and individual investments.
- Investment Risk – the active fund management approach employed can result in a portfolio that looks and behaves differently to the benchmark index.
- Shares – share price is affected by market sentiment, supply and demand, and dividends declared as well as portfolio performance.
- Gearing – borrowing will amplify the effect on shareholders’ funds of portfolio gains and losses.
- Reliance on the Manager and Other Service Providers – failure by any service provider to carry out its obligations to the Company could have a materially detrimental impact on the operations 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 9 and 10 of the 2013 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

This half-yearly financial report has 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, being taken as 12 months after the date of this report. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities, including the debentures, and ongoing expenses. The Directors also considered the revenue forecasts for the year and future dividend payments in concluding on the going concern basis.

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 UK Accounting Standards.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within this 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 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 auditors.

Signed on behalf of the Board of Directors.

Beatrice Hollond
Chairman

15 May 2014

INVESTMENTS BY INDUSTRY AT 31 MARCH 2014

UK listed ordinary shares unless otherwise stated

INDUSTRY/COMPANY	MARKET VALUE £'000	% OF PORTFOLIO	INDUSTRY/COMPANY	MARKET VALUE £'000	% OF PORTFOLIO
Basic Materials			Healthcare		
Coalfield Resources	284	0.1	AstraZeneca	9,892	3.8
HaloSource	69	—	Roche – <i>Swiss common stock</i>	9,744	3.8
	353	0.1	GlaxoSmithKline	8,519	3.3
Consumer Goods			Industrials		
British American Tobacco	12,255	4.7	Novartis – <i>Swiss common stock</i>	8,072	3.1
Imperial Tobacco	10,553	4.1	BTG	4,500	1.7
Reynolds American – <i>US common stock</i>	9,257	3.6	Napo Pharmaceuticals – <i>Unquoted US common stock</i>	3,022	1.2
Reckitt Benckiser	7,133	2.8	Lombard Medical Technologies	2,321	0.9
	39,198	15.2	Vectura	2,060	0.8
Consumer Services			Oil & Gas		
Thomas Cook	6,160	2.4	PuriCore	1,088	0.4
Reed Elsevier	5,002	1.9	Horizon Discovery	743	0.3
Compass	4,830	1.9	XTL Biopharmaceuticals – <i>ADR</i>	53	—
N Brown	4,201	1.6		50,014	19.3
Ladbroke's	2,896	1.1	Telecommunications		
Betfair	418	0.2	BT Group	10,421	4.0
Mirada	5	—	KCOM	3,772	1.5
	23,512	9.1	TalkTalk Telecom	3,555	1.4
Financials			Utilities		
Provident Financial	6,178	2.4	SSE	5,072	2.0
Beazley	5,741	2.2	Drax	4,888	1.9
Amlin	5,404	2.1	Centrica	3,513	1.3
Legal & General	5,139	2.0	Barclays Bank – <i>Nuclear Power Notes 28 Feb 2019⁽¹⁾</i>	208	0.1
Hiscox	4,719	1.8		13,681	5.3
A J Bell – <i>Unquoted</i>	3,750	1.5		258,564	100.0
Shaftesbury	3,741	1.4	Total Investments		
NewRiver Retail	3,709	1.4			
London Stock Exchange	3,487	1.3			
Workspace	3,336	1.3			
Lancashire	3,302	1.3			
Macau Property Opportunities Fund	2,621	1.0			
Derwent London	2,335	0.9			
Nimrod Sea Assets	2,130	0.8			
IP Group	2,069	0.8			
Imperial Innovations	2,022	0.8			
CLS	1,567	0.6			
Doric Nimrod Air Two – <i>Preference Shares</i>	1,469	0.6			
Doric Nimrod Air Three – <i>Preference Shares</i>	1,448	0.6			
Sherborne Investors Guernsey B – <i>A Shares</i>	1,386	0.5			
Damille Investments II	1,174	0.5			
Altus Resource Capital	249	0.1			
Acquisition 1234 – <i>Unquoted</i>	2	—			
	66,978	25.9			

(1) Contingent Value Rights (CVR) referred to as Nuclear Power Notes (NPN) were offered by EDF as a partial alternative to cash in its bid for British Energy (BE). The NPNs were issued by Barclays Bank. The CVRs participate in BE's existing business.

CONDENSED INCOME STATEMENT

NOTE	SIX MONTHS TO 31 MARCH 2014			SIX MONTHS TO 31 MARCH 2013			YEAR ENDED 30 SEPTEMBER 2013	
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000	TOTAL £'000	
Gains on investments	—	19,278	19,278	—	35,273	35,273	49,016	
Foreign exchange (losses)/gains	2	—	(9)	—	(30)	(30)	(4)	
Income:								
UK dividends – ordinary	2,922	—	2,922	3,007	—	3,007	6,707	
– special	471	280	751	—	—	—	765	
Overseas dividends – ordinary	965	—	965	1,338	—	1,338	1,521	
– special	351	—	351	—	—	—	189	
Scrip dividends	25	—	25	6	—	6	34	
Deposit interest	7	—	7	1	—	1	2	
Investment management and performance-related fees	3	(231)	(1,316)	(188)	(868)	(1,056)	(2,577)	
Other expenses	(171)	—	(171)	(159)	—	(159)	(333)	
Net return before finance costs and taxation	4,339	18,233	22,572	4,005	34,375	38,380	55,320	
Finance costs								
Interest payable	(274)	(822)	(1,096)	(274)	(822)	(1,096)	(2,191)	
Debenture stock buy back	—	—	—	—	(6)	(6)	(6)	
Distributions in respect of non-equity shares	(6)	—	(6)	(6)	—	(6)	(12)	
Return on ordinary activities before taxation	4,059	17,411	21,470	3,725	33,547	37,272	53,111	
Tax on ordinary activities	4	(122)	(122)	(149)	—	(149)	(192)	
Net return on ordinary activities after tax	3,937	17,411	21,348	3,576	33,547	37,123	52,919	
Return per ordinary share								
Basic	5	29.1p	128.8p	157.9p	26.6p	249.6p	276.2p	393.1p

The total column of this statement represents the Company's profit and loss account prepared in accordance with UK Accounting Standards. 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 and therefore no statement of total recognised gains or losses is presented. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 538179

	NOTE	AT 31 MARCH 2014 £'000	AT 31 MARCH 2013 £'000	AT 30 SEPTEMBER 2013 £'000
Fixed assets				
Investments held at fair value through profit or loss		258,564	233,967	254,279
Current assets				
Amounts due from brokers		214	1,545	774
Unrealised profit on forward currency contracts	2	—	—	1
Prepayments and accrued income		1,358	1,263	606
Overseas withholding tax recoverable		356	332	172
Cash and cash funds		20,842	13,472	9,809
		22,770	16,612	11,362
Creditors: amounts falling due within one year				
Amounts due to brokers		—	(367)	(5)
Accruals and deferred income		(1,253)	(1,168)	(1,265)
Performance-related fee		—	—	(1,002)
		(1,253)	(1,535)	(2,272)
Net current assets		21,517	15,077	9,090
Total assets less current liabilities		280,081	249,044	263,369
Creditors: amounts falling due after more than one year				
Debenture stock	6	(31,652)	(31,626)	(31,639)
Cumulative preference shares		(250)	(250)	(250)
Provision	3	(623)	(349)	—
Net assets		247,556	216,819	231,480
Capital and reserves				
Called up share capital		6,760	6,722	6,760
Share premium		3,449	2,214	3,449
Capital redemption reserve		466	466	466
Capital reserve		228,490	199,435	211,079
Revenue reserve		8,391	7,982	9,726
Shareholders' funds		247,556	216,819	231,480
Net asset value per share				
Basic	7	1831.2p	1612.8p	1712.3p

CONDENSED CASH FLOW STATEMENT

	SIX MONTHS TO 31 MARCH 2014 £'000	SIX MONTHS TO 31 MARCH 2013 £'000	YEAR TO 30 SEPTEMBER 2013 £'000
Total return before finance costs and taxation	22,572	38,380	55,320
Adjustment for gains on investments and certificates of deposit	(19,278)	(35,273)	(49,016)
Cash outflow from forward currency contracts	—	(3)	(4)
Scrip dividends	(25)	(16)	(34)
(Increase)/decrease in debtors	(937)	(740)	77
(Decrease)/increase in creditors and provisions	(390)	40	791
Tax on overseas dividends	(122)	(149)	(192)
Cash inflow from operating activities	1,820	2,239	6,942
Servicing of finance	(1,089)	(1,090)	(2,179)
Capital expenditure and financial investment			
Purchases of investments	(35,835)	(25,979)	(48,638)
Proceeds from sale of investments	51,409	25,512	42,029
Net equity dividends paid – note 9	(5,272)	(4,100)	(6,508)
Net cash inflow/(outflow) before management of liquid resources and financing	11,033	(3,418)	(8,354)
Management of liquid resources	(5,700)	1,670	5,720
Financing			
Buy back of debenture stock	—	(37)	(37)
Net proceeds from shares issued	—	993	2,266
Decrease in cash in the period	5,333	(792)	(405)
Cashflow from movement in liquid resources	5,700	(1,670)	(5,720)
Debenture stock non-cash movement	(13)	(12)	(26)
Reduction in debenture stock	—	31	32
Movement in net debt in the period	11,020	(2,443)	(6,119)
Net debt at beginning of period	(22,080)	(15,961)	(15,961)
Net debt at period end	(11,060)	(18,404)	(22,080)
Analysis of changes in net debt			
Brought forward:			
Cash and cash funds	9,809	15,934	15,934
Debenture stock	(31,639)	(31,645)	(31,645)
Cumulative preference shares	(250)	(250)	(250)
Net debt brought forward	(22,080)	(15,961)	(15,961)
Movements in the period:			
Cash inflow/(outflow) from cash funds and short term deposits	11,033	(2,462)	(6,125)
Reduction in debenture stock liability	—	31	32
Debenture stock non-cash movement	(13)	(12)	(26)
Net debt at period end	(11,060)	(18,404)	(22,080)

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
For the six months ended 31 March 2014						
At 30 September 2013	6,760	3,449	466	211,079	9,726	231,480
Dividends paid – note 9	—	—	—	—	(5,272)	(5,272)
Net return on ordinary activities	—	—	—	17,411	3,937	21,348
At 31 March 2014	6,760	3,449	466	228,490	8,391	247,556
For the six months ended 31 March 2013						
At 30 September 2012	6,685	1,258	466	165,888	8,506	182,803
Dividends paid – note 9	—	—	—	—	(4,100)	(4,100)
Issue of ordinary shares – note 8	37	956	—	—	—	993
Net return on ordinary activities	—	—	—	33,547	3,576	37,123
At 31 March 2013	6,722	2,214	466	199,435	7,982	216,819
For the year ended 30 September 2013						
At 30 September 2012	6,685	1,258	466	165,888	8,506	182,803
Dividends paid – note 9	—	—	—	—	(6,508)	(6,508)
Issue of ordinary shares	75	2,191	—	—	—	2,266
Net return on ordinary activities	—	—	—	45,191	7,728	52,919
At 30 September 2013	6,760	3,449	466	211,079	9,726	231,480

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting Policies

The condensed financial statements have been prepared using the same accounting policies as those adopted in the annual financial report for the year ended 30 September 2013.

2. Forward Currency Contracts

The equity portfolio includes £32,278,000 (31 March 2013: £35,096,000; 30 September 2013: £35,123,000) of equities denominated in currencies other than pounds sterling. In order to manage the currency risk, the Manager may hedge part of the currency exposure into sterling through the use of forward foreign exchange contracts. If used, foreign exchange contracts are designated as fair value hedges through profit or loss. At the period end no forward foreign exchange contracts were held.

3. Base Management Fee, Finance Costs and Performance-related Fee

The base management fee and finance costs are allocated 75% to capital and 25% to revenue. The base management fee rate is 0.2% of the ten day average mid-market capital of the Company at each quarter end date.

Up to 31 December 2012, a performance-related fee was due after the end of the calendar year if the Company's annualised total return over the previous three years was greater than the annualised return of the FTSE All-Share (Total Return) Index over the same period, plus 2%. For the accounting year to 30 September 2013, the period element of the performance-related fee was revised so that current and future performance-related fee calculation periods are coterminous with the Company's September year end, starting with that year end.

	SIX MONTHS TO 31 MAR 2014 £'000	SIX MONTHS TO 31 MAR 2013 £'000	YEAR TO 30 SEPT 2013 £'000
Provision brought forward	—	322	322
Paid in period	—	(277)	(277)
Charge for the period/ (reversal of provision)	623	304	(45)
Provision carried forward	623	349	—

4. Tax

The tax effect of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period.

5. Basis of Returns

	SIX MONTHS TO 31 MAR 2014	SIX MONTHS TO 31 MAR 2013	YEAR TO 30 SEPT 2013
Returns after tax:			
Revenue	£3,937,000	£3,576,000	£7,728,000
Capital	£17,411,000	£33,547,000	£45,191,000
Total	£21,348,000	£37,123,000	£52,919,000
Weighted average number of ordinary shares in issue during the period	13,518,799	13,441,739	13,458,388

6. Debenture Stock

The Company's structured debt at the period end is as follows:

	31 MAR 2014 £'000	31 MAR 2013 £'000	30 SEPT 2013 £'000
7.75% debenture stock 2020	7,000	7,000	7,000
6.5% debenture stock 2023	24,968	24,968	24,968
Total	31,968	31,968	31,968
Discount and issue expenses on debenture stock	(316)	(342)	(329)
	31,652	31,626	31,639

7. Basis of Net Asset Value per Ordinary Share

	AT 31 MAR 2014	AT 31 MAR 2013	AT 30 SEPT 2013
Shareholders' funds	£247,556,000	£216,819,000	£231,480,000
Ordinary shares in issue at period end	13,518,799	13,443,799	13,518,799

8. Movements in Called up Share Capital

	SIX MONTHS TO 31 MAR 2014 £'000	SIX MONTHS TO 31 MAR 2013 £'000	YEAR TO 30 SEPT 2013 £'000
Number of ordinary 50p shares:			
Brought forward	13,518,799	13,368,799	13,368,799
Issued in period	—	75,000	150,000
In issue at period end	13,518,799	13,443,799	13,518,799

9. Dividends Paid

	SIX MONTHS TO 31 MAR 2014 £'000	SIX MONTHS TO 31 MAR 2013 £'000	YEAR TO 30 SEPT 2013 £'000
Second interim 32p (2013: 30.5p)	4,326	4,100	4,100
Special dividend 7p	946	—	—
First interim 18p	—	—	2,420
Return of unclaimed dividends from previous years	—	—	(12)
Total paid	5,272	4,100	6,508

The Company pays two interims a year, the second interim being in lieu of a final dividend. The first interim dividend of 18p will be paid on 27 June 2014 to shareholders on the register on 30 May 2014.

10. 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 within the meaning of section 1159 of the Corporation Tax Act 2010.

11. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly financial report, which has not been reviewed or audited by the independent auditors, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half-years ended 31 March 2013 and 31 March 2014 has not been audited. The figures and financial information for the year ended 30 September 2013 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include the Report of the Independent 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

15 May 2014

DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION

Directors

Beatrice Hollond (Chairman)
Ian Armfield
William Kendall
Peter Readman
John Wood

Manager and Company Secretary

Invesco Asset Management Limited

Correspondence address:

6th Floor
125 London Wall
London EC2Y 5AS

☎ 020 3753 1000

Company Secretarial contact: Paul Griggs and Nira Mistry

Registered Office

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

Registered in England and Wales No. 538179

Invesco Perpetual Investor Services

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

☎ 0800 085 8677

🌐 www.invescoperpetual.co.uk/investmenttrusts

Savings Scheme and ISA Administrators

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

Invesco Perpetual
P.O. Box 11150
Chelmsford
CM99 2DL

☎ 0800 085 8677

Manager's Website

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

The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated into, nor do they form part of, this half-yearly report.

Registrars

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

If you hold your shares direct and not through a savings scheme or ISA and have queries relating to your shareholding you should contact the Registrars' call centre on: ☎ 0871 664 0300. From outside the UK: +44 20 8639 3399.

Calls cost 10p per minute plus network charges. Lines are open Monday to Friday 9am to 5.30pm (excluding Bank Holidays).

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

The registrars provide an online and telephone share dealing service for existing shareholders who are not seeking advice on buying or selling. This service is available at: 🌐 www.capitadeal.com or ☎ 0871 664 0454. From outside the UK: +44 20 3367 2699.

Calls cost up to 10p per minute plus network charges. Lines are open Monday to Friday 9am to 4.30pm (excluding Bank Holidays).

FINANCIAL CALENDAR 2014

Announcements

Half-yearly Financial Report	May
Annual Financial Report	November
Interim Management Statements	January and July

Ordinary Share Dividends

First interim	June
Second interim	December

Annual General Meeting

January 2015

Year end

30 September



Invesco Asset Management Limited
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Invesco Asset Management Limited is a wholly owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Conduct Authority

Invesco Perpetual is a business name of Invesco Asset Management Limited

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