The Edinburgh Investment Trust plc

Half-Yearly Financial Report

Six Months to 30 September 2015

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If you have any queries about The Edinburgh Investment Trust plc or any of the other specialist funds managed by Invesco Perpetual, please contact the Invesco Perpetual Client Services Team on:

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Front Cover: Obsidian, volcanic, extrusive igneous rocks fracture in a distinctive way.

The Company is a member of

aic
The Association of Investment Companies

FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

The Edinburgh Investment Trust plc (the 'Company') is a UK investment trust listed on the London Stock Exchange.

Investment Objective of the Company

The Company invests primarily in UK securities with the long term objective of achieving:

1. an increase of the Net Asset Value per share by more than the growth in the FTSE All-Share Index; and
2. growth in dividends per share by more than the rate of UK inflation.

Performance Statistics

FOR THE SIX MONTHS TO 30 SEPTEMBER	2015 % CHANGE
Total Return (capital growth with income reinvested)	
Net asset value (NAV) total return[1]	
– debt at par	+0.9
– debt at market value	+1.1
Share price total return[1]	+6.6
FTSE All-Share Index total return[1]	–7.2

	AT 30 SEPTEMBER 2015	AT 31 MARCH 2015	% CHANGE
Capital Return			
NAV			
– debt at par	696.37p	704.23p	–1.1
– debt at market value	680.10p	686.07p	–0.9
Share price[1]	691.50p	662.00p	+4.5
FTSE All-Share Index[1]	3335.92	3663.58	–8.9
Discount/(premium):			
– debt at par	0.7%	6.0%	
– debt at market value	(1.7)%	3.5%	
Gearing (at par):			
– gross gearing[2]	14.2%	10.9%	
– net gearing[3]	14.1%	10.9%	
Annual change in Retail Price Index[1]	0.8%	0.9%	

FOR THE SIX MONTHS TO 30 SEPTEMBER	2015	2014	% CHANGE
Revenue Return			
Revenue return per share	13.9p	12.8p	+8.6
First interim dividend[4]	5.2p	5.0p	+4.0

Notes: 1. Source: Thomson Reuters Datastream.
2. Gross gearing: borrowings (at par) ÷ shareholders' funds.
3. Net gearing: borrowings (at par) less cash and cash equivalents ÷ shareholders' funds.
4. Dividends declared in respect of the financial year.

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

Dear Shareholder,

It has been a challenging six-month period for equity investing which has seen the market, as represented by the FTSE All-Share Index, falling 7.2% (on a total return basis). Against this backdrop, the Company's portfolio manager, Mark Barnett, has continued to perform well, in both capital and income terms, as can be seen in the figures quoted below.

This has been a market for stock pickers who are not afraid to be judged on their convictions and, in Mark, we have such a manager. It has been a period to benefit from what the portfolio does not hold (low or zero weight commodities, oil, banks) as much as from what it does (tobacco, pharmaceutical, real estate, non-life insurers) and to treat the index, per se, as where risk lies. Mark's emphasis has always been to avoid loss whenever possible, to invest in companies with solid balance sheets and to seek out companies whose management share his vision that the payment of sustainable and growing dividends is a key principle of corporate strategy.

Identifying such companies has not become any easier which is one of the reasons for relatively low portfolio turnover as Mark remains invested in his favoured sectors and stocks. With low inflation and low nominal GDP growth also to contend with, it is a time when proceeding with caution is a prudent approach.

Dividend income remains strong and the Company's revenue reserve remains healthy; the Board continues to recognise the importance of a growing dividend stream to shareholders, especially during this prolonged period of ultra-low deposit rates.

Performance

The Company produced a positive net asset value (NAV) total return for the six months to 30 September 2015 of 0.9% (debt at par) and 1.1% (debt at market), which compares favourably with a fall of 7.2% by the FTSE All-Share Index, the Company's benchmark. The share price total return (share price with dividends reinvested) for the period was 6.6%, with the Company's share price ending the period at 691.5p, an increase of 4.5% from the year end share price of 662.0p.

The demand for shares in the market resulted in the discount (with debt at par) of the Company decreasing markedly over the period, narrowing from 6% at the 2015 year end to 0.7% on 30th September 2015. With debt at market value the shares at this time were trading at a premium of 1.7% (31 March 2015: discount 3.5%). At 13 November 2015, the latest practical date prior to signing this report, the share price of 683p was at a 1.0% discount to the NAV (at market value) of 690.2p and a 3.2% discount to the NAV (debt at par) of 705.3p.

The portfolio continues to be concentrated in a relatively small number of sectors and its overweight or underweight positions in various sectors can be material drivers of the Company's relative investment performance.

Borrowings and Gearing

The Company has in place a mixture of fixed and floating rate debt. The former is the Company's £100 million 7¾% debenture and the latter its 364 day credit facility. By this means Mark has the ability to vary the gearing level of the portfolio depending on his view of the market. This flexibility to vary the gearing level has been used in the period under review with borrowings varying from a low of £124 million to £193 million at the period end i.e. gross gearing of 14.2% (NAV with debt at par).

The Board, together with the portfolio manager, reviewed the Company's maximum level of flexible debt. Following this review, the 364 day credit facility was increased from £100 million to £150 million in September 2015. There is no intention to change the overall approach to gearing, and this facility gives Mark flexibility to manage actively the gearing level of the portfolio whilst ensuring gearing remains within the Company's shareholder approved overall limit of 25% of net assets. To illustrate this, if the full £250 million was used, gross gearing would be less than 20% at the current NAV level.

Dividend

The balance of dividends between interim and final has widened over the years so that the final dividend had become significantly larger than the interim dividends. The Board began an exercise to gradually rebalance this last year, whilst simultaneously maintaining the final dividend, with the first three interim dividends being 5p, 5.1p and 5.15p respectively. This rebalancing continues this year, with the Board declaring a first interim dividend of 5.2p which will be paid on 30 November 2015 to shareholders on the register on 20 November 2015. Shares will be quoted ex-dividend on 19 November 2015.

I would like to highlight to shareholders that the Board recognises the importance of the Company's objective to grow dividends by more than the rate of UK inflation over the long term, and also appreciates the importance of a good, regular, income stream to shareholders.

Outlook

The immediate outlook for the UK economy has not greatly changed from the beginning of the Company's year; as you will read in the portfolio manager's report, Mark Barnett believes equity markets will be relatively subdued. There's always the next "problem" for the market to worry about and on the horizon are potentially the UK's exit from the European Union – BREXIT (of more concern than GREXIT) – and whether there will be another vote on Scottish independence, either before or after the in/out Europe referendum. Meanwhile, interest rates will rise but in a relatively low growth, near-zero inflation world, no-one believes they will rise far or fast. Against such a market environment, Mark's investment approach is unchanged, continuing to favour value-driven stock selection, the growth of dividends (however, flagging that this rate of growth is projected to fall) and the avoidance of stocks and sectors that will find it hard to grow under such circumstances.

Jim Pettigrew
Chairman

16 November 2015

MANAGER'S REPORT

Market Review

The six month period under review saw the UK stock market, as measured by the FTSE All-Share Index (the Company's benchmark), fall by 7.2% (total return). However, this return masked significant disparity of performance at the individual stock level, which enabled many active managers to perform well relative to the Index. In addition, small and medium sized companies performed substantially better, in aggregate, than large caps – owing to a higher proportion of domestically focused companies in the former and the significant weighting towards resource industries in the latter. This was exemplified in the returns from the FTSE Small Cap (ex Investment Companies) and FTSE 250 indices which returned +3.7% and –0.8% respectively, versus the FTSE 100 Index, which fell by 8.7% (total return).

The start of the period saw the FTSE All-Share Index move to an all-time high fuelled by the introduction of quantitative easing in the Eurozone, further stimulus from Japan, and a buoyant domestic economy. The UK General Election result boosted sentiment in May although the market's rally proved short-lived as concerns over the global economic outlook became more influential and dominated the movements in the markets over the summer months. The specific areas of concern were the interplay between a slowing Chinese economy and the future direction of US monetary policy, which has remained unchanged since 2008.

Portfolio Strategy and Review

The Company's net asset value, including reinvested dividends, rose by 0.9% (debt at par) and 1.1% (debt at market value) during the period under review, compared with a fall of 7.2% (total return) by the FTSE All-Share Index. Net gearing increased during the period under review to 14.1%, enhancing returns, amid falls in the broader UK market.

The key contributors to the Company's outperformance were tobacco companies, in particular the holdings in Reynolds American and Imperial Tobacco. During the period under review, Reynolds American saw its share price rise by over 25% (£; total return) after the company's proposed acquisition of US tobacco company Lorillard met with final approval from the US Federal Trade Commission. This saw Reynolds acquire Newport, a dominant menthol cigarette brand in the US, which strengthens its market position there. Meanwhile, Imperial Tobacco, as part of the deal, acquired some US brands from Reynolds (including premium brand Winston) as well as Lorillard's US based salesforce. Dividend growth and profit margins remain healthy across the tobacco majors, in spite of the continuing volume decline in global cigarette sales, as product innovation, tobacco quality improvements and cost rationalisation have helped to enhance pricing power in many territories.

Also contributing strongly to performance were some of our investments in the financial services sector. The Company's holding in Amlin, a Lloyds insurance market investment vehicle, received a takeover approach from Japanese company Mitsui towards the period end, resulting in a significant uplift to its share price. We were fully supportive of this acquisition proposal as the price paid reflected a full valuation for the business. The share prices of Beazley and Hiscox, also in the non-life insurance sector, both rose during the period on the back of positive half-year results, and amid growing takeover speculation.

Another strong contributor to performance from within the other financials sector was Provident Financial. A long-term holding in the portfolio, Provident Financial specialises in the non-standard lending market and has two main lending divisions – Vanquis, a non-standard credit card business, and CCD, its consumer credit division, primarily made up of the home collected credit business. The latter has improved profitability in recent years, by being more stringent on credit quality and through technology-derived efficiency gains. The company has expanded into complementary areas of credit, both organically through the creation of Satsuma Loans, its online short-term loan business, and by acquisition, with the purchase of Moneybarn, a company specialising in car finance. Provident Financial has been quick to adapt its business model to advances in technology and changes in customer borrowing habits. Profit margins are high and stable, while default rates remain low and within the management team's expected range.

The portfolio continues to have no exposure to banks or mining companies, mainly because of the uncertainty on the future direction of dividends as a result of regulatory restrictions in the case of banks, and uncertainty over future commodity prices in the case of mining companies. It was in part having no exposure to these sectors that helped drive the Company's outperformance of its benchmark during the period under review.

Among the detractors to performance over the period were Rolls-Royce, BP and Drax. Rolls-Royce continued to disappoint in share price performance terms. The appointment of Warren East as chief executive in July saw him make a further downward revision of the expected full-year pre-tax profits and cancel the share buyback. Headwinds for its marine business, a slowing production line for the Airbus A330 and lower-than-expected demand for engines to power business jets have weighed on the company's share price. However, East was keen to emphasise his belief in the long term prospects for the business as a whole, citing "exceptional technology and outstanding long-term prospects".

A decline in global energy prices was in part responsible for falls in the share prices of BP and Drax. BP announced an increased dividend with its second quarter results and gave further details around the substantial restructuring agenda and opportunities within the business, with chief executive, Bob Dudley, predicting that oil prices would stay 'lower for longer'. The continued fall in wholesale electricity prices weighed on Drax and its share price declined further on news in the Chancellor's summer budget statement that the UK government would cut its renewable energy tax break by removing an exemption that hitherto had allowed companies including Drax to pay a lower rate of tax.

In terms of portfolio activity during the period, the holding in GlaxoSmithKline was sold while exposure to Rolls-Royce was reduced. New investments were made in easyJet, BCA Marketplace, VPC Specialty Lending and Zegona Communications.

Outlook

The near term outlook for the UK stock market appears subdued. A number of important external factors have converged over the last few months to mean that it is unlikely that we will witness a repeat of the benign conditions in the equity market seen over the last few years.

The market performance is challenged first by the fact that the 5 year returns of the FTSE All-Share Index have been very positive set against a longer term context. Second, the valuation of the market no longer represents a cheap asset class – the strong re-rating of equities in recent years has run its course. Third, the underlying level of earnings growth in the market remains too weak to justify further increases in the level of the index. Fourth, the declining growth rate of the Chinese economy has revealed the full extent of the forces of disinflation and how widespread their impact is around the world. This will clearly have an effect on the ability of companies to increase prices, the willingness of companies to invest in new capacity, and ultimately the capacity for economies to grow sustainably into the future.

These factors have combined to make the UK stock market a more volatile place to invest. However, this is also an environment which favours active portfolio management. In the near term the outlook may indeed be more challenging as profit warnings and dividend cuts become a recurring feature of the landscape. The successful manager will need to tread carefully in this environment in order to avoid these pitfalls. This is a time to be highly selective in portfolio construction – the onus rests even more on prudence and capital preservation. Overall, returns from the markets are likely to be more modest in the foreseeable future, and income is likely to make up a higher proportion of total return that in the recent past. The portfolio is well positioned for this environment.

Mark Barnett
Portfolio Manager
16 November 2015

Total Returns to 30 September 2015

	6 MONTHS	1 YEAR	2 YEARS	3 YEARS	5 YEARS	10 YEARS
NAV (debt at par) (%)	0.9	11.9	26.5	54.4	97.5	127.4
NAV (debt at market value) (%)	1.1	12.3	27.9	59.9	109.5	141.5
Share Price (%)	6.6	18.0	24.3	50.3	105.2	188.6
FTSE All-Share Index (%)	–7.2	–2.3	3.7	23.3	38.2	72.3

Source: Thomson Reuters Datastream.

Principal Risks and Uncertainties

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

- Market Risk – a fall in the stock market as a whole will affect the performance of the portfolio, as well as the performance of individual portfolio investments; it also includes interest rate and currency risks;
- Investment Performance Risk – this is the stock specific risk that the stock selection process may not achieve the Company's published objectives;
- Gearing and Borrowing Risk – in addition to the debenture in issue, the Company may also borrow money for investment purposes. If the investments fall in value, the gearing will have an adverse impact on performance. If borrowing facilities could not be renewed, the Company might have to sell investments to repay any borrowings it has;
- Income/Dividend Risk – investment income may fail to reach the level required to meet the Company's income objective;
- Share Price Risk – the Company's prospects and NAV may not be fully reflected in the share price;
- Control System Risk – the Board relies on the effectiveness of the Manager's control systems which include control activities in fund management operations, financial controls, meeting regulatory requirements and managing relations with third parties;
- Reliance on Manager and other Third Party Providers Risk – the Company has no employees, so is reliant upon the performance of third party service providers for it to function, particularly the Manager, custodian and registrar; and
- Other Risks – the Company may be affected by other risks such as business, strategic and political risks, as well as regulatory risks (such as an adverse change in the tax treatment of investment companies) and the perceived impact of the designated Investment Manager ceasing to be involved with the Company.

A detailed explanation of these principal risks and uncertainties can be found on pages 9 to 12 of the 2015 annual financial report, which is available on the Company's section of the Manager's website at *www.invescoperpetual.co.uk/edinburgh*.

In the view of the Board, these principal risks and uncertainties are substantially unchanged from the previous year end and are as much applicable to the remaining six months of the financial year, as they were to the six months under review. The risk associated with failure of the custodian is mitigated by the appointment of a depositary. The depositary is ultimately responsible for safekeeping of the Company's custodial assets and is strictly liable for the recovery of these in the event of loss.

As highlighted in the annual financial report, the Manager's style may result in a concentrated portfolio. In addition, the Manager manages other portfolios holding many of the same stocks as the Company which reflects the Manager's high conviction style of investment management. This could potentially increase liquidity risk under certain scenarios and market conditions.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months after the date of approval of these half year financial statements. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments, and the ability of the Company to meet all its liabilities and ongoing expenses from its assets and revenue.

Related Party Transactions

Under United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified the Directors as related parties. No other related parties have been identified during the period. No transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

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 has been prepared in accordance with the FRS 104 *Interim Financial Reporting*; and
- the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (DTR):
  (a) DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors.

Gordon McQueen
Audit Committee Chairman

16 November 2015

INVESTMENTS IN ORDER OF VALUATION

AT 30 SEPTEMBER 2015

UK listed and ordinary shares unless stated otherwise.

AIM *Investments quoted on AIM.*

INVESTMENT	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Reynolds American – *US common stock*	Tobacco	95,885	6.2
Imperial Tobacco	Tobacco	78,379	5.0
British American Tobacco	Tobacco	76,627	4.9
BT Group	Fixed Line Telecommunications	64,620	4.2
AstraZeneca	Pharmaceuticals & Biotechnology	62,565	4.0
BAE Systems	Aerospace & Defence	54,967	3.5
Roche – *Swiss common stock*	Pharmaceuticals & Biotechnology	54,618	3.5
BP	Oil & Gas Producers	49,033	3.2
Provident Financial	Financial Services	48,562	3.1
Altria – *US common stock*	Tobacco	45,430	2.9
Ten Top Holdings		**630,686**	**40.5**
Capita	Support Services	43,439	2.8
SSE	Electricity	36,871	2.4
London Stock Exchange	Financial Services	36,337	2.3
Legal & General	Life Insurance	35,413	2.3
Amlin	Non-life Insurance	34,564	2.2
RELX (formerly Reed Elsevier)	Media	34,157	2.2
Hiscox	Non-life Insurance	33,742	2.2
Compass	Travel & Leisure	32,531	2.1
BTG	Pharmaceuticals & Biotechnology	31,623	2.0
Derwent London	Real Estate Investment Trusts	30,944	2.0
Twenty Top Holdings		**980,307**	**63.0**
Babcock International	Support Services	30,259	1.9
NewRiver Retail AIM	Real Estate Investment Trusts	29,642	1.9
Shaftesbury	Real Estate Investment Trusts	28,573	1.8
Centrica	Gas, Water & Multiutilities	27,206	1.7
Smith & Nephew	Health Care Equipment & Services	26,123	1.7
Reckitt Benckiser	Household Goods & Home Construction	25,684	1.7
G4S	Support Services	23,905	1.5
Novartis – *Swiss common stock*	Pharmaceuticals & Biotechnology	23,342	1.5
Beazley	Non-life Insurance	22,728	1.5
Rentokil Initial	Support Services	21,301	1.4
Thirty Top Holdings		**1,239,070**	**79.6**

INVESTMENT	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Lancashire	Non-life Insurance	20,392	1.3
easyJet	Travel & Leisure	20,391	1.3
Thomas Cook	Travel & Leisure	20,198	1.3
Rolls-Royce	Aerospace & Defence	19,454	1.3
GAME Digital	General Retailers	18,808	1.2
P2P Global Investments	Investment Instruments	16,843	1.1
IP Group	Financial Services	16,742	1.1
CLS	Real Estate Investment & Services	16,689	1.1
Circassia Pharmaceuticals	Pharmaceuticals & Biotechnology	15,821	1.0
TalkTalk Telecom	Fixed Line Telecommunications	14,562	0.9
Forty Top Holdings		**1,418,970**	**91.2**
Zegona Communications[AIM]	Investment Instruments	14,425	0.9
Drax	Electricity	14,035	0.9
HomeServe	Support Services	13,728	0.9
KCOM	Fixed Line Telecommunications	13,206	0.9
Workspace	Real Estate Investment Trusts	12,994	0.8
Vectura	Pharmaceuticals & Biotechnology	12,583	0.8
BCA Marketplace	Financial Services	11,656	0.7
N Brown	General Retailers	10,716	0.7
Redde[AIM]	Financial Services	8,029	0.5
VPC Specialty Lending Investments – *C Shares*	Financial Services	7,700	0.5
Fifty Top Holdings		**1,538,042**	**98.8**
Burford Capital[AIM]	Investment Instruments	7,293	0.5
Raven Russia – *Ordinary*	Real Estate Investment & Services	5,472	
– *Preference*		3,584	
		9,056	0.6
Barclays Bank – *Nuclear Power Notes 28 Feb 2019*	Investment Instruments	1,455	0.1
Eurovestech – *Unquoted*	Financial Services	421	—
Proximagen – *Rights 12 Sept 2017 – Unquoted*	Pharmaceuticals & Biotechnology	173	—
Total Holdings (55)		**1,556,440**	**100.0**

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2015 (UNAUDITED) REVENUE £'000	CAPITAL £'000	TOTAL £'000
Losses on investments	—	(10,081)	(10,081)
Foreign exchange losses	—	(28)	(28)
Income – note 2	30,317	—	30,317
	30,317	(10,109)	20,208
Investment management fee – note 3	(1,099)	(2,565)	(3,664)
Other expenses	(424)	(1)	(425)
Net return before finance costs and taxation	28,794	(12,675)	16,119
Finance costs – note 3	(1,315)	(3,068)	(4,383)
Return on ordinary activities before taxation	27,479	(15,743)	11,736
Tax on ordinary activities – note 4	(360)	—	(360)
Return on ordinary activities after taxation for the financial period	27,119	(15,743)	11,376
Return per ordinary share – basic	13.9p	(8.1)p	5.8p
Number of ordinary shares in issue			195,116,734

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 therefore no statement of recognised gains or losses is presented. No operations were acquired or discontinued in the period.

	SIX MONTHS TO 30 SEPTEMBER 2014 (UNAUDITED) REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains on investments	—	38,713	38,713
Foreign exchange losses	—	(14)	(14)
Income – note 2	29,150	—	29,150
	29,150	38,699	67,849
Investment management fee – note 3	(979)	(2,284)	(3,263)
Other expenses	(434)	—	(434)
Net return before finance costs and taxation	27,737	36,415	64,152
Finance costs – note 3	(2,176)	(5,076)	(7,252)
Return on ordinary activities before taxation	25,561	31,339	56,900
Tax on ordinary activities – note 4	(502)	—	(502)
Return on ordinary activities after taxation for the financial period	25,059	31,339	56,398
Return per ordinary share – basic	12.8p	16.1p	28.9p
Number of ordinary shares in issue			195,116,734

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 30 SEPTEMBER 2015 (UNAUDITED)						
At 31 March 2015	48,779	6,639	24,676	1,232,291	63,566	1,375,951
Dividends paid – note 5	—	—	—	—	(26,829)	(26,829)
Net return on ordinary activities	—	—	—	(15,743)	27,119	11,376
At 30 September 2015	48,779	6,639	24,676	1,216,548	63,856	1,360,498
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED)						
At 31 March 2014	48,779	6,639	24,676	1,086,473	61,244	1,227,811
Dividends paid – note 5	—	—	—	—	(26,341)	(26,341)
Net return on ordinary activities	—	—	—	31,339	25,059	56,398
At 30 September 2014	48,779	6,639	24,676	1,117,812	59,962	1,257,868

CONDENSED BALANCE SHEET

Registered number SC1836

	AT 30 SEPTEMBER 2015 (UNAUDITED) £'000	AT 31 MARCH 2015 (AUDITED) £'000
Fixed assets		
Investments at fair value through profit or loss	1,556,440	1,512,631
Current assets		
Amounts due from brokers	1	3,548
Prepayments and accrued income	2,430	7,398
Tax recoverable	1,293	1,482
Cash and cash equivalents	1,883	100
	5,607	12,528
Creditors: amounts falling due within one year		
Bank facility	(93,200)	(50,000)
Bank overdraft	—	(230)
Amounts due to brokers	(9,268)	—
Accruals	(838)	(861)
	(103,306)	(51,091)
Net current liabilities	(97,699)	(38,563)
Total assets less current liabilities	1,458,741	1,474,068
Creditors: amounts falling due after more than one year		
7¾% Debenture Stock 30 Sep 2022	(98,243)	(98,117)
Net assets	1,360,498	1,375,951
Capital and reserves		
Share capital	48,779	48,779
Share premium	6,639	6,639
Capital redemption reserve	24,676	24,676
Capital reserve	1,216,548	1,232,291
Revenue reserve	63,856	63,566
Shareholders' funds	1,360,498	1,375,951
Net asset value per ordinary share		
Basic – note 6	696.37p	704.23p

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) and with the Statement of Recommended Practice *Financial Statements of Investment Trust Companies and Venture Capital Trusts*, issued by the Association of Investment Companies in November 2014. Accordingly, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* applies for the year ending 31 March 2016 and these financial statements. In addition, FRS 104 *Interim Financial Reporting*, issued by the Financial Reporting Council in March 2015 has been applied for the first time. The financial statements are issued on a going concern basis.

As a result of the first time adoption of FRS 102 and the revised SORP, comparative figures and presentation have been revised where required. The net return attributable to ordinary shareholders and shareholders' funds remain unchanged. As an investment fund the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all investments are highly liquid and are carried at market value, and where a statement of changes in equity is provided.

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 31 March 2015, with the following revision:

> Cash and cash equivalents may comprise cash (including short term deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value) as well as cash equivalents, including money market funds. Investments are regarded as cash equivalents if they meet all of the following criteria: highly liquid investments held in the Company's base currency that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond.

No other accounting policies have changed as a result of the application of FRS 102 and the revised SORP.

2. Income

	SIX MONTHS TO 30 SEPT 2015 (UNAUDITED) £'000	SIX MONTHS TO 30 SEPT 2014 (UNAUDITED) £'000
Income from listed investments		
UK dividends – ordinary	22,398	22,478
– special	3,175	1,700
Overseas dividends – ordinary	3,188	4,420
– special	—	—
Scrip dividends	1,257	550
Unfranked investment income	138	—
Income from money market funds	4	2
	30,160	29,150
Other income		
Deposit interest	2	—
Underwriting commission	155	—
Total income	30,317	29,150

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

CONTINUED

3. Management fees and finance costs

The management fee arrangements were amended with effect from 1 April 2014 and are as reported in the 2015 annual financial reports, being a flat fee of 0.55% per annum of market capitalisation with no performance fee. Investment management fee and finance costs are allocated 30% to revenue and 70% to capital.

4. 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.

A deferred tax asset is not recognised in respect of surplus management expenses since the Directors believe that there will be no taxable profits in the future against which these can be offset.

5. Dividends

	SIX MONTHS TO 30 SEPT 2015 (UNAUDITED)		SIX MONTHS TO 30 SEPT 2014 (UNAUDITED)	
	PENCE	£'000	PENCE	£'000
Dividends paid:				
Third interim	5.15	10,049	5.0	9,756
Final	8.60	16,780	8.5	16,585
	13.75	26,829	13.5	26,341

A first interim dividend of 5.2p (2014: 5p) for the year ended 31 March 2016, will be paid on 30 November 2015.

6. Net asset value (NAV) per ordinary share

(a) Debt at par

The shareholders' funds in the balance sheet are accounted for in accordance with accounting standards, however, this does not reflect the rights of shareholders on a return of assets under the Articles of Association. These rights are reflected in the net assets with debt at par and the corresponding NAV per share.

	30 SEPT 2015 (UNAUDITED) PENCE	31 MAR 2015 (AUDITED) PENCE
NAV per ordinary share	697.27	705.19
Less: unamortised discount and expenses arising from debenture issue	(0.90)	(0.96)
NAV – debt at par	696.37	704.23

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

CONTINUED

6. Net asset value (NAV) per ordinary share (continued)

(b) Debt at market value

	30 SEPT 2015 (UNAUDITED) PENCE	31 MAR 2015 (AUDITED) PENCE
NAV – debt at par	696.37	704.23
Debenture debt at par	51.25	51.25
Debenture debt at market value	(67.52)	(69.41)
NAV – debt at market value	680.10	686.07

7. Classification Under Fair Value Hierarchy

The fair value hierarchy analysis for investments held at fair value at the period end is as follows:

	30 SEPT 2015 (UNAUDITED) £'000	31 MAR 2015 (AUDITED) £'000
Quoted prices for identical instruments in active markets		
– quoted equity investments	1,554,391	1,510,066
Valuation techniques using observable data		
– Barclays Nuclear Power Notes	1,455	1,797
Valuation techniques using non-observable data		
– unquoted securities	594	768
	1,556,440	1,512,631

8. Share capital

	30 SEPT 2015 (UNAUDITED)	31 MAR 2015 (AUDITED)
Allotted, called-up and fully paid		
Number of ordinary shares of 25p each	195,116,734	195,116,734

9. 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 1158 of the Corporation Tax Act 2010.

10. The financial information contained within the financial statements in this half-yearly financial report has not been audited by the Company's Auditor and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the 'Act').

    The figures and financial information for the year ended 31 March 2015 are extracted from the latest published financial statements of the Company and do not constitute the statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

By order of the Board
Invesco Asset Management Limited
Company Secretary

16 November 2015

INDEPENDENT REVIEW REPORT

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 which comprises the condensed income statement, the condensed reconciliation of movements in shareholders' funds, the condensed balance sheet and related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the 'DTR') of the UK's Financial Conduct Authority (the 'UK FCA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with FRS 104 *Interim Financial Reporting*.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting* and the DTR of the UK FCA.

Catherine Burnet
for and on behalf of KPMG LLP
Chartered Accountants
London

16 November 2015

DIRECTORS, MANAGER AND ADMINISTRATION

Directors

Jim Pettigrew, Chairman
Victoria Hastings
Gordon McQueen, Audit Committee Chairman
Glen Suarez
Maxwell Ward
Sir Nigel Wicks, Senior Independent Director

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Henley-on-Thames, Oxfordshire RG9 1HH

Company Secretary

Invesco Asset Management Limited
6th Floor, 125 London Wall
London EC2Y 5AS

Company Secretarial contact: Kelly Nice and Kevin Mayger

Invesco Perpetual Client Services

The Invesco Perpetual Client Services Team, is available to assist you from 8.30 am to 6 pm Monday to Friday (excluding UK Bank Holidays). Current valuations, statements and literature can be obtained, however, no investment advice can be given.
☎ 0800 085 8677
www.invescoperpetual.co.uk/investmenttrusts

Savings Scheme and ISA Administration

For queries relating to both the Invesco Perpetual Investment Trust Savings Scheme and ISA, contact:
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 document.

Depositary

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

Registrars

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

If you hold shares direct and not through a Savings Scheme or ISA and have queries relating to your shareholding you should contact the registrars on:
☎ 0871 664 0300.

Calls cost 12p per minute plus your phone company's access charge. From outside the UK: +44 (0)20 8639 3399. Calls from outside the UK will be charged at the applicable international rate. Lines are open Monday to Friday from 9 am to 5.30 pm (excluding Bank Holidays).

Shareholders can also access their holding details via Capita's website: *www.capitashareportal.com*.

The registrar provides an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. The website is *www.capitadeal.com* or ☎ 0371 664 0445. Calls are charged at the standard geographical rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 8 am to 4.30 pm Monday to Friday (excluding public holidays in England and Wales).

The Company's ordinary shares and debentures qualify to be considered as mainstream investment products suitable for promotion to retail investors.

Specialist Funds managed by Invesco Perpetual

Investing for Income, Income Growth and Capital Growth (from equities and fixed interest securities)

- from equities
  - The Edinburgh Investment Trust plc
  - Invesco Income Growth Trust plc
  - Invesco Perpetual Select Trust plc – UK Equity Share Portfolio
  - Keystone Investment Trust plc
  - Perpetual Income and Growth Investment Trust plc
- from fixed interest securities
  - City Merchants High Yield Trust Limited
  - Invesco Perpetual Enhanced Income Limited
  - Invesco Perpetual Select Trust plc – Managed Liquidity Share Portfolio

Investing in Smaller Companies

Invesco Perpetual UK Smaller Companies Investment Trust plc

Investing Internationally

Invesco Asia Trust plc
Invesco Perpetual Select Trust plc – Global Equity Income Share Portfolio

Investing for Total Returns

Invesco Perpetual Select Trust plc – Balanced Risk Share Portfolio

Investing in Multiple Asset Classes

Invesco Perpetual Select Trust plc – see above for various investment classes

Please contact Invesco Perpetual's Client Services Team on 0800 085 8677 if you would like more information about the investment trusts or other specialist funds listed above. Further details are also available on the following website: www.invescoperpetual.co.uk/investmenttrusts

Invesco Perpetual

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