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The Edinburgh Investment Trust plc

HALF-YEARLY FINANCIAL REPORT

SIX MONTHS TO 30 SEPTEMBER 2009
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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 Customer Services Team on:

 0800 085 8677

 www.invescoperpetual.co.uk/investmenttrusts

Front Cover: Obsidian, volcanic, extrusive igneous rocks, fractures 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

	AT 30 SEPTEMBER 2009	AT 31 MARCH 2009	% CHANGE
Capital Return			
Net asset value ('NAV') – debt at par	392.89p	326.99p	+20.2
– debt at market value	363.82p	293.56p	+23.9
FTSE All-Share index	2634.79	1984.17	+32.8
Share price	352.40p	292.50p	+20.5
Discount – debt at par	10.3%	10.5%	
– debt at market value	3.1%	0.4%	
Gearing – actual ⁽¹⁾	25.6%	31.2%	
– potential ⁽²⁾	26.0%	31.2%	
FOR THE SIX MONTHS TO 30 SEPTEMBER			
	2009	2008	% CHANGE
Revenue Return			
First interim dividend ⁽³⁾	4.75p	4.75p	
Revenue return per share	10.4p	12.0p	–13.3
Retail price index	+1.9%	+2.9%	

Total Return (capital growth with income reinvested)

NAV – debt at par		+24.0
– debt at market value		+28.3
FTSE All-Share Index		+35.7
Share price		+24.7

Notes:

1. Actual gearing: borrowings less cash and investments in money market funds ÷ shareholders' funds.
2. Potential gearing: borrowings ÷ shareholders' funds.
3. Dividends recommended in respect of the financial year.

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

Chairman's Statement

Introduction – The UK Equity Market

It is now just over a year since the Company appointed a new manager, Invesco Asset Management Limited ('Invesco') where Neil Woodford is responsible for management of the portfolio. He is a long-term investor prepared to take often substantial positions in companies which he believes, in the light of expected economic conditions, have the potential to generate above-average increases in earning and dividends. In my statement six months ago in the 2009 Annual Financial Report I explained that Mr Woodford believed that expectations of economic recovery were premature and that he had therefore adopted a defensive posture, investing in companies expected to be resilient to a weak global economy. The Board was strongly supportive of this approach, in particular because it believed that this strategy will help to sustain the Company's income stream, an issue of major importance to shareholders.

In the event, as outlined in the Manager's Report, the UK equity market performed very strongly in the period April – September 2009, when the benchmark FTSE All-Share Index ('The Index') increased by 32.8%. This growth was prompted by increasing investor optimism of economic recovery and was led by the financial, mineral and auto-related sectors.

Company Performance

Capital: Against this background, which was unsympathetic to the Company's portfolio positioning, capital performance was significantly weaker than that of the benchmark index, albeit strong in absolute terms. The Net Asset Value ('NAV') increased by 20.2% (debt at par) or 23.9% (debt at market value), both measures being well below the benchmark index return of 32.8%. Total return (comprising income and capital) was 24.0% and 28.3% respectively with debt at par and market value. The index total return was 35.7%. The Manager's Report provides detail of this performance.

Share Price: The share price increased by 20.5% in the six months under review: this represented a small increase – from 0.4% at 31 March to 3.1% at 30 September – in the discount to NAV, with debt at market value.

Income Performance: The Board's position on dividend payments was set out in detail in my statement in the last Report and Accounts. I am pleased to report that, with the exception of only one or two holdings, dividends paid by companies in the Company's portfolio were the same or higher in the period under review than in the equivalent period in 2009. The Board does not at this stage expect a material change in this position in the remainder of the year to March 2010.

Interim Dividend: In the meantime, the Board has declared an unchanged first interim dividend of 4.75 pence per share. This declared dividend will be paid on 27 November 2009 to shareholders on the Company's register on 20 November 2009 (ex dividend date, 18 November 2009).

Outlook

Despite the disappointing capital performance relative to the index in the six months under review, the Board continues strongly to support the Manager's portfolio positioning. Although UK financial markets, stimulated at least in part by the Bank of England's programme of quantitative easing, have performed strongly, there is yet no clear sign of a rise in activity in the broader economy. Further, there is concern that markets will be adversely affected by the removal of the Bank's stimulus and, longer term, that inflation and interest rates will show upward trends. The companies in our portfolio have been selected on the basis that they will continue to produce profit growth in a difficult economic environment. Their share prices should be relatively resilient to any general market weakness. Moreover, given that many holdings are rated at historically low levels, there is a reasonable expectation that, within the time horizon in which the Manager operates, they will enjoy strong relative share price performance. In the meantime, the Board believes that the investment portfolio will continue to provide an income flow to enable your Company to meet its own dividend objectives.

Scott Dobbie

Chairman

11 November 2009

INVESTMENT MANAGER'S REPORT

Market Review

The period under review saw the UK equity market experience an almost uninterrupted rally from the lows hit early in March. The market's strength was partly the result of stocks being over-sold in the first quarter of the year but the improvement was sustained by growing hopes that a sharp rebound in economic activity could be achieved. This saw economically sensitive areas of the market lead the advance as investors predicted that a potential 'V-shaped' recovery could translate into a strong recovery in corporate profits, particularly for cyclical businesses. While the economic backdrop did improve during the period, supported by emergency monetary and fiscal measures, prevailing data in the UK was mixed. Manufacturing and service sector activity strengthened, albeit from low levels, and retail sales were relatively resilient as falling mortgage costs provided a boost to disposable incomes. However, unemployment rose and by the end of the period had reached 7.9%, or just under 2.5 million people. Growth in the money supply also failed to materialise as consumers joined the corporate sector in paying down debt and as banks remained reluctant to lend. This saw the Bank of England extend its programme of Quantitative Easing by £50 billion in August, taking the total to £175 billion.

Car related sectors, industrial metals and financials were among the leading gainers as risk appetite returned to the UK equity market. With cyclical sectors most in demand, the traditionally more defensive areas trailed the wider market's rise. Corporate earnings announcements provided additional impetus to stock prices as profits generally came in ahead of forecasts, although expectations had previously been revised significantly lower. A return of merger and acquisition activity also supported sentiment, as Resolution agreed to buy fellow insurer Friends Provident and Cadbury received an unsolicited offer from US rival Kraft.

Portfolio Strategy and Review

The Company's net asset value, including reinvested dividends, rose by 24.0% during the period, compared to a rise of 35.7% (total return) for the FTSE All-Share Index. The disappointing relative return was a function of the market's belief in rapid economic recovery and its resultant bias towards cyclical market sectors, which contrasted with my view. I believe the outlook for the UK and global economies is more challenging and portfolio positioning reflects this view. Consequently, the Company's performance lagged the market's rise, although returns were strong in absolute terms. My investment preferences are biased towards genuine growth companies with sustainable business models, reliable earnings and rising dividends. At the current time, I am able to find such opportunities in the tobacco, pharmaceuticals, utilities and telecoms sectors. In my view, stocks in these areas have effectively been de-rated as more economically sensitive sectors have led the market higher, creating attractive opportunities for the long-term investor.

Portfolio activity was characterised by the building of positions in favoured companies at what I believe to be compelling levels. These included AstraZeneca and

GlaxoSmithKline, tobacco groups Altria and Reynolds American and BAE Systems, as well as other quality growth companies such as Capita and Reckitt Benckiser.

I continued to build the position in BAE Systems, as I believe it remains significantly undervalued. In my view, the company has a stronger spread of earnings across business units and geographies than was historically the case, providing greater diversification of earnings. In addition to being a key partner in government defence contracts globally, significant revenues are being generated by maintenance and support services, which are activities with strong and sustainable margins. The group's involvement in the Joint Strike Fighter also has significant potential to boost earnings over the long-term. Although the ongoing SFO investigation may cause some short-term volatility, I believe the current share price clearly undervalues the group's long-term potential.

AstraZeneca and GlaxoSmithKline are highly cash generative, have dependable earnings profiles, and secure, rising dividends. Despite these fundamental qualities, these companies are among the cheapest in the market, which represents an exceptional buying opportunity in my view. New earnings streams from expanding markets in areas like Asia and Latin America, together with significantly improved drug pipelines, represent future growth drivers and in my view more than outweigh concerns about patent expiries and US healthcare reforms. I believe the share prices of these groups are unjustifiably low and I actively added to the Company's exposure.

With regard to disposals, these were focused largely on oil and gas related companies. Oil majors BP and Royal Dutch Shell, as well as oil services group Amec, were sold as I had concerns about the future viability of their dividends. In my view, the global economy will continue to experience significant challenges in the years ahead and I expect this to result in muted demand for oil. As such, I expect the oil price to come under pressure, creating doubt about the ability of these companies to maintain existing dividend levels. It is becoming increasingly expensive to find and extract new oil and gas reserves and with oil prices potentially weakening from current levels so I believe that these companies may fail to generate sufficient cash to cover both capital expenditure and dividend payments to shareholders.

The position in Reed Elsevier was sold, as my level of conviction in the company's ability to improve returns diminished during the period and I believed that more compelling opportunities were available in other areas of the market. The holding of Rexam was sold as disappointing trading performance, combined with the announcement of a rights issue, reduced my conviction in the outlook for the company.

Outlook

In my view the UK economy has experienced some improvement from the trough seen earlier this year, but I believe that this is unsurprising given the scale of monetary and fiscal support provided by UK authorities. In this environment, I remain cautious about the current outlook, believing that the economy is still some way from being able to

deliver independent growth. Banks remain reluctant to lend, businesses and consumers have little appetite to borrow and with unemployment likely to continue rising, I believe there is little prospect of the economy returning to sustainable levels of growth in the short term. Looking into next year, I expect to see public sector job losses begin to put further pressure on the economy and in my view uncertainty surrounding the election in the UK is also likely to be negative for both corporate and consumer confidence.

With regard to the equity market and the positioning of the Company's portfolio, my conviction in the assets held remains high. Consequently, I am happy to maintain the Company's current level of financial gearing, believing that the portfolio's long-term return potential will comfortably exceed the cost of the gearing. I believe that the businesses in which the Company is invested will provide leadership to the UK equity market as the extent of the economy's remaining challenges become clear and I expect them to regain the premium rating relative to the market that they have historically enjoyed. In my opinion, these companies are currently significantly undervalued and I am positive about their potential to deliver very attractive returns over the long term.

Neil Woodford

Investment Manager

11 November 2009

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT CONTINUED

Related Party

Invesco Asset Management Limited ('IAML'), a wholly owned subsidiary of Invesco Limited, acts as Manager, Company Secretary and Administrator to the Company. Details of the management fee arrangements are given in notes 2 and 3.

Principal Risks and Uncertainties

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

- market risk;
- performance risk;
- gearing risk;
- income/dividend risk;
- share price risk;
- control system risk; and
- other risks.

A detailed explanation of these principal risks and uncertainties can be found on pages 19 to 21 of the 2009 annual financial report, which is available on the Company's website at www.invescoperpetual.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.

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 Reports';
- the interim management report includes a fair review of the information required by 4.2.7R and 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.

Signed on behalf of the Board of Directors.

Scott Dobbie

Chairman

11 November 2009

TOP TWENTY HOLDINGS

AT 30 SEPTEMBER 2009

UK listed and ordinary shares unless otherwise stated

INVESTMENT	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
AstraZeneca	Pharmaceuticals & Biotechnology	83,075	8.6
GlaxoSmithKline	Pharmaceuticals & Biotechnology	81,015	8.4
Vodafone	Mobile Telecommunications	67,977	7.0
British American Tobacco	Tobacco	61,228	6.4
Imperial Tobacco	Tobacco		
– ordinary		52,908	
– 9% notes 17 Feb 2022		7,380	
		60,288	6.3
BG	Oil & Gas Producers	56,060	5.8
BT	Fixed Line Telecommunications	48,403	5.0
Tesco	Food & Drug Retailers	47,382	4.9
National Grid	Gas & Water Multiutilities	44,255	4.6
Reynolds American			
– US common stock	Tobacco	39,891	4.1
Top ten holdings		589,574	61.1
BAE Systems	Aerospace & Defence	30,635	3.2
Reckitt Benckiser	Household Goods	28,363	2.9
Capita	Support Services	25,894	2.7
Rolls Royce	Aerospace & Defence	25,844	2.7
Altria - US common stock	Tobacco	24,249	2.5
Centrica	Gas & Water Multiutilities	22,173	2.3
Scottish & Southern Energy	Electricity	21,700	2.2
Drax	Electricity	19,046	2.0
Tate & Lyle	Food Producers	17,691	1.8
International Power	Electricity	15,012	1.6
Top twenty holdings		820,181	85.0
Aggregate value of other investments		145,143	15.0
Total investments		965,324	100.0

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2009 (UNAUDITED)		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains on investments	—	137,595	137,595
Gains on foreign exchange	—	27	27
Income			
UK dividends	21,231	—	21,231
Scrip dividends	541	—	541
Overseas dividends	2,138	—	2,138
Income from money market funds	5	—	5
UK unfranked investment income – interest	401	—	401
Deposit interest	1	—	1
Interest on VAT recovered on management fees	—	—	—
Underwriting and other income	61	—	61
	24,378	137,622	162,000
Operating costs			
Investment management fee – note 2	(571)	(1,332)	(1,903)
Performance fee – note 3	—	—	—
VAT recovered on management fees	—	—	—
Other expenses	(363)	(6)	(369)
Net return before finance costs and taxation	23,444	136,284	159,728
Finance costs – note 2	(2,925)	(6,825)	(9,750)
Return on ordinary activities before tax	20,519	129,459	149,978
Tax on ordinary activities	(256)	—	(256)
Return on ordinary activities after tax	20,263	129,459	149,722
Return per ordinary share – note 4	10.4p	66.3p	76.7p

The total column of this statement represents the Company's Income Statement, 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. No operations were acquired or discontinued in the period.

	SIX MONTHS TO 30 SEPTEMBER 2008 (UNAUDITED)			YEAR ENDED 31 MARCH 2009 (AUDITED)
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	TOTAL £'000
Losses on investments	—	(136,577)	(136,577)	(274,429)
Losses on foreign exchange	—	(60)	(60)	(4)
Income				
UK dividends	23,518	—	23,518	42,307
Scrip dividends	768	—	768	1,269
Overseas dividends	738	—	738	1,883
Income from money market funds	1,379	—	1,379	1,416
UK unfranked investment income – interest	—	—	—	116
Deposit interest	825	—	825	854
Interest on VAT recovered on management fees	—	—	—	251
Underwriting and other income	24	—	24	145
	27,252	(136,637)	(109,385)	(226,192)
Operating costs				
Investment management fee – note 2	(433)	(1,009)	(1,442)	(3,311)
Performance fee – note 3	—	(1,382)	(1,382)	(3,422)
VAT recovered on management fees	—	—	—	1,969
Other expenses	(361)	(43)	(404)	(783)
Net return before finance costs and taxation	26,458	(139,071)	(112,613)	(231,739)
Finance costs – note 2	(2,937)	(6,853)	(9,790)	(19,501)
Return on ordinary activities before tax	23,521	(145,924)	(122,403)	(251,240)
Tax on ordinary activities	(20)	—	(20)	(134)
Return on ordinary activities after tax	23,501	(145,924)	(122,423)	(251,374)
Return per ordinary share – note 4	12.0p	(74.6)p	(62.6)p	(128.5)p

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 to 30 September 2009 (Unaudited)						
At 31 March 2009	48,779	6,639	24,676	501,670	59,636	641,400
Dividends paid						
– third interim	—	—	—	—	(9,268)	(9,268)
– final	—	—	—	—	(12,000)	(12,000)
Net return on ordinary activities	—	—	—	129,459	20,263	149,722
At 30 September 2009	48,779	6,639	24,676	631,129	58,631	769,854
For the year ended 31 March 2009 (Audited)						
At 31 March 2008	49,574	6,639	23,881	807,375	57,569	945,038
Dividends paid						
– third interim	—	—	—	—	(9,441)	(9,441)
– final	—	—	—	—	(11,085)	(11,085)
Net return on ordinary activities	—	—	—	(292,503)	41,129	(251,374)
Repurchase of shares	(795)	—	795	(13,202)	—	(13,202)
Dividends paid						
– first interim	—	—	—	—	(9,268)	(9,268)
– second interim	—	—	—	—	(9,268)	(9,268)
At 31 March 2009	48,779	6,639	24,676	501,670	59,636	641,400
For the six months to 30 September 2008 (Unaudited)						
At 31 March 2008	49,574	6,639	23,881	807,375	57,569	945,038
Dividends paid						
– third interim	—	—	—	—	(9,441)	(9,441)
– final	—	—	—	—	(11,085)	(11,085)
Net return on ordinary activities	—	—	—	(145,924)	23,501	(122,423)
Repurchase of shares	(795)	—	795	(13,202)	—	(13,202)
At 30 September 2008	48,779	6,639	24,676	648,249	60,544	788,887

CONDENSED BALANCE SHEET

	AT 30 SEPTEMBER 2009 (UNAUDITED) £'000	AT 31 MARCH 2009 (AUDITED) £'000	AT 30 SEPTEMBER 2008 (UNAUDITED) £'000
Fixed assets			
Investments held at fair value through profit or loss	965,324	839,462	980,725
Current assets			
Amounts due from brokers	5,573	—	2,347
Prepayments and accrued income	3,856	5,698	3,577
Cash and cash funds	2,558	5	5,367
	11,987	5,703	11,291
Creditors: amounts falling due within one year			
Amounts due to brokers	(5,609)	(15)	(1,949)
Accruals	(3,402)	(5,432)	(3,314)
	(9,011)	(5,447)	(5,263)
Net current assets	2,976	256	6,028
Total assets less current liabilities	968,300	839,718	986,753
Creditors: amounts falling due after more than one year			
Debenture stock	(196,735)	(196,607)	(196,484)
Provision for performance fee	(1,711)	(1,711)	(1,382)
Net assets	769,854	641,400	788,887
Capital and reserves			
Share capital	48,779	48,779	48,779
Share premium	6,639	6,639	6,639
Capital redemption reserve	24,676	24,676	24,676
Capital reserve	631,129	501,670	648,249
Revenue reserve	58,631	59,636	60,544
Shareholders' funds	769,854	641,400	788,887
Net asset value per share – note 6			
Basic	392.89p	326.99p	402.51p

CONDENSED CASH FLOW STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2009 (UNAUDITED) £'000	SIX MONTHS TO 30 SEPTEMBER 2008 (UNAUDITED) £'000	YEAR ENDED 31 MARCH 2009 (AUDITED) £'000
Total return before finance costs and taxation	159,728	(112,613)	(231,739)
Scrip dividends	(541)	(768)	(1,269)
(Gains)/losses on investments	(137,595)	136,577	274,429
Foreign exchange (gains)/losses	(27)	60	4
Decrease in debtors	1,857	5,742	3,620
(Decrease)/increase in creditors	(2,031)	1,139	3,544
Overseas tax paid	(256)	(20)	(134)
Net cash inflow from operating activities	21,135	30,117	48,455
Servicing of finance	(9,625)	(9,625)	(19,250)
Financial investment			
Purchase of investments	(122,607)	(688,758)	(871,506)
Sale of investments	134,903	631,965	819,120
Equity dividends paid	(21,268)	(20,526)	(39,062)
Net cash inflow/(outflow) before management of liquid resources and financing	2,538	(56,827)	(62,243)
Net cash (outflow)/inflow from management of liquid resources	(1,500)	47,269	52,601
Financing – repurchase of ordinary shares	—	(15,794)	(15,793)
Increase/(decrease) in cash	1,038	(25,352)	(25,435)
Cashflow from movement in liquid resources	1,500	(47,269)	(52,601)
Exchange movements	15	(60)	(4)
Debenture stock non-cash movement	(128)	(125)	(251)
Net debt at beginning of period	(196,602)	(118,311)	(118,311)
Net debt at end of period	(194,177)	(191,117)	(196,602)
Analysis of changes in net debt:			
Brought forward:			
Cash and cash funds	5	78,045	78,045
Debenture stock	(196,607)	(196,356)	(196,356)
Net debt brought forward	(196,602)	(118,311)	(118,311)
Movements in the period:			
Cash inflow/(outflow) from cash and cash funds	2,538	(72,621)	(78,036)
Exchange movements	15	(60)	(4)
Debenture stock non-cash movement	(128)	(125)	(251)
Net debt carried forward	(194,177)	(191,117)	(196,602)

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 2009 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 fee and finance costs

Invesco Asset Management Limited ('IAML') acts as Manager and Secretary to the Company under an investment management agreement dated 15 September 2008. The agreement is terminable by either party by giving not less than 3 months' notice.

The management fee is payable monthly in arrears and is equal to 0.05% of the market capitalisation of the Company's ordinary shares at each month end.

Investment management fee and finance costs are allocated 30% to revenue and 70% to capital.

3. Performance fee

IAML is entitled to a performance fee in respect of each rolling three year period in which the Company outperforms its benchmark, the FTSE All-Share Index, plus a hurdle rate, being the equivalent of 1.25% per annum, as adjusted for shorter periods.

Transitional arrangements apply for the periods up to 31 March 2011, under which half of any performance fee for each period is paid at the end of that period and half deferred. Any deferred portion becomes payable after 31 March 2011, if and when performance meets or exceeds the benchmark plus hurdle rate.

Any performance fee earned will be the lower of 15% of the out-performance based on the average quarterly net asset value (with debt at par) of the Company over the relevant performance period and 1% of net asset value, as adjusted for shorter periods where required.

Performance fees are allocated wholly to capital.

4. Return per ordinary share

	SIX MONTHS TO 30 SEPTEMBER 2009 (UNAUDITED) £'000	SIX MONTHS TO 30 SEPTEMBER 2008 (UNAUDITED) £'000	YEAR ENDED 31 MARCH 2009 (AUDITED) £'000
Returns after tax:			
Revenue	20,263	23,501	41,129
Capital	129,459	(145,924)	(292,503)
Total return after tax	149,722	(122,423)	(251,374)
Weighted average number of shares during the period	195,116,734	195,657,784	195,657,784

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

CONTINUED

5. Dividends

A first interim dividend of 4.75p (2009: 4.75p) for the year ended 31 March 2010 will be paid on 27 November 2009 to shareholders on the register on 20 November 2009.

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 SEPTEMBER 2009 (UNAUDITED) (PENCE)	31 MARCH 2009 (AUDITED) (PENCE)	30 SEPTEMBER 2008 (UNAUDITED) (PENCE)
NAV per ordinary share	394.56	328.73	404.31
Less: unamortised discount and expenses arising from debenture issue	(1.67)	(1.74)	(1.80)
NAV – debt at par	392.89	326.99	402.51

(b) Debt at market value

	30 SEPTEMBER 2009 (UNAUDITED) (PENCE)	31 MARCH 2009 (AUDITED) (PENCE)	30 SEPTEMBER 2008 (UNAUDITED) (PENCE)
NAV – debt at par	392.89	326.99	402.51
Debt at par	102.50	102.50	102.50
Debt at market value	(131.57)	(135.93)	(124.71)
NAV – debt at market value	363.82	293.56	380.30

7. Share capital

	SIX MONTHS TO 30 SEPTEMBER 2009 (UNAUDITED)	YEAR ENDED 31 MARCH 2009 (AUDITED)	SIX MONTHS TO 30 SEPTEMBER 2008 (UNAUDITED)
Number of ordinary shares of 25p each:			
Brought forward	195,116,734	198,294,748	198,294,748
Bought back and cancelled	—	(3,178,014)	(3,178,014)
In issue at period end	195,116,734	195,116,734	195,116,734
Average price of shares bought back	n/a	415.43p	415.43p

8. It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust company set out in section 842 of the Income and Corporation Taxes Act 1988.
9. The financial information contained in this half-yearly financial report, which has not been audited, 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 2009 and 2008 has not been audited. The figures and financial information for the year ended 31 March 2009 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified.

By order of the Board
Invesco Asset Management Limited
Secretary
11 November 2009

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 2009 which comprises the condensed income statement, condensed reconciliation of movement in shareholders' funds, condensed balance sheet, condensed cash flow statement and the 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 Services Authority (the 'UK FSA'). 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 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 FSA. 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). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the Statement 'Half-Yearly Financial Reports' as issued by the UK Accounting Standards Board.

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 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 2009 is not prepared, in all material respects, in accordance with the Statement 'Half-Yearly Financial Reports' as issued by the UK Accounting Standards Board and the DTR of the UK FSA.

Salim Tharani

For and behalf of KPMG Audit Plc

Chartered Accountants

Edinburgh

11 November 2009

DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION

Directors

Scott Dobbie, Chairman
 Jim Pettigrew, Audit Committee Chairman
 Richard Barfield, Senior Independent Director
 Nicola Ralston
 William Samuel
 Sir Nigel Wicks

Manager, Company Secretary

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 Company Secretary contact: Carolyn Ladd

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Company Number

Registered in Scotland No. SC1836

**Invesco Asset Management Limited
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is authorised and regulated by the
Financial Services Authority**

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