



## **Investors Capital Trust plc**

Interim Report

For the six months to

30 September 2012

# Company Summary

## **The Company**

The Company is an investment trust and its shares are listed on the London Stock Exchange. It is a member of the Association of Investment Companies ('AIC').

## **Objective and Policy**

To provide an attractive return to shareholders each year in the form of dividends and/or capital returns, together with prospects for capital growth.

The Company's portfolio is managed in two parts. The first part comprises investments in UK equities and equity-related securities of large and mid-sized companies (the Equities Portfolio) and the second part comprises investments in fixed interest and other higher yielding stocks and securities (the Higher Yield Portfolio).

## **Investment manager**

F&C Investment Business Limited – Rodger McNair / Gary Thomson

## **Total assets (less current liabilities)**

£126.3 million at 30 September 2012

## **Equity shareholders' funds**

£108.3 million at 30 September 2012

## **Capital structure**

The Company's capital structure offers shareholders the opportunity to receive quarterly distributions in the form of either dividends, capital returns, or both, to suit their own particular circumstances. The Company has two classes of shares: A shares and B shares. The rights of each class are identical, save in respect of the right to participate in distributions of dividends and capital. The net asset value attributable to each class of shares is the same.

Only A shares are entitled to dividends paid by the Company. B shares, instead of receiving dividends, receive a capital distribution at the same time as, and in an amount equal to, each dividend paid on the A shares. For certain shareholders, there may be tax or other advantages in receiving a capital distribution rather than a dividend. Shares may be held and traded within units; each unit comprises three A shares and one B share.

In addition, the Company has a fixed rate bank loan of £18 million for a term to 28 September 2017.

## **Isa/Pep status**

The Company's shares and units are eligible for Individual Savings Accounts (ISAs).

## **Website**

The internet address for the Company is [www.investorscapital.co.uk](http://www.investorscapital.co.uk)



The Association of  
Investment Companies

# Financial Highlights and Performance Summary

- Net asset value per share total return for the six months of 3.9 per cent, compared to the FTSE All-Share Capped 5% Index total return of 2.0 per cent
- Distribution yield of 5.2 per cent on A and B shares at 30 September 2012, compared to the yield on the FTSE All-Share Capped 5% Index of 3.6 per cent
- Distributions paid quarterly

	<b>Six months to 30 September 2012</b>	<b>Period from launch on 1 March 2007 to 30 September 2012</b>	
<b>Total Return†</b>			
Net asset value total return per A and B share and per Unit	<b>3.9%</b>	<b>24.1%</b>	
FTSE All-Share Capped 5% Index total return	<b>2.0%</b>	<b>17.3%</b>	
	<b>30 September 2012</b>	31 March 2012	<b>% Change</b>
<b>Capital Values¶</b>			
Net asset value per A share and B share	<b>87.02p</b>	85.94p	+1.3%
Net asset value per Unit*	<b>348.08p</b>	343.76p	+1.3%
FTSE All-Share Capped 5% Index	<b>3,134.72</b>	3,137.30	-0.1%
Ordinary share price – A shares	<b>82.5p</b>	82.0p	+0.6%
– B shares	<b>82.5p</b>	86.5p	-4.6%
– Units*	<b>316.0p</b>	322.5p	-2.0%
<b>(Discount)/premium§ – A shares</b>	<b>(5.2)%</b>	(4.6)%	–
– B shares	<b>(5.2)%</b>	0.7%	–
– Units*	<b>(9.2)%</b>	(6.2)%	–
<b>Distribution yield – A shares</b>	<b>5.2%</b>	5.2%	–
– B shares	<b>5.2%</b>	4.9%	–
– Units*	<b>5.4%</b>	5.3%	–
<b>Gearing‡ – Actual (Investment gearing)</b>	<b>14.9%</b>	20.1%	–
– Actual (Equity gearing)	<b>(1.1)%</b>	(0.3)%	–

\*A unit consists of three A shares and one B share.

†All total return calculations are on a yield basis with net dividends re-invested.

¶Capital values are calculated after payment of distributions to shareholders.

‡The gearing figure indicates the extra amount by which shareholders' funds would rise or fall if total assets were to rise or fall. A figure of zero per cent means that the Company has a nil gearing position. A negative number means the Company holds net cash after offsetting gearing.

§If securities held in the Company's Higher Yield Portfolio are included as fixed interest assets then the actual figure will be as shown below.

Actual (investment gearing) = the percentage figure of investments held divided by assets attributable to shareholders.

Actual (equity gearing) = the percentage figure of the Equities Portfolio divided by assets attributable to shareholders.

§Premium/(discount) represents percentage difference between net asset value and Share/Unit price.

Sources: F&C Investment Business Limited and Datastream

# Chairman's Statement

## Introduction

In my report to shareholders earlier this year I suggested that the enduring nature of the Eurozone debt crisis remained the most significant challenge to financial markets in the year ahead. Indeed, as the Company's financial year began, an escalation of funding concerns within the European banking system together with weaker than expected economic data from both the United States and China, triggered sharp falls in global financial markets. However, the European Union summit held in Brussels at the end of June finally demonstrated that Europe's leaders were serious about restoring confidence in the currency union. A bold range of measures was announced which helped allay concerns over the region's fiscal condition. This announcement was crucial to Europe's third and fourth largest economies, Italy and Spain, where the cost of borrowing had risen to near unsustainable levels despite efforts to reduce government spending and introduce economic reform. The decision to allow a more flexible approach to the use of bailout funds, together with an agreement to work towards tighter budgetary and monetary union in the future, signalled a turning point for financial markets. In September, further significant policy stimulus was announced in the United States. The US Federal Reserve cited the stubbornly high level of unemployment as the key factor in the decision to implement a further round of quantitative easing. In the UK the Bank of England maintained interest rates at a record low level of 0.5 per cent but resisted pressure to extend its own stimulus programme. However,

the policy initiatives undertaken in both Europe and the United States provided the impetus for the UK market to recoup its earlier losses.

## Investment Objective and Policy

The Company's investment objective is to provide an attractive return to shareholders in the form of dividends and/or capital distributions, together with prospects for capital growth.

As at 30 September 2012, 84.8 per cent. of total assets was allocated to the Equities Portfolio and 13.7 per cent. to the Higher Yield Portfolio. The remaining 1.5 per cent. was held as cash and cash equivalents.

The Company refinanced its term borrowings during the period and now has a reduced level of borrowings (£18 million compared to £33.5 million) with a significantly lower fixed rate of annual interest (3.15 per cent compared to 5.86 per cent). The new borrowings have a five year term to September 2017.

## Investment Performance

Returns from the Equities Portfolio and the Higher Yield Portfolio, combined with the effect of borrowings, resulted in the net asset value total return for the A and B shares of 3.9 per cent. over the six months to 30 September 2012. This return was better than the 2.0 per cent. total return for the benchmark FTSE All-Share Capped 5% Index. Since the Company's launch in March 2007, the net asset value total return for the A and B shares has been 24.1 per cent. which exceeds the 17.3 per cent. return from the benchmark index and reflects strong outperformance from the Equities Portfolio.

During the six months to 30 September 2012 the Company's Equities Portfolio produced a total return of 3.4 per cent. which exceeded the benchmark index return of 2.0 per cent. and reflected favourable stock selection. The Higher Yield Portfolio is invested in predominantly investment grade corporate bonds and returned 3.8 per cent. in total return terms for the six months to 30 September 2012.

### **Earnings, Dividends and Capital Distributions**

The Company earned total revenue income of £3.0 million for the six months. The yield on the Equities Portfolio was 4.1 per cent. as at 30 September 2012, compared to the yield on the FTSE All-Share Capped 5% Index of 3.6 per cent.

Income from the Equities Portfolio rose compared with the same six month period last year but this was offset by reduced income from the Higher Yield Portfolio. During the period there was a reduction in assets allocated to the Higher Yield Portfolio in favour of the Equities Portfolio. It is encouraging that the majority of investee companies continued to demonstrate good dividend growth during the period.

The Company's dividend for the year ending 31 March 2013 is estimated, barring unforeseen circumstances, to be 4.28p per share (2012: 4.28p). The first three quarterly dividends will be paid in equal instalments of 1.06p per share and a fourth quarterly dividend of 1.1p will be paid to A shareholders. B Shareholders will receive

capital distributions of the same amount per share at the same time as dividends are received by A shareholders.

The annual distribution level represents a yield for A and B shareholders of 5.2 per based on the share prices as at 30 September 2012. For those shareholders that hold units (each comprising three A shares and one B share) the distribution yield on this unit holding was 5.4 per cent. These yields compare favourably with the yield on the FTSE All-Share Index of 3.6 per cent. at that date.

After providing for the second quarter dividend, the Company had revenue reserves of £2.5 million at 30 September 2012.

Dividends to A shareholders and capital distributions to B shareholders are paid quarterly in August, November, February and May each year.

### **Discount and buy backs**

The Company's A and B share price stood at a discount to net asset value of 5.2 per cent. at 30 September 2012. Over the six month period, the price of the Company's A shares traded at an average discount to net asset value per share of 5.9 per cent. and the Company's B shares traded at an average discount of 2.8 per cent. During the six month period, the Company bought back to be held in treasury 1,650,000 A shares and 630,000 B shares at a discount to net asset value, thereby enhancing value for remaining shareholders.

# Chairman's Statement

## **Outlook**

Since the trough in global activity in 2009, the pace of economic recovery in developed markets has been lacklustre, well below the pace of post-recession recovery experienced during previous economic cycles. This has contributed to a moderation of economic growth rates in the major emerging economies including China. It is likely that continued high levels of indebtedness together with ongoing fiscal retrenchment in developed economies will constrain the pace of global economic recovery for some time to come.

The UK corporate sector remains in generally good health. Over the past year corporate profits have continued to grow strongly. However, in the absence of any improvement in the pace of

global recovery it is likely that the rate of growth in UK corporate earnings and dividends will slow during the coming year. The Company's Equities Portfolio continues to favour companies which have the ability to grow earnings and dividends over the long term, have strong balance sheets, generate surplus cash flow beyond the needs of the business and have a proven management team with a commitment to dividend growth. This approach has served investors well over the longer term.

## **Iain McLaren**

Chairman

15 November 2012

# Classification of Investments

At 30 September 2012

## Total Portfolio Summary

	<b>2012 Market Value £'000</b>	<b>% of Total Assets</b>	<b>% of Total Portfolio Income</b>	<b>% Yield</b>
Equities Portfolio	<b>107,115</b>	<b>84.8</b>	<b>81.7</b>	<b>4.1</b>
Higher Yield Portfolio	<b>17,330</b>	<b>13.7</b>	<b>18.2</b>	<b>5.1*</b>
Net Current Assets	<b>1,854</b>	<b>1.5</b>	<b>0.1</b>	
Total Assets (less Current Liabilities)	<b>126,299</b>	<b>100.0</b>	<b>100.0</b>	
Bank Term Loan	<b>(18,000)</b>	<b>(14.3)</b>		
Net Assets Attributable to Shareholders	<b>108,299</b>	<b>85.7</b>		

## Equities Portfolio

Sector	<b>2012 % Equities Portfolio</b>	2012 FTSE All- Share Capped 5% Index
Oil & Gas	<b>14.1</b>	14.6
Basic Materials	<b>9.1</b>	10.4
Industrials	<b>11.9</b>	9.6
Consumer Goods	<b>15.8</b>	14.3
Healthcare	<b>9.8</b>	7.9
Consumer Services	<b>10.0</b>	10.0
Telecommunications	<b>7.4</b>	6.6
Utilities	<b>8.0</b>	4.2
Financials	<b>13.1</b>	20.9
Technology	<b>0.8</b>	1.5
Total	<b>100.0</b>	100.0

## Higher Yield Portfolio

Security Ratings	<b>2012 Higher Yield Portfolio Weighting %</b>
AAA	<b>16.0</b>
AA	<b>3.2</b>
A	<b>20.8</b>
BBB	<b>41.4</b>
BB	<b>8.8</b>
B	<b>1.8</b>
CCC or lower	<b>3.2</b>
Not rated	<b>4.8</b>
	<b>100.0</b>

\*The yield quoted on the Higher Yield Portfolio is the average weighted yield of all holdings calculated to their respective call dates. If the holdings in the portfolio are not called on those dates, then the yield will differ from that stated.

# Equities Portfolio

At 30 September 2012

Company	Sector	Market Value £'000	% of Equities Portfolio
GlaxoSmithKline	Pharmaceuticals & Biotech	6,023	5.6
HSBC	Banks	5,759	5.4
British American Tobacco	Tobacco	5,740	5.4
BP	Oil & Gas Producers	5,301	4.9
Royal Dutch Shell	Oil & Gas Producers	5,296	4.9
Vodafone	Mobile Telecoms	5,231	4.9
Rio Tinto	Mining	3,691	3.4
AstraZeneca	Pharmaceuticals & Biotech	3,603	3.4
BG Group	Oil & Gas Producers	3,590	3.4
BHP Billiton	Mining	3,331	3.1
<b>Ten largest equity investments</b>		<b>47,565</b>	<b>44.4</b>
National Grid	Gas, Water & MultiUtilities	2,492	2.3
Diageo	Beverages	2,457	2.3
SABMiller	Beverages	2,288	2.2
SSE	Electricity	2,264	2.1
Compass Group	Travel & Leisure	2,011	1.9
BT Group	Fixed Line Telecom	1,960	1.8
Unilever	Food Producers	1,958	1.8
Anglo American	Mining	1,870	1.8
Rexam	General Industrial	1,859	1.7
Reckitt Benckiser Group	Household Goods	1,858	1.7
<b>Twenty largest equity investments</b>		<b>68,582</b>	<b>64.0</b>
Imperial Tobacco Group	Tobacco	1,589	1.5
Centrica	Gas, Water & MultiUtilities	1,516	1.4
Standard Chartered	Banks	1,503	1.4
Experian	Support Services	1,492	1.4
Booker Group	Food & Drug Retailers	1,485	1.4
Tesco	Food Retailers	1,441	1.4
Severn Trent	Gas, Water & MultiUtilities	1,440	1.3
BBA Aviation	Industrial Transport	1,427	1.3
BAE Systems	Aerospace & Defence	1,362	1.3
Standard Life	Life Insurance	1,344	1.3
<b>Thirty largest equity investments</b>		<b>83,181</b>	<b>77.7</b>
<b>Other equity investments (29)</b>		<b>23,934</b>	<b>22.3</b>
<b>Total equity investments</b>		<b>107,115</b>	<b>100.0</b>



# Higher Yield Portfolio\*

At 30 September 2012

Security	Sector	Market Value £'000	% of Higher Yield Portfolio
Paragon Group 7% 20/04/17	Mortgage Banks & Thrifts	518	3.0
UBS 6.375% 20/07/16	Banking	409	2.4
Permanent Master ABS 15/07/42	Mortgage Backed	407	2.3
Ineos 7.875% 15/02/16	Chemicals	369	2.1
Bupa Finance 7.5% 04/07/16	Life Insurance	361	2.1
National Australia Bank FRN 27/01/15	Banking	360	2.1
Nationwide Building Society FRN 23/01/15	Banking	359	2.1
Barclays Bank FRN 20/01/15	Banking	358	2.1
Marstons FRN 15/07/20	Restaurants & Bars	356	2.0
Abbey National Treasury Service FRN 16/02/15	Banking	355	2.0
<b>Ten largest higher yield investments</b>		<b>3,852</b>	<b>22.2</b>
SLM 4.875% 17/12/12	Financial Services	349	2.0
GE Capital 6% 11/04/13	Financial Services	349	2.0
Southern Gas FRN 21/10/15	Gas Distribution	326	1.9
Sutton Bridge 8.625% 30/06/22	Electric – Generation	324	1.9
Yorkshire Building Society FRN 23/03/16	Banking	319	1.8
Clydesdale Bank FRN 08/06/15	Banking	294	1.7
Casino 6.375% 04/04/13	Food & Drug Retailers	287	1.7
Rexam 4.375% 15/03/13	Packaging	282	1.6
Skandinaviska Enskilda 6.625% 09/07/14	Banking	272	1.6
Mitchells & Butler 1.05438% 15/12/28	Tobacco	259	1.5
<b>Twenty largest higher yield investments</b>		<b>6,913</b>	<b>39.9</b>
QBE Insurance Group 10% 14/03/14	Insurance	249	1.4
Pearson 5.5% 06/05/13	Media – Diversified	240	1.4
Provident Financial 8% 23/10/19	Financial Services	239	1.4
Leeds Building Society FRN 20/03/15	Banking	239	1.4
Co-operative Group 5.875% 18/12/13	Investments & Financial Services	233	1.4
Lloyds 6.9625% 29/05/20	Banking	231	1.3
AIG SunAmerica 5.125% 28/01/13	Life Insurance	228	1.3
Coventry Building Society FRN 10/02/15	Banking	217	1.3
Goldman Sachs 6.125% 14/02/17	Banking	212	1.2
Investec Bank 9.625% 17/02/22	Banking	210	1.2
<b>Thirty largest higher yield investments</b>		<b>9,211</b>	<b>53.2</b>
<b>Other higher yield investments (72)</b>		<b>8,119</b>	<b>46.8</b>
<b>Total higher yield investments</b>		<b>17,330</b>	<b>100.0</b>

\*The Higher Yield Portfolio consisted solely of Corporate Bonds and Government Stocks throughout the period.

# Condensed Unaudited Consolidated Statement of Comprehensive Income

Six months to 30 September 2012

		Revenue Return £'000	Capital Return £'000	Total £'000
	Notes			
Gains/(losses) on investments held at fair value		–	1,559	1,559
Exchange differences		–	181	181
Investment income	2	3,008	–	3,008
Investment management fee	3	(120)	(359)	(479)
Other expenses		(177)	–	(177)
<b>Profit/(loss) before finance costs and taxation</b>		<b>2,711</b>	<b>1,381</b>	<b>4,092</b>
<b>Net finance costs</b>				
Interest on bank loan and interest rate swap		(296)	(691)	(987)
<b>Total finance costs</b>		<b>(296)</b>	<b>(691)</b>	<b>(987)</b>
<b>Profit/(loss) before tax</b>		<b>2,415</b>	<b>690</b>	<b>3,105</b>
Tax on ordinary activities		(11)	97	86
<b>Profit/(loss) for the period</b>		<b>2,404</b>	<b>787</b>	<b>3,191</b>
<b>Other comprehensive income:</b>				
Gain on cashflow hedge		–	749	749
<b>Total comprehensive income for the period</b>		<b>2,404</b>	<b>1,536</b>	<b>3,940</b>
Earnings/(losses) per share	4	1.9p	0.6p	2.5p

All of the profit/(loss) and comprehensive income for the period is attributable to the owners of the Company.

All items in the above statement derive from continuing operations.

Six months to 30 September 2011			Year to 31 March 2012*		
Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
–	(10,800)	(10,800)	–	1,406	1,406
–	126	126	–	364	364
3,190	203	3,393	6,097	203	6,300
(120)	(361)	(481)	(240)	(560)	(800)
(178)	–	(178)	(441)	–	(441)
2,892	(10,832)	(7,940)	5,416	1,413	6,829
(295)	(689)	(984)	(590)	(1,378)	(1,968)
(295)	(689)	(984)	(590)	(1,378)	(1,968)
2,597	(11,521)	(8,924)	4,826	35	4,861
(95)	95	–	(122)	(113)	(235)
2,502	(11,426)	(8,924)	4,704	(78)	4,626
–	524	524	–	1,270	1,270
2,502	(10,902)	(8,400)	4,704	1,192	5,896
2.0p	(9.0p)	(7.0p)	3.7p	(0.1p)	3.6p

\* these figures are audited.

# Condensed Unaudited Consolidated Balance Sheet

		<b>As at 30 September 2012 £'000</b>	As at 30 September 2011 £'000	As at 31 March 2012* £'000
<b>Non-current assets</b>				
Investments held at fair value through profit or loss		<b>124,445</b>	122,968	130,840
		<b>124,445</b>	122,968	130,840
<b>Current assets</b>				
Other receivables		<b>774</b>	1,059	1,424
Cash and cash equivalents		<b>1,575</b>	8,993	11,452
		<b>2,349</b>	10,052	12,876
<b>Total assets</b>		<b>126,794</b>	133,020	143,716
<b>Current liabilities</b>				
Other payables		<b>(495)</b>	(322)	(435)
Bank overdraft		-	-	(123)
Bank loan	8	-	(33,491)	(33,496)
Interest rate swap on bank loan	8	-	(1,495)	(749)
		<b>(495)</b>	(35,308)	(34,803)
<b>Non-current liabilities</b>				
Bank loan	8	<b>(18,000)</b>	-	-
		<b>(18,000)</b>	-	-
<b>Total liabilities</b>		<b>(18,495)</b>	(35,308)	(34,803)
<b>Net assets</b>		<b>108,299</b>	97,712	108,913
<b>Capital and reserves</b>				
Called-up share capital	9	<b>134</b>	134	134
Share premium	9	<b>22</b>	22	22
Capital redemption reserve	9	<b>5</b>	5	5
Buy back reserve	9	<b>88,423</b>	90,662	90,265
Special capital reserve		<b>25,994</b>	27,362	26,682
Capital reserves		<b>(9,769)</b>	(23,399)	(11,305)
Revenue reserve		<b>3,490</b>	2,926	3,110
<b>Shareholders' funds</b>		<b>108,299</b>	97,712	108,913
<b>Net asset value per A share</b>	10	<b>87.0p</b>	76.8p	85.9p
<b>Net asset value per B share</b>	10	<b>87.0p</b>	76.8p	85.9p

Approved by the Board, and authorised for issue, on 15 November 2012 and signed on its behalf by:

**Iain McLaren**, Director

\*these figures are audited.

## Condensed Unaudited Consolidated Statement of Changes in Equity

	<b>Six months to 30 September 2012 £'000</b>	Six months to 30 September 2011 £'000	Year to 31 March 2012* £'000
	Notes		
Opening equity shareholders' funds	<b>108,913</b>	108,860	108,860
Net profit/(loss) for the period	<b>3,191</b>	(8,924)	4,626
Movement in fair value of interest rate swap	<b>749</b>	524	1,270
Shares bought back for treasury	<b>(1,842)</b>	–	(397)
Dividends paid on A shares	<b>(2,024)</b>	(2,056)	(4,074)
Capital distributions paid on B shares	<b>(688)</b>	(692)	(1,372)
Closing equity shareholders' funds	<b>108,299</b>	97,712	108,913

\*these figures are audited.

## Condensed Unaudited Consolidated Cash Flow Statement

	<b>Six months to 30 September 2012 £'000</b>	Six months to 30 September 2011 £'000	Year to 31 March 2012* £'000
Net cash flow from operating activities	<b>11,075</b>	4,542	10,784
Net cash flow from financing activities	<b>(21,032)</b>	(3,731)	(7,805)
Net (decrease)/increase in cash and cash equivalents	<b>(9,957)</b>	811	2,979
Currency gains/(losses)	<b>203</b>	(124)	44
Net cash and cash equivalents at beginning of period	<b>11,329</b>	8,306	8,306
Net cash and cash equivalents at end of period	<b>1,575</b>	8,993	11,329

\*these figures are audited.

# Notes to the Condensed Accounts (unaudited)

## 1. Accounting Policies

The condensed unaudited consolidated financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting* and the accounting policies set out in the statutory accounts of the Group for the year ended 31 March 2012. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2012, which were prepared under full IFRS requirements to the extent that they have been adopted by the European Union.

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

## 2. Income for the period is derived from:

	<b>30 September</b>	30 September	31 March
	<b>2012</b>	2011	2012
	<b>£'000</b>	£'000	£'000
Equity investments	<b>2,367</b>	2,228	4,352
Fixed interest investments	<b>620</b>	935	1,684
Deposit interest	<b>21</b>	27	57
Special dividends credited to capital	<b>–</b>	203	203
Other income	<b>–</b>	–	4
	<b>3,008</b>	3,393	6,300

## 3. The Company's investment manager is F&C Investment Business Limited. F&C Investment Business Limited receives an investment management fee comprising a base fee and a performance fee.

The base fee is a management fee at 0.9 per cent per annum of the net asset value of the Company payable quarterly in arrears, subject to being reduced to 0.75 per cent if the net asset value at the end of the financial year is less than £1 per share. The performance fee, full details of which are contained in the Annual Report for the period ended 31 March 2012, will, subject to achieving stated performance criteria, be payable every five years. The current performance period will run for the five years from 1 April 2012 to 31 March 2017.

There was no performance fee accrued at 30 September 2012. Based on the outperformance to that date had the Company's net asset value per share been in excess of £1, all else being equal, a performance fee of £318,000 would have been accrued (30 September 2011 – £nil; 31 March 2012 – £nil).

## 4. The returns per share are based on the net profit/(loss) for the period and on 125,360,339 shares (period to 30 September 2011 – 127,229,847; year to 31 March 2012 – 127,158,809), being the weighted average shares in issue during the period.

## 5. Earnings for the six months to 30 September 2012 should not be taken as a guide to the results of the full year.

## 6. The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single segment of business, of investing in equity and higher yielding securities, and that therefore the Company has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the condensed consolidated financial statements.

<b>7. Dividends</b>	<b>Six months to 30 September 2012 £'000</b>	Six months to 30 September 2011 £'000	Year to 31 March 2012 £'000
<b>In respect of the previous period:</b>			
Fourth interim dividend paid at 1.1p per A share	<b>1,033</b>	1,047	1,047
Fourth capital distribution paid at 1.1p per B share	<b>353</b>	352	352
<b>In respect of the period under review:</b>			
First interim dividend paid at 1.06p per A share	<b>991</b>	1,009	1,009
First capital distribution paid at 1.06p per B share	<b>335</b>	340	340
Second interim dividend paid at 1.06p per A share	-	-	1,009
Second capital distribution paid at 1.06p per B share	-	-	340
Third interim dividend paid at 1.06p per A share	-	-	1,009
Third capital distribution paid at 1.06p per B share	-	-	340
	<b>2,712</b>	2,748	5,446

A second interim dividend for the year to 31 March 2013, of 1.06p per A share, was paid on 2 November 2012 to A shareholders on the register on 5 October 2012. A second quarter capital distribution of 1.06p per B share was paid on 2 November 2012 to B shareholders on the register on 5 October 2012. Although these payments relate to the period ended 30 September 2012, under IFRS they will be accounted for in the six months to 31 March 2013, being the period during which they are paid.

8. On 28 September 2012 the Company repaid its existing £33.5 million term loan. On the same date the Company drew down an £18 million secured term loan from JPMorgan Chase Bank. The new facility has a five year term to 28 September 2017 and has a fixed interest rate of 3.15 per cent per annum, with an arrangement fee payable in addition of £18,000 per annum. The fair value of the £18 million term loan, on a marked to market basis, was £18,132,000 at 30 September 2012.
9. Over the period the Company bought back 1,650,000 A shares to hold in treasury (period to 30 September 2011 – nil A shares; year to 31 March 2012 – 500,000 A shares) and 630,000 B shares (period to 30 September 2011 – nil B shares; year to 31 March 2012 – nil B shares). The Company did not resell any shares from treasury (period to 30 September 2011 – nil; year to 31 March 2012 – nil).  
At 30 September 2012 the Company held 9,039,000 A shares and 655,000 B shares in treasury (30 September 2011 – 6,889,000 A shares and 25,000 B shares; 31 March 2012 – 7,389,000 A shares and 25,000 B shares).  
The Company did not issue any new shares during the period (period to 30 September 2011 – nil; year to 31 March 2012 – nil).
10. The net asset value per share is based on shareholders' funds at the period end and on 93,028,144 A shares and 31,421,703 B shares, being the number of shares in issue at the period end (30 September 2011 – 95,178,144 A shares and 32,051,703 B shares; 31 March 2012 – 94,678,144 A shares and 32,051,703 B shares).
11. The Group results consolidate those of Investors Securities Company Limited, a wholly owned subsidiary which deals in securities.
12. The Company's auditors, Ernst & Young LLP, have not audited or reviewed the Interim Report to 30 September 2012 pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 31 March 2012, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 31 March 2012 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

# Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related. The most important types of risk associated with financial instruments are credit risk, market price risk, liquidity risk, interest rate risk and foreign currency risk. Other risks faced by the Company include external, investment and strategic, regulatory, operational and financial risks. These risks, and the way in which

they are managed, are described under the heading Principal Risks and Risk Management within the Report of the Directors in the Group's Annual Report for the year ended 31 March 2012. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Group's financial year.

## Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- the Chairman's Statement (constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties include a fair review of the information required by the Disclosure and Transparency Rules ('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 consolidated financial statements; and
- the Chairman's Statement together with the condensed set of consolidated financial statements include a fair review of the information required by 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.

On behalf of the Board

**Iain McLaren**

Director

15 November 2012



# Shareholder Information

## Dividends

Dividends on A shares and capital distributions on B shares are paid quarterly in August, November, February and May each year. Shareholders who wish to have distributions paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Equiniti Limited (see Corporate Information page for contact details) on request. The Company operates the BACS system for the payment of distributions. Where distributions are paid directly into shareholders' bank accounts, dividend and capital distribution tax vouchers are sent directly to shareholders' registered addresses.

## Share Prices and Daily Net Asset Value

The Company's securities are listed on the London Stock Exchange under 'Investment Trusts'. Prices are given daily in the *Financial Times* and other newspapers. The net asset value of the Company's shares can be obtained by contacting F&C Asset Management Investment Services on 0845 600 3030.

## Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Equiniti Limited, under the signature of the registered holder.

## Financial Calendar 2012/13

2 November 2012	Second quarter's distribution paid (XD Date 3 October 2012)
1 February 2013	Third quarter's distribution paid (XD Date 2 January 2013)
February 2013	Interim Management Statement for quarter to 31 December 2012
3 May 2013	Fourth quarter's distribution paid (XD Date 3 April 2013)
May 2013	Announcement of Annual Results and Posting of Annual Report
June 2013	Annual General Meeting

## Warning to shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FSA before getting involved by visiting [www.fsa.gov.uk/pages/register/](http://www.fsa.gov.uk/pages/register/)
- Report the matter to the FSA by calling 0845 606 1234
- If the calls persist, hang up.

More detailed information on this can be found on the CFEB website [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)

# How to Invest

One of the most convenient ways to invest in Investors Capital Trust plc is through one of the savings plans run by F&C Management Limited ('F&C').

## F&C Private Investor Plan

A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

## F&C Investment Trust ISA

Use your ISA allowance to make an annual tax efficient investment (£11,280 for the 2012/13 tax year) with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

## F&C Child Trust Fund ('CTF')

The CTF is a long-term tax-free savings account for eligible children born between 1 September 2002 and 2 January 2011, using the government's CTF voucher. If your child has a CTF with another provider, you can switch it to F&C – this is simple and straight forward. The maximum that can be invested annually is £3,600 and you can invest from as little as £25 a month.

## F&C Children's Investment Plan

Aimed at children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

## F&C Junior ISA ('JISA')

This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £3,600 each year, with all the tax benefits of the old CTF that it replaces. You can invest from £30 a month, or £500 lump sum, or a combination of both.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual.

## How to Invest

You can invest in all our savings plans online, except for the CTF. It's simple to register and invest using your debit card. Alternatively, please contact us for application forms.

## New Customers:

Contact our Investor Services Team

Call: **0800 136 420\***  
Email: **info@fandc.com**  
Investing online: **www.fandc.com**

## Existing Plan Holders:

Contact our Investor Services Team

Call: **0845 600 3030\***  
Email: **investor.enquiries@fandc.com**  
By post: **F&C Plan Administration Centre  
PO Box 11114  
Chelmsford  
CM99 2DG**

\*9:00am–5:00pm, weekdays, calls may be recorded.

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0845 600 3030\*.

The above has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated in the UK by the Financial Services Authority.

# Corporate Information

## Directors

I A McLaren (Chairman)  
J Le Blan\*  
H Post  
K D Shand  
J P Williams

## Investment Managers

F&C Investment Business Limited  
80 George Street  
Edinburgh EH2 3BU

## Registered Office

80 George Street  
Edinburgh EH2 3BU  
Tel: 0207 628 8000  
Fax: 0131 225 2375

## Registrars and Transfer Office

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Registrars' Shareholder Helpline: 0871 384 2470†  
Registrars' Broker Helpline: 0906 559 6025‡  
Registrars' Overseas Helpline: +44 121 415 7047\*\*

## Secretary

F&C Investment Business Limited

## Brokers

Centos Securities plc  
6.7.8 Tokenhouse Yard  
London EC2R 7AS

## Auditors

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## Bankers

JPMorgan Chase Bank  
125 London Wall  
London EC2Y 5AJ

## Solicitors

Dickson Minto W.S.  
16 Charlotte Square  
Edinburgh EH2 4DF

## Company Number

SC314671

## Website

[www.investorscapital.co.uk](http://www.investorscapital.co.uk)

**For further information contact F&C's Investor Services Team on 0800 136 420**

\*Chairman of the Audit Committee

†Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' cost may vary. Lines open 8.30 am to 5.30 pm, Monday to Friday.

‡Calls to this number are charged at £1 per minute from a BT landline. Other telephone providers' cost may vary. Lines open 8.30 am to 5.30 pm, Monday to Friday.

\*\*Local overseas call rates will apply.



### **Registered Office**

80 George Street  
Edinburgh EH2 3BU  
Tel: 0207 628 8000  
Fax: 0131 225 2375

### **Registrars and Transfer Office**

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

Registrars' Shareholder Helpline: 0871 384 2470\*

Registrars' Broker Helpline: 0906 559 6025†

Registrars' Overseas Helpline: +44 121 415 7047‡

\*Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' cost may vary.  
Lines open 8.30 am to 5.30 pm, Monday to Friday.

†Calls to this number are charged at £1 per minute from a BT landline. Other telephone providers' cost may vary.  
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