



Investors Capital Trust plc

Interim Report

For the six months to

30 September 2013

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

Total assets (less current liabilities)

£140.4 million at 30 September 2013

Equity shareholders' funds

£122.4 million at 30 September 2013

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 repayment 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 repayment 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



Financial Highlights and Performance Summary

- Net asset value per share total return for the six months of 3.7 per cent, compared to the FTSE All-Share Capped 5% Index total return of 4.1 per cent.
- Expected distribution yield of 4.6 per cent on A shares and 4.3 per cent on B shares at 30 September 2013, based on indicated dividends for the year ended 31 March 2014. This compares with the yield on the FTSE All-Share Capped 5% Index of 3.4 per cent.
- Distributions paid quarterly. Interim dividends in respect of the period increased by 2.1 per cent compared to the prior year.

	Six months to 30 September 2013	Period from launch on 1 March 2007 to 30 September 2013	
Total Return†			
Net asset value total return per A and B share and per Unit	3.7%	48.2%	
FTSE All-Share Capped 5% Index total return	4.1%	40.2%	
	30 September 2013	31 March 2013	% Change
Capital Values‡			
Net asset value per A share and B share (debt at fair value) ^x	99.30p	97.87p	+1.5
Net asset value per Unit (debt at fair value) ^x	397.20p	391.48p	+1.5
FTSE All-Share Capped 5% Index	3,619.39	3,544.77	+2.1
Ordinary share price – A shares	95.0p	93.5p	+1.6
– B shares	101.0p	94.5p	+6.9
– Units [*]	369.0p	369.0p	–
(Discount)/premium§ – A shares	(4.3)%	(4.5)%	
– B shares	1.7%	(3.4)%	
– Units [*]	(7.1)%	(5.7)%	
Distribution yield – A shares	4.6%	4.6%	
– B shares	4.3%	4.5%	
– Units [*]	4.7%	4.6%	
Net Gearing‡	9.1%	10.1%	

* 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 geared position. A negative number means the Company holds net cash after offsetting gearing.

Net gearing = the percentage figure of investments held divided by assets attributable to shareholders.

^x A reconciliation between the net asset value (debt at fair value) and the net asset value per the Balance Sheet is shown in note 6 to the accounts.

§ 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 highlighted that global economic growth had been uneven and anaemic and was likely to remain so as developed economies continued to bear the burden of deleveraging and austerity. The pace of economic growth has indeed remained lacklustre, however, the overall trajectory of recovery has been positive, supported by the highly accommodative policy stance adopted by Central Banks around the world. It will take some time for economic conditions to normalise in the wake of the worst financial crisis of the post-war era, however, in recent months the outlook appears to have brightened. Investor perception of diminishing macro risk, particularly from the Eurozone, together with rising economic optimism, has been good for risk assets, including equities, which have recorded further gains over the past six months.

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 2013, 82.3 per cent. of total assets was allocated to the Equities Portfolio and 13.0 per cent. to the Higher Yield Portfolio. The remaining 4.7 per cent. was held as cash and cash equivalents.

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 3.7 per cent. over the six months to 30 September 2013. This return was behind the 4.1 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 48.2 per cent. which exceeds the 40.2 per cent. return from the benchmark index and reflects strong outperformance from the Equities Portfolio.

During the six months to 30 September 2013 the Company's Equities Portfolio produced a total return of 3.9 per cent. which was slightly behind the benchmark index return of 4.1 per cent. The Higher Yield Portfolio is invested in predominantly investment grade corporate bonds and returned 2.9 per cent. in total return terms for the six months to 30 September 2013.

Earnings, Dividends and Capital Distributions

The Company earned total revenue income of £2.9m for the six months. The yield on the Equities Portfolio was 3.6 per cent. as at 30 September 2013, compared to the yield on the FTSE All-Share Capped 5% Index of 3.4 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 further reduction in assets allocated to the Higher Yield Portfolio in favour of the Equities Portfolio. The majority of investee companies

continued to demonstrate good dividend growth during the period although the pace of dividend growth has continued to moderate, a trend I highlighted in my last report to shareholders.

The Company's dividend for the year ending 31 March 2014 is estimated, barring unforeseen circumstances, to be 4.37p per share (2013: 4.28p). The first three quarterly dividends will be paid in equal instalments of 1.0825p per share and a fourth quarterly dividend of approximately 1.1225p is expected to be paid to A shareholders. B Shareholders will receive capital repayments of the same amount per share at the same time as dividends are received by A shareholders.

The expected annual distribution level represents a yield for A shareholders of 4.6 per cent. and a yield for B shareholders of 4.3 per cent. based on the respective share prices as at 30 September 2013. For those shareholders that hold units (each comprising three A shares and one B share) the distribution yield on this unit holding would be 4.7 per cent. These yields compare favourably with the yield on the FTSE All-Share Index of 3.4 per cent. at that date.

After providing for the second quarter dividend, the Company had revenue reserves of £3.0m at 30 September 2013.

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

Discount and buy backs

The Company's A share price stood at a discount to net asset value of 4.3 per cent. at

30 September 2013, whilst the B share price stood at a premium of 1.7 per cent. 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 6.6 per cent. and the Company's B shares traded at an average discount of 3.0 per cent.

During the six month period, the Company bought back to be held in treasury 750,000 A shares at a discount to net asset value and resold 325,000 B shares at the prevailing net asset value, thereby enhancing value for existing shareholders.

Alternative Investment Fund Managers (AIFM) Directive

The AIFM Directive is European legislation which creates a European-wide framework for regulating managers of alternative investment funds. Closed-ended investment companies fall within the remit of these new regulations. The Company has until July 2014, the end of the transitional period, to register and comply with the provisions of the AIFM Directive. The Board expects to enter into arrangements with the Manager, F&C Investment Business Limited, to act as the Company's Alternative Investment Fund Manager, at no additional cost to the Company. Under the Directive, the Company is also required to appoint a Depositary and the Board is well advanced in considering which organisation to appoint, with such appointment to commence from the end of the transitional period. Although this appointment will result in an additional cost to the Company, the Board does not expect this cost to be significant.

Chairman's Statement

Outlook

The UK corporate sector remains in reasonably good health. Corporate profitability is strong, balance sheets are robust and dividends have continued to grow. However, over the past year corporate earnings have made little headway and consequently the pace of dividend growth from the market has continued to slow. The UK equity market has recovered strongly from the lows of early 2009. More recently stock market gains have been driven by a re-rating of shares rather than through underlying growth in corporate earnings. While the valuation of UK equities appears reasonable when viewed in the context of other competing asset classes such as cash and bonds it is more demanding when viewed in isolation. As the UK stock market is one of the most internationally exposed markets, continued

growth in the global economy remains key to further progress in financial markets in the years ahead.

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

27 November 2013

Classification of Investments

At 30 September 2013

Total Portfolio Summary

	2013 Market Value £'000	% of Total Assets	% of Total Portfolio Income	% Yield
Equities Portfolio	115,530	82.3	80.6	3.6
Higher Yield Portfolio	18,310	13.0	18.9	4.0*
Net Current Assets	6,606	4.7	0.5	
Total Assets (less Current Liabilities)	140,446	100.0	100.0	
Bank Term Loan at fair value	(17,792)	(12.7)		
Net Assets Attributable to Shareholders	122,654	87.3		

Equities Portfolio

Sector	2013 % Equities Portfolio	2013 FTSE All- Share Capped 5% Index
Oil & Gas	11.9	12.9
Basic Materials	7.7	8.5
Industrials	14.2	10.4
Consumer Goods	15.3	14.1
Healthcare	9.2	7.4
Consumer Services	10.1	11.0
Telecommunications	9.4	6.9
Utilities	6.9	3.9
Financials	14.5	23.3
Technology	0.8	1.6
Total	100.0	100.0

Higher Yield Portfolio

Security Ratings	2013 Higher Yield Portfolio Weighting %
AAA	12.0
AA	2.2
A	13.4
BBB	33.5
BB	21.4
B	11.4
CCC or lower	0.8
Not rated	5.3
	100.0

* 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. The average duration until maturity on the Higher Yield Portfolio was 3.1 years at 30 September 2013.

Equities Portfolio

At 30 September 2013

Company	Sector	Market Value £'000	% of Equities Portfolio
GlaxoSmithKline	Pharmaceuticals & Biotech	6,571	5.7
Vodafone Group	Mobile Telecoms	6,555	5.7
HSBC Holdings	Banks	6,487	5.6
British American Tobacco	Tobacco	5,780	5.0
BP	Oil & Gas Producers	5,259	4.6
Royal Dutch Shell	Oil & Gas Producers	5,143	4.5
BT Group	Fixed Line Telecom	3,275	2.8
Rio Tinto	Mining	3,226	2.8
BHP Billiton	Mining	3,149	2.7
AstraZeneca	Pharmaceuticals & Biotech	3,043	2.6
Ten largest equity investments		48,488	42.0
Diageo	Beverages	2,616	2.3
BG Group	Oil & Gas Producers	2,444	2.1
Compass Group	Travel & Leisure	2,385	2.1
SABMiller	Beverages	2,384	2.0
Reckitt Benckiser Group	Household Goods	2,356	2.0
Booker Group	Food & Drug Retailers	2,312	2.0
National Grid	Gas, Water & MultiUtilities	2,096	1.8
BBA Aviation	Industrial Transport	2,088	1.8
Rexam	General Industrial	2,078	1.8
Unilever	Food Producers	1,966	1.7
Twenty largest equity investments		71,213	61.6
BAE Systems	Aerospace & Defence	1,903	1.6
Centrica	Gas, Water & MultiUtilities	1,900	1.6
Imperial Tobacco Group	Tobacco	1,871	1.6
Prudential	Life Insurance	1,836	1.6
Severn Trent	Gas, Water & MultiUtilities	1,713	1.5
Experian	Support Services	1,707	1.5
Standard Chartered	Banks	1,590	1.4
Anglo American	Mining	1,561	1.4
Tesco	Food Retailers	1,558	1.4
Barclays	Banks	1,434	1.2
Thirty largest equity investments		88,286	76.4
Other equity investments (27)		27,244	23.6
Total equity investments		115,530	100.0

Higher Yield Portfolio*

At 30 September 2013

Security	Sector	Market Value £'000	% of Higher Yield Portfolio
Paragon Group 7% 20/04/17	Mortgage Banks & Thrifts	632	3.5
UBS 6.375% 20/07/16	Banking	403	2.2
Permanent Master ABS 15/07/42	Mortgage Backed	398	2.2
Nationwide Building Society FRN 23/01/15	Banking	356	1.9
Abbey National Treasury Service FRN 16/02/15	Banking	356	1.9
Marstons FRN 15/07/20	Restaurants & Bars	355	1.9
Bupa Finance 7.5% 04/07/16	Life Insurance	352	1.9
Southern Gas FRN 21/10/15	Gas Distribution	347	1.9
Yorkshire Building Society FRN 23/03/16	Banking	322	1.8
Mitchells & Butler 1.05438% 15/12/2028	Tobacco	314	1.7
Ten largest higher yield investments		3,835	20.9
Clydesdale Bank FRN 08/06/15	Packaging	295	1.6
Glencore Funding 4.125% 30/05/23	Metals/Mining Excluding Steel	284	1.6
Unitymedia 5.125% 21/01/23	Media-Cable	281	1.5
Kion Finance 6.75% 15/02/20	Machinery	271	1.5
Anglian Water Osprey Finance 7% 31/01/18	Non-Electric Utilities	269	1.5
Smurfit Kappa Acquisition 5.125% 15/09/18	Forestry/Paper	263	1.4
Skandinaviska Enskilda 6.625% 09/07/14	Banking	261	1.4
Lloyds 6.9625% 29/05/20	Banking	260	1.4
Provident Financial 8% 23/10/19	Financial Services	252	1.4
Tereos Finance 4.25% 04/03/20	Food - Wholesale	248	1.4
Twenty largest higher yield investments		6,519	35.6
Leeds Building Society FRN 20/03/15	Banking	239	1.3
Cegedim 6.75% 01/04/20	Health Services	236	1.3
QBE Insurance Group 10% 14/03/14	Insurance	233	1.3
UPCB Finance 7.625% 15/01/20	Media-Cable	225	1.2
Co-operative Group 5.875% 18/12/13	Food & Drug Retailers	225	1.2
Jarden 7.5% 15/01/20	Consumer - Products	220	1.2
Wind Acquisition Finance 7.375% 15/02/18	Telecom - Wireless	218	1.2
Barclays 6.75% 16/01/23	Banking	218	1.2
Kelda Finance 3 5.75% 17/02/20	Non-Electric Utilities	217	1.2
Coventry Building Society FRN 10/02/15	Banking	216	1.2
Thirty largest higher yield investments		8,766	47.9
Other higher yield investments (81)		9,544	52.1
Total higher yield investments		18,310	100.0

*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 2013				
Notes	Revenue £'000	Capital £'000	Total £'000	
Gains on investments held at fair value	–	1,959	1,959	
Exchange differences	–	152	152	
Investment income	2,947	–	2,947	
Investment management fee	(138)	(411)	(549)	
Other expenses	(189)	–	(189)	
Profit before finance costs and taxation	2,620	1,700	4,320	
Net finance costs				
Interest on bank loan and interest rate swap	(89)	(208)	(297)	
Total finance costs	(89)	(208)	(297)	
Profit before tax	2,531	1,492	4,023	
Tax on ordinary activities	(12)	12	–	
Profit for the period	2,519	1,504	4,023	
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss				
Movement in fair value of interest rate swap	–	–	–	
Total comprehensive income for the period	2,519	1,504	4,023	
Earnings per share	4	2.1p	1.2p	3.3p

All of the profit 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 2012			Year to 31 March 2013*		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	1,559	1,559	–	16,309	16,309
–	181	181	–	(28)	(28)
3,008	–	3,008	5,478	–	5,478
(120)	(359)	(479)	(250)	(583)	(833)
(177)	–	(177)	(445)	–	(445)
2,711	1,381	4,092	4,783	15,698	20,481
(296)	(691)	(987)	(384)	(897)	(1,281)
(296)	(691)	(987)	(384)	(897)	(1,281)
2,415	690	3,105	4,399	14,801	19,200
(11)	97	86	(8)	244	236
2,404	787	3,191	4,391	15,045	19,436
–	749	749	–	749	749
2,404	1,536	3,940	4,391	15,794	20,185
1.9p	0.6p	2.5p	3.5p	12.1p	15.6p

*these figures are audited.

Condensed Unaudited Consolidated Balance Sheet

		As at 30 September 2013 £'000	As at 30 September 2012 £'000	As at 31 March 2013* £'000
Non-current assets				
Investments held at fair value through profit or loss	8	133,840	124,445	133,611
		133,840	124,445	133,611
Current assets				
Other receivables		721	774	1,045
Cash and cash equivalents		6,777	1,575	5,146
		7,498	2,349	6,191
Total assets		141,338	126,794	139,802
Current liabilities				
Other payables		(892)	(495)	(304)
		(892)	(495)	(304)
Non-current liabilities				
Bank loan	9	(18,000)	(18,000)	(18,000)
		(18,000)	(18,000)	(18,000)
Total liabilities		(18,892)	(18,495)	(18,304)
Net assets		122,446	108,299	121,498
Capital and reserves				
Called-up share capital	10	134	134	134
Share premium	10	80	22	22
Capital redemption reserve	10	5	5	5
Buy back reserve	10	87,575	88,423	88,010
Special capital reserve		24,640	25,994	25,328
Capital reserves		5,993	(9,769)	4,489
Revenue reserve		4,019	3,490	3,510
Equity shareholders' funds		122,446	108,299	121,498
Net asset value per A share	11	99.1p	87.0p	98.0p
Net asset value per B share	11	99.1p	87.0p	98.0p

Approved by the Board, and authorised for issue, on 27 November 2013 and signed on its behalf by:

Iain McLaren, Director

*these figures are audited.

Condensed Unaudited Consolidated Statement of Changes in Equity

		Six months to 30 September 2013 £'000	Six months to 30 September 2012 £'000	Year to 31 March 2013* £'000
	Notes			
Opening equity shareholders' funds		121,498	108,913	108,913
Net profit for the period		4,023	3,191	19,436
Movement in fair value of interest rate swap		–	749	749
Shares issued from treasury	10	319	–	–
Shares bought back for treasury	10	(696)	(1,842)	(2,255)
Dividends paid on A shares	7	(2,010)	(2,024)	(3,991)
Capital returns paid on B shares	7	(688)	(688)	(1,354)
Closing equity shareholders' funds		122,446	108,299	121,498

*these figures are audited.

Condensed Unaudited Consolidated Cash Flow Statement

		Six months to 30 September 2013 £'000	Six months to 30 September 2012 £'000	Year to 31 March 2013* £'000
Net cash flow from operating activities		4,877	11,075	18,187
Net cash flow from financing activities		(3,377)	(21,032)	(24,372)
Net increase/(decrease) in cash and cash equivalents		1,500	(9,957)	(6,185)
Currency gains		131	203	2
Net cash and cash equivalents at beginning of period		5,146	11,329	11,329
Net cash and cash equivalents at end of period		6,777	1,575	5,146

*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, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 March 2013. 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 2013, which were prepared under full IFRS requirements to the extent that they have been adopted by the European Union.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards. The following changes in accounting standards are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 March 2014.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1 '*Presentation of Financial Statements*'). The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income in its condensed consolidated statement of comprehensive income. Items that could be reclassified to profit or loss at a future point in time are now required to be presented separately from items that will never be reclassified. The amendment has no impact on the recognised assets, liabilities and comprehensive income of the Group.
- IFRS 13 '*Fair Value Measurement*' (2011). IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. In particular, it unifies the definition of fair value as the price at which an ordinary transaction to sell an asset or to transfer a liability would take place between investor participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 '*Financial Instruments: Disclosures*'. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see notes 8 and 12). The change has no significant impact on the measurement of the Group's assets and liabilities.

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:

	30 September	30 September	31 March
	2013	2012	2013
	£'000	£'000	£'000
Equity investments	2,480	2,367	4,364
Fixed interest investments	455	620	1,086
Deposit interest	12	21	28
	2,947	3,008	5,478

- 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 year ended 31 March 2013, 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 2013. 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 £271,000 would have been accrued (30 September 2012 – £318,000; 31 March 2013 – £351,000).

- The earnings per share are based on the net profit for the period and on 123,445,475 shares (period to 30 September 2012 – 125,360,339; year to 31 March 2013 – 124,767,984), being the weighted average shares in issue during the period.
- Earnings for the six months to 30 September 2013 should not be taken as a guide to the results of the full year.
- The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single segment of business, of investing in equity and higher yielding securities, and that therefore the Group 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 Group. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value measuring debt at fair value. The reconciliation between the measure of profit or loss used by the Board and that contained in the financial statements is as follows:

	30 September 2013		30 September 2012		31 March 2013	
	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Shareholders' funds per financial statements	122,446	99.13	108,299	87.02	121,498	98.02
Fair value adjustment on fixed-rate term loan	208	0.17	(132)	(0.10)	(186)	(0.15)
Shareholders' funds with debt at fair value	122,654	99.30	108,167	86.92	121,312	97.87
Profit for the period per financial statements	4,023	3.26	3,191	2.55	19,436	15.58
Fair value adjustment on fixed-rate term loan	394	0.32	(132)	(0.11)	(186)	(0.15)
Profit for the period with debt at fair value	4,417	3.58	3,059	2.44	19,250	15.43

Notes to the Condensed Accounts (unaudited)

7. Dividends

	Six months to 30 September 2013 £'000	Six months to 30 September 2012 £'000	Year to 31 March 2013 £'000
In respect of the previous period:			
Fourth interim dividend paid at 1.1p per A share	1,017	1,033	1,033
Fourth capital distribution paid at 1.1p per B share	346	353	353
In respect of the period under review:			
First interim dividend paid at 1.0825p (2012: 1.06p) per A share	993	991	991
First capital distribution paid at 1.0825p (2012: 1.06p) per B share	342	335	335
Second interim dividend paid at 1.06p per A share	–	–	986
Second capital distribution paid at 1.06p per B share	–	–	333
Third interim dividend paid at 1.06p per A share	–	–	981
Third capital distribution paid at 1.06p per B share	–	–	333
	2,698	2,712	5,345

A second interim dividend for the year to 31 March 2014, of 1.0825p per A share, was paid on 1 November 2013 to A shareholders on the register on 4 October 2013. A second quarter capital distribution of 1.0825p per B share was paid on 1 November 2013 to B shareholders on the register on 4 October 2013. Although these payments relate to the period ended 30 September 2013, under IFRS they will be accounted for in the six months to 31 March 2014, being the period during which they are paid.

8. Investments held at fair value through profit or loss

	Group (Level 1) £'000
Opening book cost	111,809
Opening fair value adjustment	21,802
Opening valuation	133,611
Movement in the period:	
Purchases at cost	7,433
Sales – proceeds	(9,163)
– gains on sales	899
Increase in fair value adjustment	1,060
Closing valuation at 30 September 2013	133,840
Closing book cost at 30 September 2013	110,978
Closing fair value adjustment at 30 September 2013	22,862
Closing valuation at 30 September 2013	133,840

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- **Level 1** – quoted (unadjusted) prices in active markets for identical assets or liabilities.
- **Level 2** – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. The Group held no such instruments during the period under review.
- **Level 3** – techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The Group held no such instruments during the period under review.

There were no transfers between levels of the fair value hierarchy during the six months ended 30 September 2013.

9. The Company has an £18 million secured term loan from JPMorgan Chase Bank. The facility has a 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 £17,792,000 at 30 September 2013 (30 September 2012 – £18,132,000; 31 March 2013 – £18,186,000).

10. Over the period the Company bought back 750,000 A shares to hold in treasury (period to 30 September 2012 – 1,650,000 A shares; year to 31 March 2013 – 2,150,000 A shares) and nil B shares (period to 30 September 2012 – 630,000 B shares; year to 31 March 2013 – 630,000 B shares). The Company did not resell any A shares from treasury (period to 30 September 2012 – nil; year to 31 March 2013 – nil). The Company resold 325,000 B Shares from treasury (period to 30 September 2012 – nil; year to 31 March 2013 – nil).

At 30 September 2013 the Company held 10,289,000 A shares and 330,000 B shares in treasury (30 September 2012 – 9,039,000 A shares and 655,000 B shares; 31 March 2013 – 9,539,000 A shares and 655,000 B shares).

The Company did not issue any new shares during the period (period to 30 September 2012 – nil; year to 31 March 2013 – nil).

11. The net asset value per share is based on shareholders' funds at the period end and on 91,778,144 A shares and 31,746,703 B shares, being the number of shares in issue at the period end (30 September 2012 – 93,028,144 A shares and 31,421,703 B shares; 31 March 2013 – 92,528,144 A shares and 31,421,703 B shares).

12. Other than the bank term loan, as disclosed in note 9, the fair values of the Group's financial assets and liabilities are not materially different from their carrying values in the financial statements.

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 March 2013.

13. The Group results consolidate those of Investors Securities Company Limited, a wholly owned subsidiary which deals in securities.

14. The Company's auditor, Ernst & Young LLP, has not audited or reviewed the Interim Report to 30 September 2013 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 2013, 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 2013 have been reported on by the Company's auditor 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 2013. 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

27 November 2013

Shareholder Information

Dividends

Dividends on A shares and capital repayments 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 repayment 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 2013/14

1 November 2013	Second quarter's distribution paid (XD Date 2 October 2013)
7 February 2014	Third quarter's distribution paid (XD Date 8 January 2014)
February 2014	Interim Management Statement for quarter to 31 December 2013
2 May 2014	Fourth quarter's distribution paid (XD Date 2 April 2014)
May 2014	Announcement of Annual Results and Posting of Annual Report
June 2014	Annual General Meeting

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at www.fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

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 ('PIP')

A flexible 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. You can choose whether your dividends are paid out to you or automatically reinvested to buy more shares.

F&C Investment Trust ISA

Use your ISA allowance to make an annual tax-efficient investment of up to £11,520 for the 2013/14 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. You can choose whether your dividends are paid out to you or automatically reinvested to buy more shares.

F&C Child Trust Fund ('CTF')

CTFs are closed to new investors; however, if your child has a CTF with another provider, it is easy to transfer it to F&C. Additional contributions can be made from as little as £25 per month or £100 lump sum – up to a maximum of £3,720 for the 2013/14 tax year.

F&C Children's Investment Plan ('CIP')

A flexible way to save for a child. With no maximum contributions, the plan can easily be written under trust to help reduce inheritance tax liability or kept in your name if you may need access to the funds before the child is 18. 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 £3,720 for the 2013/14 tax year with all the tax benefits of the CTF. 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. The CTF and JISA accounts are opened in the child's name. Money, including dividends, cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan.

Annual Account Charge

ISA: £60+VAT

JISA: £25+VAT

PIP: £40+VAT

CIP/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits)

Dealing Charge per Holding

ISA: 0.2%

PIP/CIP/JISA: postal instructions £12, online instruction £8.

The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends or the investment of regular monthly savings.

There is no dealing charge on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on purchases (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing.

How to Invest

You can invest in all our savings plans online at <https://www.manageyouraccount.co.uk/fandc/app/login>

New Customers

Contact our Investor Services Team

Call: **0800 136 420**

8:30am – 5:30pm, weekdays, calls may be recorded)

Email: **info@fandc.com**

Investing online: **www.fandc.com**

Existing Plan Holders

Contact our Investor Services Team

Call: **0845 600 3030**

*(9:00am – 5:00pm, weekdays, calls may be recorded)

Email: **investor.enquiries@fandc.com**

By post:
F&C Plan Administration Centre
PO Box 11114
Chelmsford CM9 2DG

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 Conduct Authority.

Corporate Information

Directors

I A McLaren (Chairman)
J Le Blan*
J M Evans
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

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Auditors

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

Principal Bankers

JPMorgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP

Solicitors

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

Company Number

SC314671

Website

www.investorcapital.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 cost 8p per minute plus network extras. 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 telephony providers' costs 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
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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 cost 8p per minute plus network extras.

Lines open 8.30 am to 5.30 pm, Monday to Friday.

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