Half Yearly Report and Accounts
for the six months ended 31 October 2012

Blue Planet
International Financials Investment Trust plc

Officers and Advisors

Directors
John Tyce (Non-Executive Chairman)
Victoria Killay (Non-Executive) – appointed on 13 June 2012
Kenneth Murray (Non-Executive) – appointed on 13 June 2012
David Thomas (Non-Executive) – resigned on 13 June 2012
Kay Bendall (Non-Executive) – resigned on 13 June 2012

Investment Manager, Administrator and Secretary
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Capita Registrars
The Registry
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Custodians
RBC Investor Services Trust
Riverbank House, 2 Swan Lane
London EC4R 3AF

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The Association of Investment Companies

London Stock Exchange LISTED PREMIUM

Blue Planet Investment Management Ltd is authorised and regulated by the Malta Financial Services Authority.
Blue Planet International Financials Investment Trust plc is a member of the Association of Investment Companies.

Investment Policy and Objective

The investment policy of the Company is to invest in securities (including equities, exchange traded funds, equity-related securities, bonds and derivatives) issued by companies, Governments and other types of issuers located throughout the world with the objective of providing investors with a combination of capital growth and income.

The Company has not set maximum exposures for any type of issuer, geographical regions or sectors which will depend on market conditions and the judgement of the Board of what is in the best interest of Shareholders. However, a part of the Company's investments is expected to remain in the financial sector. It would normally be expected that most of the Company's investments will be in equities, exchange traded funds, equity-related securities, bonds and derivatives. However, the Company is not prohibited from investing in other types of securities. Not more than 15 per cent of the Company's portfolio may be invested in any one entity at the time the investment is made. There is no restriction on the amount that may be invested in any one country.

The Company may use derivatives (including, but not limited to, contracts for differences, futures and options), principally, but not exclusively, for efficient portfolio management, that is to reduce, transfer or eliminate investment risk in its investments, including protection against currency risks. Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments.

The Company's Articles permit borrowing up to an amount not exceeding 75% of Shareholders' funds. The Board will utilise borrowing up to this limit from time to time to enhance income and capital returns over the long term and may borrow in Sterling and other currencies.

Financial Record

	Six months ended 31 October 2012 (unaudited)	Six months ended 31 August 2011 (unaudited)	Year ended 30 April 2012 (audited)
Shareholders' funds (£'000)	18,975	6,969	5,944
Net asset value per share (p)	38.35	43.44	37.05
Share price (p) (Bid)	23.00	26.00	22.0
Discount (%)	40.03	40.15	40.60
Gearing (%)*	35.23	–	51.00
Return available for shareholders (£'000)	190	132	93
Revenue return per share (p)	0.46	0.82	0.58
Total return per share (p)	2.54	(10.03)	(16.42)
Dividend per share (p)	–	–	–
Dividend yield on our shares (%)	–	–	–
Dividend yield on Benchmark Index (%)	4.98	3.01	4.30
Ongoing Charges (%) **	4.44	5.45	5.55

* Net debt as a percentage of shareholders' funds

** Ongoing charges figure has been prepared in accordance with the AIC's recommended methodology.

Dividend

No interim dividend has been declared.

The Investment Manager

Blue Planet Investment Management Ltd is a Malta based investment management company. It is an independent firm that specialises in managing investment trusts and family trusts and has a great deal of experience of managing investments in the financial sector on a worldwide basis. It is regulated by the Malta Financial Services Authority.

Blue Planet Investment Management Ltd is the investment manager of the Company and receives an annual fee of 1.50% per annum of the total assets of the company which is paid monthly. Blue Planet Investment Management Ltd also receives £196,000 per annum in respect of administration and secretarial services. The investment management, administration and secretarial services agreements may only be terminated on receipt of two years notice.

Website Information

Please take the time to visit our website:

www.blueplanet.eu

Subscribe to our monthly fact sheet service:

http://www.blueplanet.eu/blueplanet_downloads.136.html

To download historical Annual and Interim reports and past monthly fund fact sheets:

http://www.blueplanet.eu/blueplanet_downloads.124.html

To view stock market RNS announcements:

http://www.blueplanet.eu/blueplanet_news.8.html

Interim Management Report

Performance

Over the six months to 31st October 2012 our net asset value ("NAV") rose 3.5% to 38.35p per share while our share price (bid) rose 4.6%, to 23.0p. The Fund's benchmark index, the Bloomberg World Financials Index, returned 4.3% over the same period in Sterling terms.

A key event that took place over the period was the successful completion of our merger with Blue Planet Financials Growth & Income Investment Trusts No's 1-10 plc and Blue Planet Worldwide Financials Investment Trust plc on 13th June 2012. The costs of that merger were fully provided at 30th April 2012 and were paid during the period; this was money well spent and the benefits of the merger, including much lower operating costs, are now feeding through to our investment performance. In addition, the new, wider investment mandate, which was introduced at the time of the merger, has reduced the volatility in the value of our investments.

In the period since the merger our net asset value has risen by 13.1%. This compares with a 6.8% rise in the benchmark index over the same period. Whilst it is early days, the Fund's lower expense ratio and the ability to hold a wider range of investments have so far proved to be successful, and have provided us with a return which is almost double that of the benchmark index.

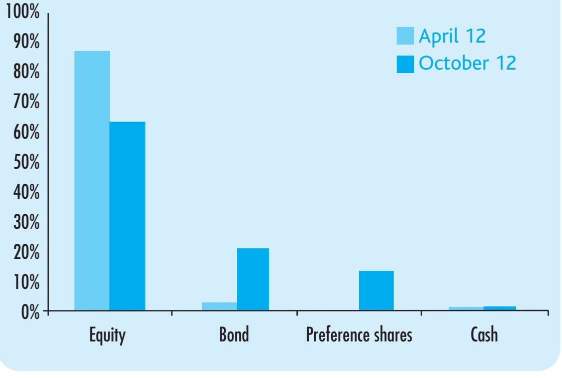
As well as diversifying the portfolio and targeting stocks that will provide us with capital growth we have also been focusing on growing our income in order that we can resume dividend payments to shareholders and I am pleased to say that we anticipate being able to resume dividend payments at the end of this financial year.

Portfolio

At the end of the period the Trust had gearing net of cash equal to 35.2% of NAV and its capital was deployed as follows: 88.5% of NAV was invested in equities; 19.2% in preference shares; 29.2% in bonds and 1.7% in cash.

Since the merger we have reduced our exposure to equities and invested a significant part of our portfolio in preference shares and bonds in order to provide us with a high and stable income stream. Those investments have also provided us with good capital growth. By way of example, our holdings of Santander UK 8.625% and 10.375% preference shares rose in value by 23.2% and 18.6% respectively over the period. Our bonds have also provided us with good capital gains, with our Lloyds TSB 7.625% 2025 bonds rising by 27.6%, our Aviva 6.875% 2058 by 23.8% and our RBS 5.25% 2049 by 19.1%. Figure 1 shows the movement in security types during the period.

Figure 1. Portfolio movements – security type



We have also reduced our exposure to financials since the merger and now have 35.1% of our NAV invested in other sectors. We have added investments in the energy, telecommunications, utilities and information technology sectors to add diversity to the portfolio. This has reduced both volatility and the risk profile of the Fund.

As regards our geographic allocation of capital, 57.4% of NAV was invested in stocks listed in the UK at the end of the period, of which 31.7% of NAV was in high yielding bonds and preference shares issued by banks and insurers, the balance being invested in the equity of insurers, oil stocks, utilities and asset managers. While we remain wary of the serious problems facing the UK economy, we were able to buy those stocks on valuations that more than reflected that risk and which offered attractive dividend yields.

Our second most important geographical market is the US where we have invested 30.3% of NAV. US financial companies suffered badly, although generally speaking not as badly as their UK and European counterparts, as a result of the financial crisis and from the severe contraction in the value of US housing that had until recently persisted for many years. However those institutions are now well capitalised and have by and large provided for the bad debts that arose as a result of the financial crisis. They have also met most of the huge and often spurious legal claims made against them. Consequently much of the problems that they faced have now been dealt with and with the US housing market, which is critical to their fortunes, and economy now firmly on the road to recovery their future prospects are much better. US banks with capital market businesses also stand to gain from the withdrawal of foreign participants, such as UBS, from those markets. This will ease competitive pressures and boost the profitability of those investment banks that remain especially as the recovery in the US economy gathers pace. Finally, once U.S banks and insurers have rebuilt their capital ratios, which many already have, they will be generating excess capital and we would expect to see them hike dividend payments over the coming years which should help drive their share prices higher. The Fund is well positioned to benefit from the recovery in the fortunes of those companies.

By contrast with America, the economic situation in Europe remains bleak with on-going private sector deleveraging, tight financial conditions, political chaos and fiscal drag continuing to weigh on the region's economic outlook. Governments, who have mismanaged their public finances for years are now having to deal with their monumental errors of judgement and it will be some time before Europe recovers from those mistakes. There is, however, good value amongst European stocks and we have focussed what investments we have there on undervalued, large and solid companies selling products or services for which there is a low elasticity of demand and that offer high yields. We have done so, in the hope that those high yields will provide support to the share prices of those companies until such time as Europe's fortunes start to improve.

With the slowdown in advanced economies in 2012, we have limited our exposure to emerging markets in the period under review. At the end of the period, we had 12.0% of NAV invested in the Russian financial and energy sectors. Bank penetration in Russia is low and as disposable income increases across Russia's population of 125 million, retail lending will see strong growth for many years to come.

Dividend

No interim dividend has been declared for the first half of the year although as was mentioned earlier in this report we anticipate being able to resume dividend payments to shareholders at the end of this financial year.

Risk

Your Company is, and will continue to be, exposed to a number of risks which are detailed in full in the Investment Managers Report in the Annual Report. The key market risk arises from the uncertainty regarding the future price performance of the securities held by your Company. If gearing is employed this risk is magnified.

The prices of the individual securities in the portfolio are monitored on a daily basis and the Board, that meets quarterly, imposes borrowing limits to ensure gearing levels are appropriate to market conditions. When gearing is employed the potential impact of changes to interest rates is taken into consideration. The securities dealt in are all listed on recognised exchanges and are readily realisable.

The Fund is exposed to currency risk, due to the range of currencies in which investments are held. The majority of the Company's assets are held in assets denominated in foreign currencies and movements in these currencies can significantly affect the total return and net assets. The fund manager tracks currency movements on a regular basis and hedging is considered on a case-by-case basis.

Where investments are made in emerging markets there is a risk of higher volatility in the price performance of these equities and their associated currencies. Political risk and adverse economic circumstances are more likely to arise, putting the value of the investment at a higher risk. The registration and settlement arrangements in emerging markets may be less developed than in more mature markets so operational risks of investing are higher.

Going Concern

The Company's business activities, together with the risk factors likely to affect its future position are set out in this report. The Directors consider that the Company has adequate financial resources in the form of readily realisable listed securities, including cash and loan facilities to continue in operational existence for the foreseeable future. For this reason they continue to use the going concern basis in preparing the accounts.

Borrowings, Gearing and Liquidity

The Fund ended the interim period with gearing net of cash of 35.2%. At the start of the period, we had no gearing as we were concerned about the very unstable situation that had developed in Europe and in capital markets in general and we wanted to limit our exposure to those risks. Since then things have improved and we re-introduced gearing in July 2012.

The Company financed its gearing by means of a £7m multi-currency, revolving loan facility which it had with the German bank, HSH Nordbank AG. This matured on 30th November 2012 and regrettably HSH Nordbank AG has decided to withdraw from the UK lending market. Consequently, the Board has negotiated a credit facility with KAS Bank N.V. which will allow the company to continue to gear its portfolio.

Generally, gearing beneficially affects the Company's NAV when the value of the portfolio is rising, but adversely affects it in periods when the value of the portfolio is falling.

Blue Planet Price Information Sources

Shareholders can view the Company's share price and additional information about the Fund on the website of Blue Planet Investment Management Ltd (www.blueplanet.eu) and the London Stock Exchange (www.londonstockexchange.com). To find the Company's share price on the London Stock Exchange website go to the Home page and type "BLP" in the "Price Search" field.

Change of Directors

Ms. Victoria Killay and Mr. Kenneth Murray joined the Board of Directors on the 13th June 2012. Ms. Killay was formerly the Chairman of the Blue Planet Financials Growth & Income Investment Trusts No1-10 plc. Mr. Murray was previously a non-executive director of Blue Planet Worldwide Financials Investment Trust plc. Kay Bendall and David Thomas resigned from the Board on completion of the merger.

Outlook

The recovery from the debt crises continues, but sluggish global economic growth, which is an unavoidable consequence of deleveraging, is restricting the pace of that recovery. Nevertheless, progress is being made and economies and companies are slowly but surely recovering and stock markets will follow suit. Governments with large deficits have little option but to reduce their expenditures to avoid insolvency and bring their finances onto a sustainable and viable footing. Given the large number of countries that fall into that category this was always going to have a serious impact on the global economy. However the process of addressing those deficits, deleveraging and strengthening balance sheets is now quite well advanced. The critical question is when the maximum negative effects of those policies will be felt; once that point has been reached the situation will start to improve with the rate of improvement accelerating over time.

One peculiarity of the debt crisis was the manner in which it drove unprecedented numbers of investors to sell assets that they perceived to be risky, such as equities, and buy so called “risk free” assets such as Government bonds. This drove yields on those assets down to historically unprecedented levels and, in some cases even resulted in investors knowingly accepting negative rates of return on them. That strategy may have appeared justifiable when risks were perceived as being very high but as risks recede that flow will reverse and given the very low yields on those assets, it will give rise to very large losses for the holders of those assets. For example, a 10 year Government bond bought on a yield of 3% could see 33% of its value wiped out if investors demand an additional one per cent per annum return for holding such assets. In an environment where returns on equities accelerate away from those of risk free assets and it is seen as safe to get back into those higher yielding assets, such an outcome is highly likely. As investors realise this, it will lead to a stampede out of “risk free” assets and into riskier assets such as equities both to avoid losses and to obtain higher returns and this will fuel and accelerate the recovery in equities. That flow will be further fuelled over the medium to long term as Governments reduce their deficits and repay the bonds that they issued to finance them. This will not only reduce the overall pool of assets available for investors to invest in (i.e. the supply of investments), but it will also increase liquidity as investors receive back the cash they had tied up in Government securities, some of it newly printed by central banks specifically for that purpose. This will have the effect on increasing the supply of money available for investment at the same time as the pool of possible investments is shrinking and that money will have to be reinvested somewhere and a large part of it will end up in equities. This is why we are very bullish about equities over the medium to long term.

Investor anxiety may persist for a while, until these issues are resolved, but levels of anxiety have fallen noticeably over recent months and confidence is returning to the markets. Furthermore, there is still plenty of upside in this market and with a portfolio of good quality, high yielding stocks with strong cash-generation abilities and good recovery prospects we are well placed to profit from that recovery. Consequently, we look forward to the future with confidence.

I would like to thank all shareholders for their support.

John Tyce
Chairman
7 December 2012

Balance Sheet

	At 31 October 2012 (unaudited) £	At 31 August 2011 (unaudited) £	At 30 April 2012 (audited) £
Fixed assets			
Listed equity investments	20,430,767	5,098,517	8,330,920
Listed non - equity investments	5,543,442	2,025,455	321,471
	25,974,209	7,123,972	8,652,391
Current assets			
Debtors	202,399	84,294	433,021
Cash at bank and in hand	314,384	3,397,200	70,314
Creditors: amounts falling due within one year (note 7)	(7,515,569)	(535,988)	(3,211,949)
Net current (liabilities) / assets	(6,998,786)	2,945,506	(2,708,614)
Total assets less current liabilities	18,975,423	10,069,478	5,943,777
Creditors: amounts falling due within one year (note 7)	–	(3,100,000)	–
Net assets	18,975,423	6,969,478	5,943,777
Capital and reserves			
Called-up share capital	497,820	8,288,535	8,021,235
Share premium account	18,426,406	6,758,327	6,758,327
Other reserves:			
Capital reserve – realised	(9,650,231)	(8,078,198)	(8,638,146)
Capital reserve – investment holding losses	1,311,974	(145,843)	(572,627)
Capital redemption reserve	8,167,389	–	267,300
Revenue reserve	222,065	146,657	107,688
Shareholders' funds (note 8)	18,975,423	6,969,478	5,943,777
Net asset value per ordinary share – (note 4)	38.35p	43.44p	37.05p

Statement of Directors' responsibilities:

The Directors confirm that this set of condensed financial statements has been prepared in accordance with the ASB's Statement "Half Yearly Financial Reports" and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

On behalf of the Board

John Tyce
Chairman
7 December 2012

Income Statement

	For the six months ended 31 October 2012 (unaudited)		
	Revenue £	Capital £	Total £
Capital gains / (losses) on investment			
Net realised losses	–	(1,041,140)	(1,041,140)
Unrealised gains	–	1,859,788	1,859,788
Exchange gains / (losses)	–	212,427	212,427
Net capital gains / (losses) on investment	–	1,031,075	1,031,075
Income from investments	521,838	–	521,838
Bank interest receivable	97	–	97
Gross revenue and capital gains / (losses)	521,935	1,031,075	1,553,010
Administrative expenses	(273,559)	(128,087)	(401,646)
Net return before interest payable and taxation	248,376	902,988	1,151,364
Interest payable	(30,472)	(30,472)	(60,944)
Return on ordinary activities before taxation	219,204	872,516	1,091,720
Taxation on ordinary activities (note 3)	(27,841)	–	(27,841)
Return on ordinary activities after taxation	190,063	872,516	1,062,579
Return per ordinary share (note 4)	0.46p	2.09p	2.54p

The Total column of the income statement represents the profit & loss account of the Company.
All revenue and capital items in the above statement derive from continuing operations.
There were no recognised gains and losses other than those disclosed above.
Accordingly a statement of total recognised gains and losses is not required.

For the six months ended 31 August 2011 (unaudited)			For the period ended 30 April 2012 (audited)		
Revenue	Capital	Total	Revenue	Capital	Total
£	£	£	£	£	£
–	(2,176,209)	(2,176,209)	–	(2,613,777)	(2,613,777)
–	601,770	601,770	–	187,873	187,873
–	(94,541)	(94,541)	–	(91,960)	(91,960)
–	(1,668,980)	(1,668,980)	–	(2,517,864)	(2,517,864)
340,433	–	340,433	596,100	–	596,100
4,300	–	4,300	10,827	–	10,827
344,733	(1,668,980)	(1,324,247)	606,927	(2,517,864)	(1,910,937)
(172,676)	(45,042)	(217,718)	(439,691)	(153,360)	(593,051)
172,057	(1,714,022)	(1,541,965)	167,236	(2,671,224)	(2,503,988)
(26,944)	(26,944)	(53,888)	(56,259)	(56,259)	(112,518)
145,113	(1,740,966)	(1,595,853)	110,977	(2,727,483)	(2,616,506)
(13,000)	–	(13,000)	(17,833)	(215)	(18,048)
132,113	(1,740,966)	(1,608,853)	93,144	(2,727,698)	(2,634,554)
0.82p	(10.85)p	(10.03)p	0.58p	(17.00)p	(16.42)p

Cash Flow Statement

	For the six months ended 31 October 2012 (unaudited) £	For the six month ended 31 August 2011 (unaudited) £	For the period ended 30 April 2012 (audited) £
Operating activities			
Investment income received	556,668	314,091	465,341
Interest received	97	2,140	10,827
Investment management and administration fees paid	(301,945)	(143,102)	(312,662)
Cash paid to and on behalf of directors	(21,500)	(21,500)	(52,981)
Other cash payments	(143,737)	(67,131)	(169,204)
Exchange differences on foreign currency cash balances	212,427	(107,391)	(102,001)
Net cash inflow / (outflow) from operating activities (note 6)	302,010	(22,893)	(160,680)
Servicing of finance			
Interest paid	(52,672)	(55,733)	(122,083)
Taxation			
Taxation recovered	8,557	–	1,057
Capital expenditure and financial investment			
Purchase of investments	(26,569,045)	(22,507,411)	(65,425,282)
Sale of investments	22,466,445	26,565,142	66,362,016
Cash (outflow) / inflow before financing	(3,844,705)	3,979,105	655,028
Management of liquid resources			
Cash withdrawn from deposit	–	–	1,532,546
Cash placed on deposit	–	(1,020,813)	(1,522,505)
Financing			
Loan drawn down / (repaid)	3,900,000	(1,000,000)	(1,000,000)
Purchase of treasury shares	(75,686)	–	–
Cash received from merger less merger costs paid	264,461	–	–
Increase / (decrease) in cash	244,070	1,958,292	(334,931)

Reconciliation of Movements in Shareholders' Funds

For the six months ended 31 October 2012 (unaudited)	Called-up Share capital £	Share premium £	Capital reserve-realised £	Capital reserve-investment holding losses £	Capital Redemption reserve £	Revenue reserve £	Total shareholders' funds £
Shareholders' funds at 1 May 2012	8,021,235	6,758,327	(8,638,146)	(572,627)	267,300	107,688	5,943,777
Return on ordinary activities after taxation	–	–	(1,012,085)	1,884,601	–	190,063	1,062,579
Restructuring of share capital (note 8)	(7,253,415)	11,668,079	–	–	7,900,089	–	12,314,753
Treasury shares purchased	–	–	–	–	–	(75,686)	(75,686)
Shareholders' funds at 31 October 2012	497,820	18,426,406	(9,650,231)	1,311,974	8,167,389	222,065	18,975,423
For the six months ended 31 August 2011 (unaudited)							
Shareholders' funds at 1 March 2011	8,288,535	6,758,327	(5,722,232)	(760,843)	–	14,544	8,578,331
Return on ordinary activities after taxation	–	–	(2,355,966)	615,000	–	132,113	(1,608,853)
Shareholders' funds at 31 August 2011	8,288,535	6,758,327	(8,078,198)	(145,843)	–	146,657	6,969,478
For the period ended 30 April 2012 (audited)							
Shareholders' funds at 1 May 2012	8,288,535	6,758,327	(5,722,232)	(760,843)	–	14,544	8,578,331
Return on ordinary activities after taxation	–	–	(2,915,914)	188,216	–	93,144	(2,634,554)
Treasury shares cancelled	(267,300)	–	–	–	267,300	–	–
Shareholders' funds at 30 April 2012	8,021,235	6,758,327	(8,638,146)	(572,627)	267,300	107,688	5,943,777

Notes

1. The financial statements for the six months to 31 October 2012 have been prepared on the basis of the accounting policies set out in the Company's Annual Report and Accounts as at 30 April 2012 in accordance with the statement on half yearly financial reports issued by the ASB and applicable to UK law and accounting standards.

2. All expenses are charged to the revenue account with the exception of management fees and interest charges on borrowings, one half of which less the appropriate tax relief is charged to capital.

3. The taxation charge arises wholly from overseas withholding tax on investment income.

4. The return per ordinary share is based upon the following figures:

	31 Oct 2012 (unaudited)	31 Aug 2011 (unaudited)	30 Apr 2012 (audited)
Revenue return	£190,063	£132,113	£93,144
Capital return	£872,516	£(1,740,966)	£(2,727,698)
Weighted average number of ordinary shares in issue during the period	41,771,346	16,042,469	16,042,469

The net asset value per ordinary share is calculated on 49,474,863 ordinary shares in issue at the end of the period after deducting treasury shares.

5. No interim dividend is proposed.

6. Cash Flow Statement:

Reconciliation of net revenue return to net cash inflow / (outflow) from operating activities	31 Oct 2012 £ (unaudited)	31 Aug 2011 £ (unaudited)	30 Apr 2012 £ (audited)
Net return before interest payable and taxation	248,376	172,057	167,236
Administrative expenses charged to capital	(128,087)	(45,042)	(153,360)
Decrease / (increase) in other debtors	52,267	(19,421)	(110,083)
(Decrease) / increase in other creditors	(54,434)	(8,825)	56,272
Tax suffered on investment income	(28,539)	(14,271)	(18,744)
Exchange differences on foreign currency cash balances	212,427	(107,391)	(102,001)
Net cash inflow / (outflow) from operating activities	302,010	(22,893)	(160,680)

6. Cash Flow Statement (cont'd)

Reconciliation of net cash flow to movement in net (debt) / funds	31 Oct 2012 £ (unaudited)	31 Aug 2011 £ (unaudited)	30 Apr 2012 £ (audited)
Increase / (decrease) in cash balances	244,070	1,958,292	(334,931)
Increase / (decrease) in cash on deposit	–	1,020,813	(10,041)
Loan (drawn down) / repaid	(3,900,000)	1,000,000	1,000,000
Changes in net (debt) / funds resulting from cash flows	(3,655,930)	3,979,105	655,028
Exchange differences	–	12,850	10,041
Movement in net (debt) / funds in the period	(3,655,930)	3,991,955	665,069

7. The unsecured sterling loan of £7,000,000 was subject to a covenant which sets a maximum gearing threshold. The interest rate was 2.05% and the loan was repaid on 6 December 2012. The Company was in compliance with its banking covenants as at 31 October 2012. The Company has agreed a new credit facility with KAS Bank N.V.

8. The merger of the Company with Blue Planet Worldwide Financials Investment Trust plc (BPW) and Blue Planet Financials Growth & Income Investment Trusts No's 1-10 plc (BPFU) was completed on 13 June 2012. To effect the merger 37,667,403 shares were issued to acquire the net assets of BPW and BPFU, of which 3,927,884 were issued to Investments Company LLP, a vehicle used to complete the merger by eliminating cross shareholdings. These shares were cancelled following the merger to leave new shares in issue of 33,739,519 which together with the Companys' original shares in issue of 16,042,469 give total shares in issue of 49,781,988. As a consequence of the restructuring of the Companys' share capital carried out during the merger the par value of the Companys' ordinary share is now 1p (formerly 50p).

9. The total number of shares held in treasury is 307,125. These shares have no voting rights, do not rank for dividend and are excluded from the calculation of net asset value and return per ordinary share. At 31 October 2012 the Company had the authority to purchase further 9,692,875 of its own shares. A resolution to renew this authority will be proposed at the Annual General Meeting in 2013.

10. The figures and financial information for the period ended 30 April 2012 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for the period as defined in section 434 of the Companies Act 2006. Those accounts have been delivered to the Registrar of Companies and include the report of the auditors which was unqualified and did not contain a statement either under section 498(2) or 498(3) of the Companies Act 2006. The half yearly Report and Account have not been audited or reviewed by the Company's Auditors.

Portfolio Information

As at 31 October 2012		Country Name	Valuation (£)	% of Portfolio
	Ordinary Shares			
210,800	Bank of America Corporation	United States	1,217,711	4.6
6,250	Zurich Insurance Group AG	Switzerland	955,295	3.6
25,500	Capital One Financial Corporation	United States	950,995	3.6
778,600	RSA Insurance Group plc	United Kingdom	874,368	3.3
699,629	Henderson Group plc	United Kingdom	818,566	3.1
341,600	Enel S.P.A.	Italy	796,270	3.0
1,873	Samsung Electronics Co. Ltd	United States	697,702	2.7
83,577	Genel Energy plc	United Kingdom	676,138	2.6
76,380	CNP Assurances	France	668,885	2.5
30,800	American International Group	United States	666,627	2.5
45,500	GDF Suez SA	France	647,518	2.5
144,900	BP plc	United Kingdom	642,342	2.4
30,260	Wells Fargo & Company	United States	631,870	2.4
25,400	iShares S&P U.S. Preferred Stock Index	United States	626,420	2.4
18,162	Total SA	France	566,714	2.2
231,400	Resolution Ltd	United Kingdom	505,146	1.9
24,440	U.S. Bancorp	United States	503,070	1.9
270,000	Sberbank OAO	Russia	489,885	1.9
17,700	JP Morgan Chase & Company	United States	457,036	1.7
95,500	Banco Santander SA	Spain	443,686	1.7
77,360	Inmarsat plc	United Kingdom	438,244	1.7
30,240	SSE plc	United Kingdom	437,875	1.7
26,260	SCOR SE	France	434,606	1.7
3,110	Komercni Banka AS	Czech Republic	394,061	1.5
35,900	Bank Vozrozhdenie	Russia	390,507	1.5
27,800	EDF SA	France	364,790	1.4
54,150	Catlin plc	United Kingdom	255,155	1.0
64,000	Amlin plc	United Kingdom	238,848	0.9
			16,790,330	63.9
	Preference Shares			
880,000	TNK-BP Holding	Russia	964,715	3.7
793,000	Lloyds Banking Group 9.25%	United Kingdom	856,440	3.3
500,000	Natwest Bank 9%	United Kingdom	540,000	2.1
17,000	Bashneft OAO	Russia	425,382	1.6
300,000	Standard Chartered plc 8.25%	United Kingdom	352,500	1.3
284,000	Santander UK plc 10.375%	United Kingdom	312,400	1.2
200,000	Santander UK plc 8.625%	United Kingdom	189,000	0.7
			3,640,437	13.9

Portfolio Information (cont'd)

As at 31 October 2012		Country Name	Valuation (£)	% of Portfolio
	Debt Securities			
620,000	Lloyds Banking Group 04/25 7.625%	United Kingdom	664,535	2.5
711,000	Aviva plc 6.875% 20/05/58	United Kingdom	652,399	2.5
541,000	Co-Op Bank 9.25% 28/04/21	United Kingdom	597,329	2.3
427,000	Yorkshire Building Society 13.5% 04/25	United Kingdom	564,498	2.1
832,000	BNP Paribas 4.875% 10/49	France	477,024	1.8
769,000	Royal Bank of Scotland Group plc 5.25% 06/49	United Kingdom	411,543	1.6
600,000	Societe Generale 8.75% Perpetual	France	376,348	1.4
459,000	ING Groep 8% 04/49	Netherlands	372,638	1.4
350,000	Santander UK plc 10.0625% 10/49	United Kingdom	358,750	1.4
551,000	Credit Agricole Preferred Fund Trust 7% 01/49	France	294,898	1.1
237,000	Friends Life Group 12% 05/21	United Kingdom	291,387	1.1
250,000	Credit Agricole SA 7.375% 12/23	France	265,413	1.0
391,000	Royal Bank of Scotland Group plc 5.5% 11/49	United Kingdom	216,680	0.8
			5,543,442	21.0
	Listed Investments		25,974,209	98.8
	Cash		314,384	1.2
	Total		26,288,593	100.0

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