

Troy Income & Growth Trust plc

Half Yearly Report
31 March 2014



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Investment Objective

The Company's investment objective is to provide shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

Financial Highlights

| | 31 March 2014 | 30 September 2013 | % change |
|------------------------------------|----------------------|-------------------|----------|
| Equity shareholders' funds (£'000) | 147,807 | 145,778 | +1.4 |
| Net asset value per share | 63.37p | 60.22p | +5.2 |
| Share price (mid market) | 64.00p | 60.50p | +5.8 |
| Premium to net asset value | 1.0% | 0.5% | |

Total Returns *

| | 6 months ended 31 March 2014 | 12 months ended 31 March 2014 | 36 months ended 31 March 2014 | From change of Manager 56 months ended 31 March 2014 |
|---------------------------|---|--|--|---|
| Share price | +7.7% | +8.2% | +40.0% | +110.3% |
| Net asset value per share | +7.6% | +9.3% | +38.1% | +94.1% |
| FTSE All-Share Index | +4.8% | +8.8% | +28.8% | +77.3% |

* Total return includes reinvesting the net dividend in the month that the share price goes ex-dividend.

Financial Calendar

| | |
|-----------------|---|
| May 2014 | Announcement of unaudited interim results for the six months ended 31 March 2014 |
| May 2014 | Half Yearly Report posted to shareholders |
| 25 July 2014 | Third interim dividend 2013/2014 payable to shareholders |
| 31 October 2014 | Fourth interim dividend 2013/2014 payable to shareholders |
| November 2014 | Announcement of Annual Results for the year ending 30 September 2014 |
| December 2014 | Annual Report posted to shareholders |
| January 2015 | Annual General Meeting |
| May 2015 | Announcement of unaudited interim results for the six months ending 31 March 2015 |
| May 2015 | Half Yearly Report posted to shareholders |

Interim Board Report

Performance

The Company delivered a Net Asset Value (NAV) total return of +7.6% over the six months to 31 March 2014. The share price total return of +7.7% reflected minimal premium/discount change, while the FTSE All-Share Index produced a total return of +4.8%. Over the year to 31 March 2014 the NAV total return of +9.3% compared favourably to that of the FTSE All-Share Index which returned +8.8%. The six months comprised two quarters in which the Company outperformed the market, including generating a positive total return in the quarter to 31 March 2014 when the market actually fell. The Company increased the aggregate of the first and second interim dividends by 4.8% to 1.10p (a quarterly rate of 0.55p) when compared to the equivalent dividends in the previous year.

Overall the performance of your Company in the period under review was consistently strong, particularly in the more recent market downturn, after lagging the market when it was most ebullient earlier last year. This is consistent with one of our objectives, that being the generation of total returns with lower volatility than the stock market as a whole.

Background

A number of dark clouds on the horizon have served to overshadow the exuberance which initially took hold when the 'dovish' Janet Yellen was nominated as Chair of the Board of Governors of the Federal Reserve in October. Russia's annexation of Crimea from Ukraine has materially increased geopolitical tensions. China's slowing growth has combined with concerns over the credit risk associated with billions of dollars of imminently maturing wealth management products to temper enthusiasm for what has long been an engine of earnings growth. Moreover, the Federal Reserve has succeeded in creating further ambiguity over the timing of the tapering of quantitative easing (QE) and interest rate rises from the Federal Reserve. Stock markets have however nudged upwards in the six months in what has been a bumpy ride for most markets.

Closer to home, the UK economy saw its strongest expansion since 2007 with a 1.9% pick up in Gross Domestic Product for 2013. The country's Purchasing Managers Index (PMI), an indicator of manufacturing activity (10% of economic output), has risen for 12 consecutive months and the unemployment rate has echoed this, falling to 7.2% in the fourth quarter of 2013. As it neared the 7% mark, identified by the Bank of England's Governor as the level at which an increase in interest rates would be considered, Governor Carney adjusted the recently adopted policy of forward guidance, citing other areas of unused capacity that could delay the need for an imminent rate rise as output remains subdued and still below the levels of 2008. The US Federal Reserve also tempered expectations of a rate rise in early 2015, citing considerable slack in the labour market as reason for continued central bank stimulus. Soothed by such assurances, stock markets continue to skirt around all-time highs.

Two stock market sectors that the Company is not exposed to, life insurance and gambling, suffered heavy losses following the March Budget as a result of the scrapping of compulsory annuity purchases by pensioners and the imposition of additional taxation on fixed odds betting terminals (slot machines). This is a salutary reminder of the capricious effect of governments on equity markets - an effect which is likely to recur as successive governments struggle to reduce the budget deficit.

Discount Control Mechanism

In the six months to 31 March 2014, the Company repurchased 9.359m shares and issued 0.55m shares, and, mostly as a result, the shares traded in a very narrow range around their NAV with minimal rating (i.e. discount/premium) volatility. Provision of liquidity to both buyers and sellers of shares in the Company is a key element of the discount control mechanism and it is pleasing to see Shareholders being able to access greater liquidity in the Company than they might in many larger investment trusts.

Gearing

The Board and Manager will continue to assume a disciplined and conservative approach to the use of gearing but Shareholders can rest assured that, as and when the appropriate stock market conditions arise, the Company will take the opportunity to use this tool.

Dividends

The current quarterly dividend rate is 0.55p and the second quarterly dividend was paid on 25 April 2014. As in previous years the Board will consider the final quarterly dividend before the year end on 30 September. UK equity market dividend growth prospects for the next twelve months are approximately 5% but, as the current year's market dividend growth forecast has been hampered by the recent strength of sterling, further earnings growth will be required to sustain this level of dividend growth.

Outlook

Stock markets have certainly entered this year on a more fragile footing than they ended the last. With broad stock market valuations significantly overextended relative to their long-term average, many share prices remain vulnerable to a de-rating should events conspire to derail the QE-inspired optimism. The conflict in Ukraine serves as a cautionary reminder that the catalyst for a correction could come in a number of guises. Although the Managers see reduced numbers of compelling buying opportunities at current levels, they continue to research new investment ideas. When stock market conditions change the Managers believe they will have a number of opportunities to make purchases at lower prices than are available today.

The Alternative Investment Fund Managers Directive (“AIFMD”)

As stated in the September 2013 Annual Report and Accounts, the Board anticipates no problem with being in a position to comply with the implications of this legislation for the Company. The Board has agreed in principal to appoint Personal Assets Trust Administration Company Ltd (“PATAC”) as the Company’s Alternative Investment Fund Manager (“AIFM”) as required by the AIFMD and the Manager has agreed to ensure that this will not involve any extra expense for the Company. The Company will however also be obliged to appoint a depositary which will involve some extra cost for the Company. The Board fully expects to be able to implement the changes with PATAC and other service providers prior to the expiry of the AIFMD’s transitional arrangements in July 2014.

Board Changes

Roger White, Chief Executive of A.G. Barr plc, joined the Board on 29 April. The Board looks forward to benefiting from his insights and believes it has been fortunate to recruit such an outstanding, recognised and experienced businessman.

D Warnock

Chairman
6 May 2014

Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company’s investment activities and include performance and market risk, resource risk and operational risk. Other risks faced by the Company include breach of regulatory rules which could lead to suspension of the Company’s Stock Exchange Listing, financial penalties, or a qualified audit report. Breach of Section 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains.

An explanation of these principal risks and how they are managed is contained in the Strategic Report within the Annual Report and Accounts for the year ended 30 September 2013.

The Company’s principal risks and uncertainties have not changed since the date of the annual report and are not expected to change for the remaining six months of the Company’s financial year.

Directors' Responsibility Statement

The Directors are responsible for preparing the half yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of interim financial statements contained within the half yearly financial report have been prepared in accordance with International Accounting Standard 34; and,
- the Interim Board Report includes a fair review of the information required by 4.2.7R (indication of important events during the first six months of the financial year and description of principal risks and uncertainties for the remaining six months of the year) and 4.2.8R (disclosure of related party transactions and changes therein) of the FCA’s Disclosure and Transparency Rules.

The half yearly financial report for the six months to 31 March 2014 comprises the Interim Board Report, the Directors’ Responsibility Statement and a condensed set of financial statements.

For and on behalf of the Board

D Warnock

Chairman
6 May 2014

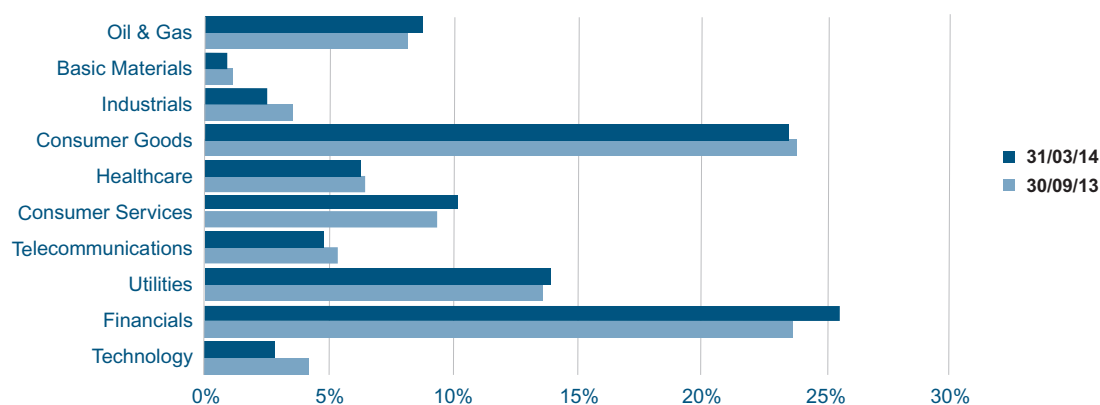
Investment Portfolio

As at 31 March 2014

| | Market value £'000 | Total portfolio % |
|-----------------------------------|--------------------------|-------------------------|
| Ordinary Shares | | |
| Unilever | 5,506 | 3.8% |
| Royal Dutch Shell | 5,299 | 3.6% |
| British American Tobacco | 5,169 | 3.6% |
| Reynolds American | 5,131 | 3.5% |
| GlaxoSmithKline | 4,932 | 3.4% |
| Reckitt Benckiser Group | 4,886 | 3.4% |
| HSBC Holdings | 4,859 | 3.4% |
| Centrica | 4,697 | 3.2% |
| BP | 4,660 | 3.2% |
| Pennon Group | 4,641 | 3.2% |
| Ten largest investments | 49,780 | 34.3% |
| National Grid | 4,562 | 3.1% |
| AstraZeneca | 4,264 | 2.9% |
| Amlin | 4,255 | 2.9% |
| Jardine Lloyd Thompson | 4,252 | 2.9% |
| Sage Group | 4,181 | 2.9% |
| Provident Financial | 4,043 | 2.8% |
| Imperial Tobacco | 3,972 | 2.7% |
| Schroders (Non voting) | 3,768 | 2.7% |
| Experian | 3,729 | 2.6% |
| WH Smith | 3,606 | 2.5% |
| Twenty largest investments | 90,412 | 62.3% |
| Nestle | 3,519 | 2.4% |
| SSE | 3,423 | 2.3% |
| Vodafone | 3,274 | 2.3% |
| British Sky Broadcasting Group | 3,194 | 2.2% |
| Pearson | 3,186 | 2.2% |
| Lloyds Banking Group | 3,133 | 2.2% |
| Compass Group | 3,038 | 2.1% |
| Severn Trent | 3,008 | 2.1% |
| BG Group | 2,904 | 2.0% |
| Coca-Cola | 2,644 | 1.8% |
| Thirty largest investments | 121,735 | 83.9% |
| LondonMetric Property | 2,619 | 1.8% |
| Rathbone Brothers | 2,493 | 1.7% |
| Dairy Crest | 2,174 | 1.5% |
| Verizon Communications | 2,045 | 1.4% |
| Land Securities Group | 2,042 | 1.4% |
| Primary Health Properties | 1,954 | 1.4% |
| ICAP | 1,953 | 1.4% |
| 3i Infrastructure | 1,867 | 1.3% |
| Greggs | 1,818 | 1.3% |
| Inmarsat | 1,744 | 1.2% |
| Newmont Mining | 1,368 | 0.9% |
| Altria Group | 1,230 | 0.8% |
| Total investments | 145,042 | 100.0% |

Portfolio Analysis

Analysis of Listed Equity Portfolio



Distribution of Assets and Liabilities

As at 31 March 2014

| | Valuation at 30 September 2013 | | Purchases | Sales | Appreciation/ (depreciation) | Valuation at 31 March 2014 | |
|----------------------------------|--------------------------------------|--------------|-----------|----------|---------------------------------|----------------------------------|--------------|
| | £'000 | % | £'000 | £'000 | £'000 | £'000 | % |
| Listed investments | | | | | | | |
| Ordinary shares | 140,861 | 96.6 | 8,045 | (12,207) | 8,343 | 145,042 | 98.1 |
| Other fixed interest | 378 | 0.3 | – | (428) | 50 | – | – |
| | 141,239 | 96.9 | 8,045 | (12,635) | 8,393 | 145,042 | 98.1 |
| Current assets | 4,927 | 3.4 | | | | 3,168 | 2.1 |
| Current liabilities | (388) | (0.3) | | | | (403) | (0.2) |
| Net assets | 145,778 | 100.0 | | | | 147,807 | 100.0 |
| Net asset value per share | 60.22p | | | | | 63.37p | |

Statement of Comprehensive Income

| | Six months ended 31 March 2014 (unaudited) | | | Six months ended 31 March 2013 (unaudited) | | | Year ended 30 September 2013 (audited) | | | |
|--|--|------------------|------------------|--|------------------|------------------|--|------------------|------------------|----------------|
| | Notes | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains on investments held at fair value | | – | 8,393 | 8,393 | – | 11,788 | 11,788 | – | 11,157 | 11,157 |
| Currency (losses)/gains | | – | (2) | (2) | – | (3) | (3) | – | 1 | 1 |
| Income | 2 | 2,479 | – | 2,479 | 2,333 | – | 2,333 | 6,001 | – | 6,001 |
| Investment management fees | | (192) | (358) | (550) | (173) | (321) | (494) | (364) | (677) | (1,041) |
| Other administrative expenses | | (214) | – | (214) | (207) | – | (207) | (343) | – | (343) |
| Finance costs of borrowing | | – | – | – | – | – | – | (5) | (10) | (15) |
| Profit before taxation | | 2,073 | 8,033 | 10,106 | 1,953 | 11,464 | 13,417 | 5,289 | 10,471 | 15,760 |
| Taxation | 3 | (34) | – | (34) | (41) | – | (41) | (95) | – | (95) |
| Profit for the period | | 2,039 | 8,033 | 10,072 | 1,912 | 11,464 | 13,376 | 5,194 | 10,471 | 15,665 |
| Earnings per Ordinary share (pence) | 5 | 0.87 | 3.42 | 4.29 | 0.82 | 4.92 | 5.74 | 2.21 | 4.45 | 6.66 |

The "Profit for the period" is also the Total Comprehensive Income for the period as defined in IAS1 (revised).

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards ("IFRS"). The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

No operations were acquired or discontinued during the period.

Balance Sheet

| | Notes | As at 31 March 2014 (unaudited) £'000 | As at 31 March 2013 (unaudited) £'000 | As at 30 September 2013 (audited) £'000 |
|---|-------|---|---|---|
| Non-current assets | | | | |
| Ordinary shares | | 145,042 | 135,310 | 140,861 |
| Other fixed interest | | – | 1,584 | 378 |
| Investments held at fair value through profit or loss | | 145,042 | 136,894 | 141,239 |
| Current assets | | | | |
| Accrued income and prepayments | | 755 | 1,574 | 684 |
| Cash and cash equivalents | | 2,413 | 5,963 | 4,243 |
| Total current assets | | 3,168 | 7,537 | 4,927 |
| Total assets | | 148,210 | 144,431 | 146,166 |
| Current liabilities | | | | |
| Trade and other payables | | (403) | (2,370) | (388) |
| Total current liabilities | | (403) | (2,370) | (388) |
| Net assets | | 147,807 | 142,061 | 145,778 |
| Issued capital and reserves attributable to equity holders | | | | |
| Called-up share capital | 6 | 60,514 | 58,904 | 60,514 |
| Share premium account | | 36,419 | 34,115 | 36,432 |
| Special reserve | | 52,755 | 58,163 | 58,163 |
| Capital reserve | 7 | (4,867) | (11,907) | (12,900) |
| Revenue reserve | | 2,986 | 2,786 | 3,569 |
| Equity shareholders' funds | | 147,807 | 142,061 | 145,778 |
| Net asset value per Ordinary share (pence) | | 63.37 | 60.29 | 60.22 |

Statement of Changes in Equity

| | Six months ended 31 March 2014 (unaudited) | | | | | |
|--|--|---------------|---------------|----------------|--------------|----------------|
| | Share | Share | Special | Capital | Revenue | Total |
| | capital | premium | reserve | reserve | reserve | |
| £'000 | account | £'000 | £'000 | £'000 | £'000 | |
| Balance at 30 September 2013 | 60,514 | 36,432 | 58,163 | (12,900) | 3,569 | 145,778 |
| Total comprehensive income for the period | – | – | – | 8,033 | 2,039 | 10,072 |
| Equity dividends | – | – | – | – | (2,622) | (2,622) |
| Shares bought back into treasury | – | – | (5,722) | – | – | (5,722) |
| Shares issued from treasury | – | (13) | 334 | – | – | 321 |
| Costs of cancellation of share premium account | – | – | (20) | – | – | (20) |
| Balance at 31 March 2014 | 60,514 | 36,419 | 52,755 | (4,867) | 2,986 | 147,807 |

| | Six months ended 31 March 2013 (unaudited) | | | | | |
|---|--|---------------|---------------|-----------------|--------------|----------------|
| | Share | Share | Special | Capital | Revenue | Total |
| | capital | premium | reserve | reserve | reserve | |
| £'000 | account | £'000 | £'000 | £'000 | £'000 | |
| Balance at 30 September 2012 | 56,421 | 30,941 | 58,163 | (23,371) | 2,371 | 124,525 |
| Total comprehensive income for the period | – | – | – | 11,464 | 1,912 | 13,376 |
| Equity dividends | – | – | – | – | (1,497) | (1,497) |
| New shares issued | 2,483 | 3,174 | – | – | – | 5,657 |
| Balance at 31 March 2013 | 58,904 | 34,115 | 58,163 | (11,907) | 2,786 | 142,061 |

| | Year ended 30 September 2013 (audited) | | | | | |
|---|--|---------------|---------------|-----------------|--------------|----------------|
| | Share | Share | Special | Capital | Revenue | Total |
| | capital | premium | reserve | reserve | reserve | |
| £'000 | account | £'000 | £'000 | £'000 | £'000 | |
| Balance at 30 September 2012 | 56,421 | 30,941 | 58,163 | (23,371) | 2,371 | 124,525 |
| Total comprehensive income for the year | – | – | – | 10,471 | 5,194 | 15,665 |
| Equity dividends | – | – | – | – | (3,996) | (3,996) |
| New shares issued | 4,093 | 5,491 | – | – | – | 9,584 |
| Balance at 30 September 2013 | 60,514 | 36,432 | 58,163 | (12,900) | 3,569 | 145,778 |

Cash Flow Statement

| | Six months ended 31 March 2014 (unaudited) £'000 | Six months ended 31 March 2013 (unaudited) £'000 | Year ended 30 September 2013 (audited) £'000 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Investment income received | 2,391 | 2,221 | 5,929 |
| Deposit interest received | – | 1 | 2 |
| Administrative expenses paid | (768) | (649) | (1,401) |
| Cash generated from operations | 1,623 | 1,573 | 4,530 |
| Finance costs paid | – | – | (15) |
| Taxation | (18) | (32) | (97) |
| Net cash inflows from operating activities | 1,605 | 1,541 | 4,418 |
| Cash flows from investing activities | | | |
| Purchases of investments | (8,045) | (13,501) | (21,615) |
| Sales of investments | 12,635 | 7,902 | 9,973 |
| Net cash inflow/(outflow) from investing activities | 4,590 | (5,599) | (11,642) |
| Net cash inflow/(outflow) before financing | 6,195 | (4,058) | (7,224) |
| Financing activities | | | |
| Proceeds of issue of shares | 321 | 5,657 | 9,622 |
| Costs of share buy backs | (5,722) | – | – |
| Dividends paid | (2,622) | (2,229) | (4,728) |
| Costs incurred on issue of new shares | – | – | (25) |
| Net cash (outflow)/inflow from financing activities | (8,023) | 3,428 | 4,869 |
| Net decrease in cash and short term deposits | (1,828) | (630) | (2,355) |
| Cash and short term deposits at the start of the period | 4,243 | 6,596 | 6,596 |
| Effect of foreign exchange rate changes | (2) | (3) | 2 |
| Cash and short term deposits at the end of the period | 2,413 | 5,963 | 4,243 |
| Reconciliation of operating profit to operating cash flows | | | |
| Profit before taxation | 10,106 | 13,417 | 15,760 |
| Add interest payable | – | – | 15 |
| Adjustments for: | | | |
| Gains on investments | (8,393) | (11,788) | (11,157) |
| Currency losses/(gains) | 2 | 3 | (1) |
| (Increase) in accrued income and prepayments | (86) | (69) | (35) |
| (Decrease)/increase in trade and other payables | (6) | 10 | (52) |
| Cash generated from operations | 1,623 | 1,573 | 4,530 |

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 – ‘Interim Financial Reporting’, as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). They have also been prepared using the same accounting policies applied for the year ended 30 September 2013 financial statements.

(b) Dividends payable

Dividends are recognised on the ex-dividend date.

| | Six months ended 31 March 2014 | Six months ended 31 March 2013 | Year ended 30 September 2013 |
|--|---|-----------------------------------|---------------------------------|
| | £'000 | £'000 | £'000 |
| 2. Income | | | |
| Income from listed investments | | | |
| UK dividend income | 2,256 | 2,052 | 5,365 |
| Overseas dividend income | 223 | 280 | 634 |
| | 2,479 | 2,332 | 5,999 |
| Other income from investment activity | | | |
| Deposit interest | – | 1 | 2 |
| Total income | 2,479 | 2,333 | 6,001 |

3. Taxation

The taxation charge for the period represents withholding tax suffered on overseas dividend income.

4. The following table shows the revenue for each period less the dividends declared in respect of the financial period to which they relate.

| | Six months ended 31 March 2014^A | Six months ended 31 March 2013 ^B | Year ended 30 September 2013 ^C |
|--------------------|---|--|--|
| | £'000 | £'000 | £'000 |
| Revenue | 2,039 | 1,912 | 5,194 |
| Dividends declared | (2,575) | (2,452) | (5,045) |
| | (536) | (540) | 149 |

^A Dividends declared relate to the first two interim dividends (both 0.55p each) declared in respect of the financial year 2013/2014.

^B Dividends declared relate to the first two interim dividends (both 0.525p each) declared in respect of the financial year 2012/2013.

^C Dividends declared relate to the four interim dividends declared in respect of the financial year 2012/2013 totalling 2.125p.

Notes to the Accounts (continued)

5. Return and net asset value per share

| | Six months ended 31 March 2014 | Six months ended 31 March 2013 | Year ended 30 September 2013 |
|---------------------|---|-----------------------------------|---------------------------------|
| | p | p | p |
| Revenue return | 0.87 | 0.82 | 2.21 |
| Capital return | 3.42 | 4.92 | 4.45 |
| Total return | 4.29 | 5.74 | 6.66 |

The figures above are based on the following:

| | £'000 | £'000 | £'000 |
|---------------------|---------------|--------|--------|
| Revenue return | 2,039 | 1,912 | 5,194 |
| Capital return | 8,033 | 11,464 | 10,471 |
| Total return | 10,072 | 13,376 | 15,665 |

Weighted average number of Ordinary shares

| | | | |
|-----------------|--------------------|-------------|-------------|
| in issue | 235,027,963 | 233,223,870 | 235,342,418 |
|-----------------|--------------------|-------------|-------------|

The net asset value per share is based on net assets attributable to shareholders of £147,807,000 (31 March 2013 – £142,061,000; 30 September 2013 – £145,778,000) and on 233,248,445 (31 March 2013 – 235,614,445; 30 September 2013 – 242,057,445) Ordinary shares in issue at the period end.

6. Ordinary share capital

| | As at 31 March 2014 (unaudited) No. of shares | As at 31 March 2013 (unaudited) No. of shares | As at 30 September 2013 (audited) No. of shares |
|------------------------------------|--|---|---|
| Ordinary shares of 25p each | | | |
| Allotted, called up and fully paid | 233,248,445 | 235,614,445 | 242,057,445 |
| Held in treasury | 8,809,000 | – | – |
| | 242,057,445 | 235,614,445 | 242,057,445 |

During the six months ended 31 March 2014 there were 9,359,000 Ordinary shares of 25p each repurchased by the Company at a total cost of £5,721,941 and placed in treasury. During the six months ended 31 March 2013 and the year ended 30 September 2013 there were no shares repurchased. During the six months ended 31 March 2014 there were 550,000 Ordinary shares re-issued from treasury for proceeds totalling £338,850. During the six months ended 31 March 2013 and the year ended 30 September 2013 there were no Ordinary shares re-issued from treasury.

During the six months ended 31 March 2014 there were no new Ordinary shares of 25p each issued by the Company. During the six months ended 31 March 2013 there were 9,930,000 new Ordinary shares of 25p each issued for proceeds totalling £5,657,000. During the year to 30 September 2013 there were 16,373,000 new Ordinary Shares of 25p each issued by the Company for proceeds totalling £9,621,817.

Notes to the Accounts (continued)

7. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 March 2014 includes gains of £27,721,000 (31 March 2013 – gains of £23,857,000; 30 September 2013 – gains of £23,300,000) which relate to the revaluation of investments held at the reporting date.

8. Transaction costs

During the period expenses were incurred in acquiring or disposing of investments classified as held at fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Consolidated Income Statement. The total costs were as follows:

| | Six months ended | Six months ended | Year ended |
|-----------|-------------------------|------------------|-------------------|
| | 31 March 2014 | 31 March 2013 | 30 September 2013 |
| | £'000 | £'000 | £'000 |
| Purchases | 45 | 82 | 120 |
| Sales | 14 | 13 | 16 |
| | 59 | 95 | 136 |

9. Publication of non-statutory accounts

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 31 March 2014 and 31 March 2013 has not been audited.

The information for the year ended 30 September 2013 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

10. This Half Yearly Financial Report was approved by the Board on 6 May 2014.

Corporate Information

Directors

David Warnock
Jann Brown
Kevin Hart
Roger White

Manager

Troy Asset Management Limited
Brookfield House
44 Davies Street
London W1K 5JA
www.taml.co.uk

Secretary and Registered Office

Steven Cowie C.A.
Personal Assets Trust Administration
Company Limited
10 St Colme Street
Edinburgh EH3 6AA
Registration Number: 366565 (Scotland)

Auditors

Ernst & Young LLP

Solicitors

Dickson Minto W.S.

Bankers

HSBC Bank Plc

Corporate Broker

Numis Securities Ltd

Company Registration Number

111955 (Scotland)

Regulatory Status

As an investment trust pursuant to Section 1158 of the Corporation Taxes Act 2010, the FCA rules in relation to non-mainstream investment products do not apply to the Company.

Registrars and Transfer Office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone 0871 384 2501
Overseas Helpline +44 121 415 7047

Calls cost 8p per minute plus network extras.
Lines are open 8.30 am to 5.30 pm Monday to Friday.

Website

www.tigt.co.uk

