

British Portfolio Trust plc

Half-yearly financial report for the six months ended 30th April 2009



Investor Information

Directors

A C Barker (Chairman)
N R Gold
G M Luckraft
S R T White

Managers

RCM (UK) Limited
155 Bishopsgate
London EC2M 3AD
Telephone: 020 7859 9000

Represented by Jeremy Thomas

Allianz Global Investors is the marketing name of RCM (UK) Limited, which is authorised and regulated by the Financial Services Authority.

Secretary

Peter Ingram FCIS

Registered Office and Number

155 Bishopsgate
London EC2M 3AD
Registered Number: 4223927

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 0871 664 0300 (calls cost 10p per minute plus network extras) or, if telephoning from overseas, 0044 20 8639 3399
E-mail: ssd@capitaregistrars.com

Stockbrokers

JPMorgan Cazenove Limited

Auditors

Deloitte LLP

Solicitors

Herbert Smith LLP

Results

Half year announced in June.

Full year announced in December.

Annual Financial Report posted to shareholders in January.

Annual General Meeting held in February.

Ordinary Dividends 2009/2010

	Date
Interim	2nd September 2009
Final (expected)	March 2010

Net Asset Value

The Net Asset Value of the Ordinary Shares is calculated daily and the top ten holdings are announced monthly. They are published on the London Stock Exchange Regulatory News Service. They are also available from the Manager on request.

Investment Trust Share Plan and ISA

A Share Plan and ISA is available from Alliance Trust Savings Limited ("ATS").

ATS offer a comprehensive range of products and services – including Share Plans, ISAs and pension products. More importantly, given the scale of their operations, they also have the resources to invest in and maintain more advanced services including online and telephone-based dealing facilities and online valuations.

More information is available from the Investment Manager's Investors Helpline on 0800 317 573 or from the Investment Manager's website: www.rcm.com/investmenttrusts, or from Alliance Trust Savings Customer Services Department on 01382 573 737 or e-mail: contact@alliancetrust.co.uk

Shareholders' Enquiries

Capita Registrars are the Company's registrars and maintain the share register. In the event of queries regarding their holdings of shares, lost certificates, dividend cheques, registered details, etc., shareholders should contact the registrars on 0871 664 0300 (calls cost 10p per minute plus network extras) or 0044 20 8639 3399, if telephoning from overseas. Changes of name and address must be notified to the registrars in writing.

Any general enquiries about the Company should be directed to the Company Secretary, British Portfolio Trust plc, 155 Bishopsgate, London EC2M 3AD.

AIC Membership

The Company is a member of the Association of Investment Companies.

Category: UK Growth

Investor Information

Investment Objective

The Company seeks to provide Shareholders with growth in capital and income over the long term through investing principally in UK listed equities. Such equities will consist mainly of the shares of FTSE 100 companies, but will also include medium-sized and smaller companies.

Benchmark

In assessing the investment performance of the Manager, the Directors will have regard to the total return of the Company's portfolio compared with that of the FTSE All-Share Index.

Key Statistics

	For the six months ended 30th April 2009	30th April 2008	For the year ended 31st October 2008
Revenue			
Revenue	£1.13m	£1.42m	£2.86m
Available for Ordinary Dividend	£0.91m	£1.15m	£2.45m
Earnings per Ordinary Share	2.44p	2.78p	6.08p
Dividend per Ordinary Share†	1.80p	1.80p	5.10p
Special Dividend per Ordinary Share	–	–	0.25p

† Excluding special dividend

	At 30th April 2009	At 30th April 2008	At 31st October 2008
Assets			
Total Net Assets	£38.09m	£72.03m	£43.46m
Net Asset Value per Ordinary Share	107.0p	177.8p	112.5p
Ordinary Share Price	102.5p	171.0p	106.0p
Discount on Net Asset Value to Ordinary Share Price	(4.2)%	(3.8)%	(5.8)%

The discount represents the difference between the share price and the Net Asset Value per share, expressed as a percentage of the Net Asset Value per share.

Half-Yearly Financial Report for the six months ended 30th April 2009

Interim Management Report

Net Asset Value

A summary of the results for the period from 1st November 2008 to 30th April 2009 is set out below. The Net Asset Value (NAV) per Ordinary Share as at 30th April 2009 was 107.0p. This represents a decrease of 4.9% over the NAV as at 31st October 2008. Over the same period the capital return of the Company's benchmark index, the FTSE All-Share Index, fell by 0.5%.

Interim Dividend

The Board has declared an interim dividend of 1.80p per Ordinary Share (unchanged from last year), which will absorb £640,984 and is payable on 2nd September 2009 to all holders of Ordinary Shares on the Register of Members at the close of business on 31st July 2009.

Manager's Review

The FTSE All-Share Index and the Company's portfolio declined during the first half of the financial year, although volatility was extreme and on occasions markets were driven by panic. Performance in this period was adversely impacted by Energy XXI and weakness in some of the holdings in the financial sector. However, since the market's low on 3rd March many of the latter have rallied, and the fund has performed broadly in line with the index since the half-year end.

During the period under review we purchased a holding in Lancashire Holdings, the specialist insurance company focused on energy, property, aviation and marine markets. Pricing in these markets has benefited from a withdrawal of capacity, largely resulting from past hurricane losses, AIG's retrenchment and the credit crisis. This favourable market background should lead to an extended period of good profit growth for Lancashire, which we believe trades at an undeserved discount to its book value. We also participated in the IPO of Resolution, an acquisition vehicle looking to capitalise on the inefficiencies in the life insurance sector and the low valuations currently applying in asset management companies. Further capital raisings will be a feature of investing in Resolution in the coming months and years and for that reason we have started with a small position.

As the market rallied during this period we continued to exit the remaining small capitalisation stocks in the portfolio, and increased weightings in our preferred defensive holdings. For example, we sold the investments in Morgan Crucible, Daily Mail & General Trust and TUI Travel and added to the holdings in BAE Systems and Unilever. Within smaller companies we now only hold Hyder Consulting, Renewable Energy Generation and Energy XXI, which in aggregate represent only 2% of the portfolio, a significant reduction on the levels of twelve months ago.

During the period gearing has been reduced and at 30th April 2009 borrowings were 7.9% of Shareholders' Funds.

Market Review

The stability of the financial system in the aftermath of the banking crisis of 2008 remains a concern, but the main focus for investors in recent months has been on the economic outlook. It is clear that the UK economy has already experienced a severe recession. Unemployment is rising rapidly and expectations for company profits have also been sharply reduced.

Against this backdrop governments and central banks have continued to announce further policy measures to tackle the financial and economic crisis. In the US the new administration has completed stress tests of bank balance sheets and introduced a plan to enable banks to shed their troubled assets. In the UK the Treasury announced an asset protection scheme to insure a large portion of the bad debts on the balance sheets of Royal Bank of Scotland and Lloyds Banking

Group. Perhaps of greater long term significance was the move by the US and UK central banks to implement 'quantitative easing' or an increase in the money supply via an expansion of the central bank's balance sheet.

Towards the end of the period there were signs of increasing risk appetite. Whilst equity markets around the world rallied sharply, the stock exchanges in the BRIC countries (Brazil, Russia, India, and China) led the pack, with the Chinese market, for example, registering a gain by early May of nearly 45% for the year to date. Copper, a key metal for sentiment in commodity markets, also rose sharply from \$1.25 to \$2.00 per pound from its December lows.

The recent improvement in economic data and a recovery in equity markets have led some to suggest the worst could be behind us. However most economic indicators are still pointing to a reduction in the rate of decline: economies may be shrinking, but less rapidly. This inflection point was almost bound to be reached at some stage during the first half of 2009, as the initial response of companies to reduce their stock is a one-off effect, which stops when stocks have been run down. The scale with which governments and central banks have acted to offset the decline in activity with tax and interest rate cuts, alongside expanding the money supply, is also unprecedented. The substantial fall in the oil price during the second half of 2008 has also alleviated one of the pressures on consumers and businesses. Consensus forecasts currently suggest that the second quarter of 2009 will be the economic low in the US for this cycle.

Outlook

Whilst it is comforting to think that the worst of the economic shock is behind us it is clear that the global economy continues to face many challenges. Although much has been done to recapitalise the banking system and, in the US, additional measures to tackle these 'legacy' or 'toxic' assets have been announced, the process of reducing debt levels still has some way to run. Government budgets are now approaching deficits that could begin to destabilise currencies and it is questionable how much more fiscal stimulus is affordable. When economic growth does return it seems likely that the recovery will be muted and it will be some time before growth approaches historic trend levels.

In the short term it is encouraging to see some risk appetite return to markets, for this is necessary if the financial system is to recover. Volatility has declined from the extremes of recent months and this has encouraged investors to focus more on the outlook for, and valuation of, individual companies. We continue to believe that equity markets offer value for long-term investors and we see a good number of attractive investment opportunities. There is also considerable cash available worldwide to drive markets higher when recovery is confirmed. In the short term we expect markets to remain volatile and we continue to position the portfolio defensively, with a preference for larger quality growth companies with strong balance sheets, where we have confidence that the businesses can withstand a deteriorating economic backdrop. However, we will also continue to attempt to identify companies that will benefit from any improvement in the economic outlook, particularly where valuations are compelling.

Share Buybacks and Treasury Share Transactions

During the period under review 3,033,080 Ordinary Shares were repurchased for cancellation at a cost of £2,706,363, at an average discount of around 5.4%. In the period from 1st May 2009 until 16th June 2009 no further Ordinary Shares have been repurchased.

Principal Risks and Uncertainties

The principal risks facing the Company were outlined in the Directors' Report on pages 14 and 15 of the Annual Financial Report of the Company for the year ended 31st October 2008. These risks fall broadly under the following categories: Investment and Strategy, Market, Accounting, Legal and Regulatory, Corporate Governance and Shareholder Relations, Operational and Financial. In the opinion of the Board these principal risks have not changed. Action by central banks and governments to supply liquidity and capital to the financial system has alleviated some of the extreme concern witnessed

over the last year. However, many of the techniques employed to achieve this stability have not been used on this scale before and therefore the consequences cannot be predicted with any certainty.

Material Events and Transactions

In the six month period ended 30th April 2009 the following material events and transactions have taken place.

N R Gold was appointed a Director on 17th December 2008. Dr O A McDonald retired as a Director on 10th February 2009 and J A L Wethered retired as a Director on 20th April 2009.

At the Annual General Meeting of the Company held on 10th February 2009, all the resolutions put to shareholders were passed.

The final dividend of 3.30p per share and the special dividend of 0.25p per share were paid on 3rd March 2009 to shareholders on the register on 30th January 2009. The total dividend payment for the year ended 31st October 2008 was 5.35p per share.

During the period, £3,000,000 was prepaid of the Company's existing revolving credit facility with ING Bank N.V., London Branch.

There were no related party transactions in the period.

Responsibility Statement

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R, of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year;
- the interim management report includes a fair review of the information concerning related parties transactions as required by Disclosure and Transparency Rule 4.2.8R.

The half-yearly financial report was approved by the Board on 16th June 2009 and the above responsibility statement was signed on its behalf by the Chairman.

By Order of the Board
Andrew Barker
Chairman

155 Bishopsgate, London EC2M 3AD

17th June 2009

Twenty Largest Equity Holdings as at 30th April 2009

	Valuation £'000s	% of Total Assets*	Principal Activities
Vodafone Group	3,443	9.04	Mobile Telecommunications
BP	3,160	8.30	Oil & Gas Producers
GlaxoSmithKline	2,979	7.82	Pharmaceuticals & Biotechnology
Royal Dutch Shell "B" Shares	2,923	7.68	Oil & Gas Producers
BG Group	2,257	5.93	Oil & Gas Producers
HSBC Holdings	1,870	4.91	Banks
Rio Tinto	1,631	4.28	Mining
Unilever	1,580	4.15	Food Producers
BAE Systems	1,315	3.45	Aerospace & Defence
AstraZeneca	1,185	3.11	Pharmaceuticals & Biotechnology
Compass Group	1,102	2.89	Travel & Leisure
Aviva	1,101	2.89	Life Insurance
International Power	1,057	2.78	Electricity
Xstrata	881	2.31	Mining
BHP Billiton	853	2.24	Mining
Centrica	777	2.04	Gas, Water & Multiutilities
Reed Elsevier	767	2.01	Media
Dana Petroleum	728	1.91	Oil & Gas Producers
Prudential	705	1.85	Life Insurance
Energy XXI	692	1.82	Oil & Gas Producers
	31,006	81.41	

Portfolio Analysis as at 30th April 2009

Sector	Valuation £'000s	% of Total Assets*	Benchmark (FTSE All-Share) %
Oil & Gas	10,277	27.0	20.1
Financials	7,232	19.0	21.4
Industrials	4,530	11.9	7.1
Health Care	4,164	10.9	8.3
Telecommunications	3,900	10.2	6.5
Basic Materials	3,401	8.9	9.2
Consumer Services	2,899	7.6	10.6
Consumer Goods	2,086	5.5	11.5
Utilities	2,019	5.3	4.0
Technology	–	–	1.3
Net Current Liabilities	(2,421)	(6.3)	–
	38,087	100.0	100.0

* Total Assets are stated net of current liabilities.

Income Statement

	For the six months ended 30th April 2009		
	Revenue £'000s	Capital £'000s	Total Return £'000s
			(Note 2)
Net losses on investments at fair value	–	(1,996)	(1,996)
Income	1,132	–	1,132
Investment management fee	(78)	(159)	(237)
Investment management fee VAT refund	–	–	–
Administration expenses	(106)	(3)	(109)
Net return before finance costs and taxation	948	(2,158)	(1,210)
Finance costs: interest payable and similar charges	(35)	(105)	(140)
Net return on ordinary activities before taxation	913	(2,263)	(1,350)
Taxation	–	–	–
Net return attributable to Ordinary Shareholders	913	(2,263)	(1,350)
Return per Ordinary Share (Note 1)	2.44p	(6.04)p	(3.60)p

Balance Sheet

	As at 30th April 2009 £'000s
Investments at fair value through profit or loss	40,508
Fair value of interest rate swap	–
Net Current (Liabilities) Assets	(2,421)
Total Assets less Current Liabilities	38,087
Creditors – Amounts falling due after one year	–
Total Net Assets	38,087
Called up Share Capital	394
Share Premium Account	14,819
Capital Redemption Reserve	155
Special Reserve	35,487
Capital Reserves – Realised	(1,072)
Unrealised	(14,279)
Hedging Reserve	–
Revenue Reserve	2,583
Shareholders' Funds	38,087
Net Asset Value per Ordinary Share	107.0p

The net asset value is based on 35,610,220 Ordinary Shares in issue.

An additional 3,828,664 Ordinary Shares were held in treasury.

For the six months ended 30th April 2008			For the year ended 31st October 2008		
Revenue £'000s	Capital £'000s	Total Return £'000s	Revenue £'000s	Capital £'000s	Total Return £'000s
		(Note 2)			(Note 2)
–	(9,865)	(9,865)	–	(35,945)	(35,945)
1,420	–	1,420	2,858	–	2,858
(123)	(292)	(415)	(229)	(538)	(767)
–	–	–	104	313	417
(101)	(2)	(103)	(191)	(6)	(197)
1,196	(10,159)	(8,963)	2,542	(36,176)	(33,634)
(47)	(141)	(188)	(93)	(272)	(365)
1,149	(10,300)	(9,151)	2,449	(36,448)	(33,999)
(4)	–	(4)	(2)	–	(2)
1,145	(10,300)	(9,155)	2,447	(36,448)	(34,001)
2.78p	(25.00)p	(22.22)p	6.08p	(90.61)p	(84.53)p

As at 30th April 2008 £'000s	As at 31st October 2008 £'000s
69,464	48,437
3	3
2,563	(4,978)
72,030	43,462
–	–
72,030	43,462
436	425
14,819	14,819
113	124
41,232	38,193
8,993	9,347
4,067	(22,435)
(31)	(7)
2,401	2,996
72,030	43,462
177.8p	112.5p

The net asset value is based on 40,523,300 Ordinary Shares in issue.

An additional 3,065,664 Ordinary Shares were held in treasury.

The net asset value is based on 38,643,300 Ordinary Shares in issue.

An additional 3,828,664 Ordinary Shares were held in treasury.

Reconciliation of Movements in Shareholders' Funds

for the six months ended 30th April 2009 and comparative periods

	Called up Share Capital £'000s	Share Premium Account £'000s	Capital Redemption Reserve £'000s
Six months ended 30th April 2009			
Net Assets at 31st October 2008	425	14,819	124
Amortisation of Hedging Reserve	–	–	–
Revenue Return	–	–	–
Shares repurchased during the period	(31)	–	31
Dividends on Ordinary Shares	–	–	–
Capital Return	–	–	–
Net Assets at 30th April 2009	394	14,819	155
Six months ended 30th April 2008			
Net Assets at 31st October 2007	436	14,819	113
Amortisation of Hedging Reserve	–	–	–
Revenue Return	–	–	–
Shares repurchased during the period	–	–	–
Dividends on Ordinary Shares	–	–	–
Capital Return	–	–	–
Net Assets at 30th April 2008	436	14,819	113
Year ended 31st October 2008			
Net Assets at 31st October 2007	436	14,819	113
Amortisation of Hedging Reserve	–	–	–
Revenue Return	–	–	–
Shares repurchased during the year	(11)	–	11
Dividends on Ordinary Shares	–	–	–
Capital Return	–	–	–
Net Assets at 31st October 2008	425	14,819	124

Special Reserve £'000s	Capital Reserve Realised £'000s	Capital Reserve Unrealised £'000s	Hedging Reserve £'000s	Revenue Reserve £'000s	Total £'000s
38,193	9,347	(22,435)	(7)	2,996	43,462
-	-	-	7	-	7
-	-	-	-	913	913
(2,706)	-	-	-	-	(2,706)
-	-	-	-	(1,326)	(1,326)
-	(10,419)	8,156	-	-	(2,263)
35,487	(1,072)	(14,279)	-	2,583	38,087
43,216	7,092	16,268	(57)	2,082	83,969
-	-	-	26	-	26
-	-	-	-	1,145	1,145
(1,984)	-	-	-	-	(1,984)
-	-	-	-	(826)	(826)
-	1,901	(12,201)	-	-	(10,300)
41,232	8,993	4,067	(31)	2,401	72,030
43,216	7,092	16,268	(57)	2,082	83,969
-	-	-	50	-	50
-	-	-	-	2,447	2,447
(5,023)	-	-	-	-	(5,023)
-	-	-	-	(1,533)	(1,533)
-	2,255	(38,703)	-	-	(36,448)
38,193	9,347	(22,435)	(7)	2,996	43,462

Cash Flow Statement

for the six months ended 30th April 2009 and comparative periods

	Six months ended 30th April 2009 £'000s	Six months ended 30th April 2008 £'000s	Year ended 31st October 2008 £'000s
Net cash inflow from operating activities	371	511	2,223
Return on investments and servicing of finance			
Interest paid	(133)	(177)	(359)
Capital expenditure and financial investment			
Purchases of fixed asset investments	(3,853)	(9,426)	(43,602)
Sales of fixed asset investments	10,393	19,015	47,359
Net cash inflow from capital expenditure and financial investment	6,540	9,589	3,757
Equity dividends paid	(1,326)	(826)	(1,533)
Net cash inflow before financing	5,452	9,097	4,088
Financing			
Purchase of Ordinary Shares for cancellation and held in treasury	(2,699)	(1,979)	(5,023)
Repayment of loan	(3,000)	(3,000)	(6,000)
Drawdown of loan	–	–	6,000
Net cash outflow from financing	(5,699)	(4,979)	(5,023)
(Decrease) Increase in cash	(247)	4,118	(935)
Reconciliation of Return on Ordinary Activities before Finance Costs and Taxation to Net Cash Flow from Operating Activities			
Total Return before finance costs and taxation	(1,210)	(8,963)	(33,634)
Add: Net losses on investments at fair value	1,996	9,865	35,945
Less: Overseas tax suffered	–	(4)	(2)
	786	898	2,309
(Increase) Decrease in debtors	(149)	(327)	35
Decrease in creditors	(266)	(60)	(121)
Net cash inflow from operating activities	371	511	2,223
Reconciliation of net cash flow to movement in net debt			
Net cash (outflow) inflow	(247)	4,118	(935)
Repayment of loan	3,000	3,000	–
Movement in net funds	2,753	7,118	(935)
Net debt brought forward	(5,190)	(4,255)	(4,255)
Net (debt) funds carried forward	(2,437)	2,863	(5,190)

Notes

Note 1

The returns per Ordinary Share have been calculated using a weighted average number of shares in issue of 37,426,010 (30th April 2008 – 41,206,577; 31st October 2008 – 40,227,697).

Note 2

The total return column of this statement is the profit and loss account of the Company.

All revenue and capital items derive from continuing operations. No operations were acquired or discontinued in the period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the Income Statement.

Included in the cost of investments are transaction costs on purchases which amounted to £8,222 (30th April 2008 – £56,884; 31st October 2008 – £236,800) and transaction costs on sales which amounted to £8,940 (30th April 2008 – £23,239; 31st October 2008 – £42,793).

Note 3

Investments are designated as held at fair value through profit or loss in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. Listed investments are valued at bid market prices.

Interest rate swaps are held at fair value through profit or loss.

Note 4

In accordance with FRS 21 'Events after the Balance Sheet Date' the final dividend payable on Ordinary Shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid.

Dividends paid on Ordinary Shares in respect of earnings for each period are as follows:

	Six months ended 30th April 2009 £'000s	Six months ended 30th April 2008 £'000s	Year ended 31st October 2008 £'000s
Final dividend 3.30p paid 3rd March 2009 (2008 – 2.00p)	1,233	826	826
Special dividend 0.25p paid 3rd March 2009 (2008 – Nil)	93	–	–
Interim dividend 1.80p paid 3rd September 2008	–	–	707
	1,326	826	1,533

Note 4 (continued)

Dividends payable at the period end are not recognised as a liability under FRS 21 'Events after the Balance Sheet Date'. Details of these dividends are set out below.

	Six months ended 30th April 2009 £'000s	Six months ended 30th April 2008 £'000s	Year ended 31st October 2008 £'000s
Interim dividend 1.80p payable 2nd September 2009 (2008 – 1.80p)	641	729	–
Special dividend 0.25p payable 3rd March 2009 (2008 – Nil)	–	–	97
Final dividend 3.30p	–	–	1,275
	641	729	1,372

The interim dividends above are based on the number of shares in issue at the period end. However, the dividends payable will be based on the number of shares in issue on the record date and will reflect any purchases and cancellations of shares by the Company settled subsequent to the period end.

Note 5

The half-yearly financial report has neither been audited nor reviewed by the Company's auditors. The financial information for the year ended 31st October 2008 has been extracted from the statutory financial statements of the Company for that year, which have been delivered to the Registrar of Companies. The Auditors' Report on those financial statements was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

In accordance with recently introduced changes to the UK's disclosure requirements for listed companies, the Company is now required to make limited additional and updated disclosures, mainly relating to the first and third quarters of the financial year. These Interim Management Statements will be released via the Regulatory News Service and posted on the Company's website www.britishportfoliotrust.co.uk on or shortly before 19th March and 19th September each year.

The half-yearly financial report will be sent to Shareholders shortly and made available to the public at the Registered Office of the Company, 155 Bishopsgate, London EC2M 3AD.

For further information, please contact:

Simon White
RCM (UK) Limited
Tel: 020 7065 1539

