

TEMPLE BAR INVESTMENT TRUST PLC
HALF-YEAR REPORT FOR THE
SIX MONTHS ENDED 30 JUNE 2013



Company Summary

Temple Bar Investment Trust PLC's ('the Company') investment objective is to provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the constituents of the FTSE 350 Index.

Benchmark

Performance is measured against the FTSE All-Share Index.

Total assets less current liabilities

£758,904,000

Total equity

£695,444,000

Market capitalisation

£698,418,421

Capital structure

Ordinary shares	61,157,480 shares
5.5% Debenture Stock 2021	£38,000,000
9.875% Debenture Stock 2017	£25,000,000

Voting structure

Ordinary shares 100%

Winding-up date

None

Manager's fee

0.35% per annum based on the value of the investments (including cash) of the Company, payable quarterly in arrears. There is no performance fee.

Ongoing charges

0.47%

ISA status

The Company's shares qualify to be held in an ISA.

Principal risks and uncertainties

The Board believes that the principal risks and uncertainties faced by the Company continue to be as set out in the Report of the Directors section of the Annual Report for the year ended 31 December 2012.

Association of Investment Companies (AIC):

Member

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares in Temple Bar Investment Trust PLC, please forward this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being affected for delivery to the purchaser or transferee.

Summary of results

ASSETS as at	30 June 2013 £'000	31 December 2012 £'000	% change
Consolidated net assets	695,444	601,191	15.7

Ordinary shares

Net asset value per share	1,137.14p	992.86p	14.5
Net asset value per share adjusted for market value of debt	1,119.09p	969.00p	15.5
Market price	1,142.00p	1,005.00p	13.6
Premium with debt at book value	0.4%	1.2%	
Premium with debt at market value	2.1%	3.7%	

REVENUE for the half year ended 30 June

	2013	2012	
Revenue return per ordinary share	20.13p	21.04p	
Interim dividend per ordinary share	15.10p	14.65p	

CAPITAL for the half year ended 30 June

	2013 £'000	2012 £'000	
Capital return attributable to ordinary shareholders	88,548	21,774	
Capital return attributable per ordinary share	145.72p	36.36p	

TOTAL RETURNS for the half year ended 30 June 2013

	%
Return on net assets	16.7
Return on gross assets	15.5
Return on share price	15.9
FTSE All-Share Index	8.5

Chairman's Statement

The total return on the net assets of Temple Bar during the first half of 2013 was 16.7%, an encouraging capital performance compared with a total return for the FTSE All-Share Index of 8.5%. Post-tax revenue earnings for the half year were £12.2 million compared with £12.6 million in the equivalent period last year. The Board has declared an interim dividend of 15.10p, an increase of 3.1% over last year, payable on 30 September to shareholders on the register at 13 September 2013.

Long term borrowing

At the beginning of July the Board announced that it had agreed a £50 million fixed rate 15 year private placement loan note at a coupon of 4.05%. The loan, which will be drawn down on 3 September 2013, provides long term funding at attractive rates and will help the Company to pursue its stated investment objective as well as contributing to the Company's overall debt management in the context of its existing debenture stocks, which mature in 2017 and 2021. As at the half year the Company's net gearing level, calculated in accordance with AIC recommended methodology, was 3%.

New share issues

During the period the Company obtained a block listing for 2 million shares to facilitate the issue of smaller amounts of shares for cash to market participants in a cost effective manner at a modest premium to net asset value. The Board believes that it is important to be proactive in managing the discount/premium in the best interests of shareholders. The Company's shares have generally been trading at a premium to net asset value for a substantial period of time. The Board therefore favours regular small issues of shares to ensure that a premium is kept at a reasonable and sustainable level. In the first half of the year a total of 606,113 ordinary shares were issued, raising net proceeds of £6,794,872.

Industry developments

In the Annual Report I referred to the effect on the Company of the European Union's Alternative Investment Fund Managers Directive which imposes additional oversight on investment companies. The Board is required to appoint an AIFM under the relevant legislation and will report further on this at the year end. There is also a requirement to appoint a depositary and the Board is confident that an appointment can be concluded within the next few months, ahead of the implementation date of the legislation in July 2014.

John Reeve
23 July 2013

Manager's report

In the face of the continued extravagant quantitative easing by the major Central Banks in the first half of the year, bearish investors decided the best course of action was to step out of the way. The 'don't fight the Fed' (and by implication, the Bank of England, European Central Bank and the Bank of Japan) mentality determined that until economic growth was self-sustaining, the Central Banks' actions would support markets. And with the Central Banks' policies designed to ensure interest rates remained low across the yield curve, equities' relative valuation advantage was considered by the consensus to be underpinned.

In general, investors prefer strong, simple narratives and happy endings and, because of this, shy away from uncomfortable arguments. However, that often results in investment decisions based more on hope than objectivity. Our views remain the same – the results of the great financial experiment, which we are only part way through, remain inconclusive and monetary authorities do not have the power to support equity markets indefinitely. The unintended consequences and disadvantages of their adventurous policy are in all likelihood still to come. Equity investors may then have to compare equity valuations with rather higher bond yields. What is more, even if economic recovery takes a grip, the more pertinent question is the level of future company profitability. This profitability is already high relative to history and to believe it is moving much higher is to believe in a new paradigm; not impossible, but in our view not a great bet to make. And even if investors are comfortable with current and forecast levels of profitability, it remains vital to determine the correct price to pay for the profit stream. Once again, relative to history, investors are currently paying a high price.

We see little reason to assume future profitability will be significantly higher than historic profitability or to pay more for this stream of profits than we have historically. As the market clearly disagrees with us (on both points) we have consequently had an

opportunity to sell stocks at attractive prices. Travis Perkins and Devro, two long-time holdings, were sold in full and two of our largest holdings, Signet Jewelers and Unilever, were reduced. We also decided that, post its decision to cancel share buybacks, we could no longer justify our holding in AstraZeneca and sold out, reinvesting the proceeds in GlaxoSmithKline and Vodafone. We also added to Direct Line, a company about which we wrote in detail in the last Report and Accounts, BAT and Carnival.

One new acquisition we have made, through an Exchange Traded Commodity, is of gold bullion. Gold has lost its allure in recent months as investors concluded that the potential inflationary impact of quantitative easing has reduced now the Federal Reserve has given the first signs that it is preparing to reduce the artificial stimulants to economic growth.

We would question the enthusiasm for selling gold. Firstly, while the Federal Reserve clearly believes that economic conditions are improving, its forecasting record is less than perfect and secondly, the market's assumptions that quantitative easing will soon be totally reversed may be a touch premature as the Fed's first actions will be 'tapering' (i.e. buying less bonds) rather than selling any of the \$3.5 trillion dollars' worth of bonds on its books.

It is possible that the world's major central bankers have cobbled together and implemented policies perfectly designed for the prevailing conditions and that they will exit stage left to rapturous applause leaving little evidence of their handiwork. Alternatively, their policies may well have longer lasting effects and investor confidence in paper money could be severely tested. We believe it is far too early to announce success and therefore we made a modest investment in gold bullion in April to provide some element of insurance to the portfolio.

The gold bullion builds on our current gold exposure which we hold through an ETF of large gold mining shares. This ETF was the most costly of the holdings on the portfolio

Manager's report continued

in the six months under review. Whilst the weakness in the gold price did not help, there were a host of other issues weighing on the stock prices; increasing extraction and labour costs, poor allocation of capital and weakening balance sheets all contributed. We typically aim to increase our holdings as share prices fall but our initial confidence in gold mining companies has been knocked. If the gold price recovers significantly, the gold mining shares should be carried along in their wake, but this cannot be guaranteed. A mix of gold and gold mining shares is therefore our preferred approach.

Fortunately, the underperformance of the gold shares was more than counterbalanced by a decent number of winners. Long-term holdings Signet Jewelers, Grafton and Travis Perkins all continued to perform well and Avon, under new management, bounced back well. A lack of exposure to UK listed mining stocks also contributed positively to performance.

Outlook

In the UK, the appointment of Mark Carney, the new governor of the Bank of England and previously head of the Bank of Canada, has been taken positively by investors (although the best way to endear yourself to investors is clearly to promise low interest rates for elongated periods). He has, however, left behind an economy that has its own problems, not least a huge amount of household debt and a troubled residential property market. Perhaps Mr Carney's main selling point to his new employers was his very relevant previous experience.

As we have made clear, the market's higher valuations cannot be justified by expectations of higher profits and we believe there is significantly less value apparent than say twelve months ago. This is particularly evident in the higher yielding areas in which Temple Bar typically participates, probably a consequence of the lack of income opportunities in bond markets. We are convinced it is wrong to chase these lower yields and are therefore, in general, happy to stand back and await better opportunities.

Alastair Mundy

Investec Asset Management Limited
23 July 2013

Responsibility statement

The directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half-year report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- the half-yearly financial report, which incorporates 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; and

- in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related parties transactions during the six months to 30 June 2013 and therefore nothing to report on any material effect by such a transaction on the financial position or performance of the Company during that period.

The half-yearly financial report was approved by the Board on 23 July 2013 and the above responsibility statement was signed on its behalf by:

John Reeve
Chairman

Portfolio of Investments

as at 30 June 2013

Company	Industry	Place of Listing	Valuation £'000	% of Portfolio
GlaxoSmithKline	Health Care	UK	61,842	8.71
HSBC	Banks	UK	54,023	7.61
Vodafone	Telecommunications	UK	51,924	7.31
Signet Jewelers	Consumer Services	UK/USA	49,267	6.94
Royal Dutch Shell	Oil & Gas	UK	48,607	6.85
UK Treasury 2.25% 2014	Fixed Interest	UK	37,058	5.22
Grafton	Industrials	UK/IRE	36,542	5.15
BT	Telecommunications	UK	34,487	4.86
Unilever	Consumer Goods	UK	25,452	3.59
SIG	Industrials	UK	22,644	3.19
Top Ten Investments			421,846	59.43
Avon Products	Consumer Goods	USA	19,843	2.79
QinetiQ	Industrials	UK	19,552	2.75
British American Tobacco	Consumer Goods	UK	18,998	2.68
Direct Line Insurance	Financials	UK	17,214	2.43
BP	Oil & Gas	UK	16,497	2.32
Royal Bank of Scotland	Banks	UK	16,197	2.28
Centrica	Utilities	UK	15,799	2.23
Carnival	Consumer Services	UK	13,351	1.88
Kingspan	Industrials	UK/IRE	11,554	1.63
CRH	Industrials	UK/IRE	10,559	1.49
Top Twenty Investments			581,410	81.91
Imperial Tobacco	Consumer Goods	UK	10,360	1.46
Gold Bullion Securities	Basic Materials	UK	10,062	1.42
UK Commercial Property Trust	Financials	UK	9,890	1.39
Computacenter	Technology	UK	9,212	1.30
Carrefour	Consumer Goods	France	8,812	1.24
Go Ahead	Consumer Goods	UK	7,978	1.12
Land Securities REIT	Financials	UK	7,388	1.04
Market Vectors ETF Gold Miners	Basic Materials	USA	7,200	1.02
British Land REIT	Financials	UK	7,022	0.99
Medtronic	Health Care	USA	5,775	0.81
Top Thirty Investments			665,109	93.70

Portfolio of Investments continued

Company	Industry	Place of Listing	Valuation £'000	% of Portfolio
Nationwide 7.971% 2049 Variable Perpetual	Fixed Interest	UK	5,275	0.74
Games Workshop	Consumer Goods	UK	4,916	0.69
Chemring	Industrials	UK	4,312	0.61
Hammerson 6.875% 2020	Fixed Interest	UK	3,021	0.43
Invensys	Technology	UK	2,921	0.41
Nationwide 6.0% 2049 Variable Perpetual	Fixed Interest	UK	2,730	0.39
Santander UK 7.5% 2015 FRN	Fixed Interest	UK	2,225	0.31
Compass 7% 2014	Fixed Interest	UK	2,163	0.31
Vodafone 4.625% 2014	Fixed Interest	UK	2,077	0.29
Next 5.25% 2013	Fixed Interest	UK	2,019	0.28
Top Forty Investments			696,768	98.16
Future	Consumer Services	UK	1,776	0.25
Nationwide 5.769% 2049 Variable Perpetual	Fixed Interest	UK	1,570	0.22
Morgan Sindall	Industrials	UK	1,410	0.20
Rentokil Initial	Industrials	UK	1,165	0.16
HSBC 8.208% 2049 Variable Perpetual	Fixed Interest	UK	1,065	0.15
RSA Insurance 6.701% 2049 Variable Perpetual	Fixed Interest	UK	1,017	0.14
St. Ives	Industrials	UK	923	0.13
Aviva 5.9021% 2049 – FRN Perpetual	Fixed Interest	UK	894	0.13
Lloyds Banking Group 9.25% 2049	Fixed Interest	UK	687	0.10
Vesuvius	Industrials	UK	666	0.09
Top Fifty Investments			707,941	99.73
Alent	Basic Materials	UK	595	0.08
Johnston Press	Consumer Services	UK	464	0.07
Smiths	Industrials	UK	421	0.06
Colt	Telecommunications	UK	413	0.06
Total Valuation of Portfolio			709,834	100.00

Statement of changes in equity

for the six months ended 30 June 2013

	Ordinary share capital £'000	Share premium account £'000	Capital reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2013	15,138	22,105	530,413	33,535	601,191
Profit for the period	–	–	88,548	12,236	100,784
	15,138	22,105	618,961	45,771	701,975
Issue of share capital*	152	6,683	–	–	6,835
Dividends paid to equity shareholders	–	–	–	(13,366)	(13,366)
Balance at 30 June 2013	15,290	28,788	618,961	32,405	695,444

*606,113 shares were issued during the period for a total gross consideration of £6,834,993 at a premium to the prevailing net asset value due to investor demand.

Statement of changes in equity

for the six months ended 30 June 2012

	Ordinary share capital £'000	Share premium account £'000	Capital reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2012	14,925	14,442	462,510	30,163	522,040
Profit for the period	–	–	21,774	12,599	34,373
	14,925	14,442	484,284	42,762	556,413
Issue of share capital*	138	4,784	–	–	4,922
Dividends paid to equity shareholders	–	–	–	(12,675)	(12,675)
Balance at 30 June 2012	15,063	19,226	484,284	30,087	548,660

*550,000 shares were issued during the period for a total gross consideration of £4,921,500 at a premium to the prevailing net asset value due to investor demand.

Statement of financial position

as at 30 June 2013

	30 June 2013 (unaudited) £'000	30 June 2012 (unaudited) £'000	31 December 2012 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	709,834	602,679	634,503
Current assets			
Cash and cash equivalents	44,433	6,441	28,063
Other receivables	5,452	4,487	2,826
	49,885	10,928	30,889
Total assets	759,719	613,607	665,392
Current liabilities			
Other payables	(815)	(1,516)	(744)
Total assets less current liabilities	758,904	612,091	664,648
Non-current liabilities			
Interest bearing borrowings	(63,460)	(63,431)	(63,457)
Net assets	695,444	548,660	601,191
Equity attributable to equity holders			
Ordinary share capital	15,290	15,063	15,138
Share premium	28,788	19,226	22,105
Capital reserves	618,961	484,284	530,413
Retained earnings	32,405	30,087	33,535
Total equity	695,444	548,660	601,191
Net asset value per share	1,137.14p	910.62p	992.86p

Statement of cash flows

for the six months ended 30 June 2013

	30 June 2013 (unaudited) £'000	30 June 2012 (unaudited) £'000	31 December 2012 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	100,784	34,373	92,776
Adjustments for:			
Purchases of investments ¹	(149,041)	(85,862)	(120,275)
Sales of investments ¹	164,971	85,110	136,258
	15,930	(752)	15,983
Gains on investments	(91,265)	(23,871)	(72,438)
Financing costs	2,272	2,273	4,577
Operating cash flows before movements in working capital	27,721	12,023	40,898
Decrease/(increase) in accrued income and prepayments	19	6	(1)
(Increase)/decrease in receivables	(2,730)	141	1,327
Increase in payables	159	422	140
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE AND AFTER INCOME TAX	25,169	12,592	42,364
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares	6,835	4,921	7,876
Interest paid on borrowings	(2,268)	(2,280)	(4,559)
Equity dividends paid	(13,366)	(12,675)	(21,501)
NET CASH USED IN FINANCING ACTIVITIES	(8,799)	(10,034)	(18,184)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,370	2,558	24,180
Cash and cash equivalents at the start of the period	28,063	3,883	3,883
Cash and cash equivalents at the end of the period	44,433	6,441	28,063

¹Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities.

Notes to the financial statements

1 GENERAL INFORMATION

Temple Bar Investment Trust PLC is a company incorporated in the United Kingdom under the Companies Acts 1908 to 1917.

Principal activity

The principal activity of Temple Bar Investment Trust PLC is that of an investment company within the meaning of Section 833 of the Companies Act 2006.

2 SIGNIFICANT ACCOUNTING POLICIES

The half yearly financial statements have been prepared on the basis of the accounting policies set out in the Company's annual report and financial statements for the year ended 31 December 2012 and have not been audited or reviewed by the Auditors pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. They have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

3 GAINS ON INVESTMENTS

	30 June 2013 (unaudited) £'000	30 June 2012 (unaudited) £'000	31 December 2012 (audited) £'000
Net gains realised on sale of investments	53,304	7,637	18,313
Movement in investment holding gains	37,961	16,234	54,125
Gains on investments	91,265	23,871	72,438

4 INCOME

	30 June 2013 (unaudited) £'000	30 June 2012 (unaudited) £'000	31 December 2012 (audited) £'000
Income from investments			
UK dividends	10,256	10,898	19,159
UK REITS	289	–	530
Overseas dividends	1,797	981	2,243
Income on fixed income securities	1,576	2,280	6,232
	13,918	14,159	28,164
Other operating income			
Deposit interest	4	1	3
Total income	13,922	14,160	28,167

Notes to the financial statements continued

5 DIVIDENDS

The final dividend relating to the year ended 31 December 2012 of 22.0 pence per ordinary share was paid during the six months ended 30 June 2013.

An interim dividend of 15.10 pence per ordinary share will be paid on 30 September 2013 to shareholders registered on 13 September 2013. In accordance with IFRS, this dividend has not been recognised in these financial statements. The ex-dividend date for this payment is 11 September 2013.

6 COMPARATIVE FIGURES

The financial information contained in this half-year 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 30 June 2013 and 30 June 2012 has not been audited.

The information for the year ended 31 December 2012 does not constitute statutory accounts, but has been extracted from the latest published audited accounts, 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) or (3) of the Companies Act 2006.

7 PUBLICATION

This half-year report is being sent to shareholders and copies will be made available to the public at the Company's registered office and on its website.

Directors and administration

Directors

J Reeve (Chairman)

A T Copple

R W Jewson

J F de Moller

M R Riley

D G C Webster

Investment Manager, Secretary and Registered Office

Investec Asset Management Limited

(authorised and regulated by the Financial Conduct Authority)

Woolgate Exchange

25 Basinghall Street

London

EC2V 5HA

Tel No. 020 7597 2000

Contacts: Alastair Mundy or Martin Slade

Registrar and Savings Scheme Administrator

Equiniti Limited

Aspect House

Spencer Road

Lancing

West Sussex

BN99 6DA

Tel No. 0871 384 2432 (shareholder helpline)

0906 559 6025 (broker helpline)

Registered Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Temple Bar Investment Trust PLC

Registered Office

Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

www.templebarinvestments.co.uk

Investment Manager

Investec Asset Management Limited
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
Telephone No. 020 7597 2000