

Half Yearly Report and Accounts  
for the six months ended 30 September 2011

# Blue Planet

Financials Growth  
and Income  
Investment Trusts  
No 1-10 plc

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## Registered Numbers

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Blue Planet Financials Growth and Income Investment Trust No 1 plc  
(Registered Number 162796)

Blue Planet Financials Growth and Income Investment Trust No 2 plc  
(Registered Number 162797)

Blue Planet Financials Growth and Income Investment Trust No 3 plc  
(Registered Number 162798)

Blue Planet Financials Growth and Income Investment Trust No 4 plc  
(Registered Number 162799)

Blue Planet Financials Growth and Income Investment Trust No 5 plc  
(Registered Number 162800)

Blue Planet Financials Growth and Income Investment Trust No 6 plc  
(Registered Number 162801)

Blue Planet Financials Growth and Income Investment Trust No 7 plc  
(Registered Number 162802)

Blue Planet Financials Growth and Income Investment Trust No 8 plc  
(Registered Number 162803)

Blue Planet Financials Growth and Income Investment Trust No 9 plc  
(Registered Number 162804)

Blue Planet Financials Growth and Income Investment Trust No 10 plc  
(Registered Number 162805)

Each of the above named investment trusts is a separate limited company registered in Scotland, but otherwise they are to all intents and purposes identical. The information contained in this Half Yearly Report and Accounts, including the financial statements, applies equally to each of the ten Blue Planet Financials Growth and Income Investment Trusts (the "Trusts"), and reference to the "Company" shall be deemed to be a reference to each of them.

### Trading in the shares of the Trusts

The Trusts' shares can be traded in share units on the London Stock Exchange, under code "BPFU". Each unit comprises 10 shares, 1 in each of the 10 trusts. It is generally cheaper for investors to trade in the units rather than the underlying shares.

## Officers and Advisors

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### Directors

Victoria W Killay (Non-Executive Chairman)  
 Dean Bucknell (Non-Executive)  
 Glenn Cooper (Non-Executive) – resigned on  
 24 July 2011  
 The Rt Hon Lord Steel of Aikwood (Non-  
 Executive) – appointed on 6 September 2011

### Administrator, Secretary and Registered Office

Blue Planet Investment Advisers Ltd  
 Greenside House  
 25 Greenside Place  
 Edinburgh EH1 3AA  
 Telephone No: +44 131 466 6666  
 Facsimile No: + 44 131 466 6677  
 e-mail: [info@bpia.eu](mailto:info@bpia.eu)  
[www.bpia.eu](http://www.bpia.eu)

### Chartered Accountants and Statutory Auditor

Deloitte LLP  
 Saltire Court  
 20 Castle Terrace  
 Edinburgh EH1 2DB

### Stockbroker

Fairfax Plc  
 46 Berkeley Square, Mayfair  
 London W1J 5AT



### Investment Manager

Blue Planet Investment Management Ltd  
 18A Locker Street  
 Sliema  
 Malta SLM 3124  
 Telephone No: +356 2131 5219  
 Facsimile No: + 356 2131 5219  
 Local call rate from UK: 0845 527 7588  
 e-mail: [info@blueplanet.eu](mailto:info@blueplanet.eu)  
[www.blueplanet.eu](http://www.blueplanet.eu)

### Registrars

Capita Registrars  
 The Registry  
 34 Beckenham Road  
 Beckenham  
 Kent BR3 4TU  
 Shareholder Helpline No: 0871 664 0300  
 (calls cost 10p per minute plus network extras,  
 lines are open 8:30am – 5:30pm Mon – Fri)  
 From overseas: +44 208 639 3399  
 e-mail: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)  
[www.capitaregistrars.com](http://www.capitaregistrars.com)

### Bankers

Lloyds TSB Bank Plc  
 1st Floor  
 48 Chiswell Street  
 London EC1Y 4XX

### Custodians

RBC Dexia Investor Services Trust  
 71 Queen Victoria Street  
 London EC4V 4DE



Blue Planet Investment Management Ltd is authorised and regulated by the Malta Financial Services Authority.

Blue Planet Investment Advisers Ltd is authorised and regulated by the Financial Services Authority.

Blue Planet Financials Growth & Income Investment Trusts No.1-10 plc are members of the Association of Investment Companies.

### Investment Policy and Objectives

The investment policy of the Company is to invest in securities (as defined by the Financial Services & Markets Act 2000) including equities and debt issued by quoted financial companies located anywhere in the world with the objective of providing investors with a total return greater than the Bloomberg World Financial Index. Not more than 15% of the Company's portfolio may be invested in any one entity at the time the investment is made. The maximum gearing that will be employed is set by the Directors from time to time and is currently 50% of shareholders funds (the Company's Articles permit a maximum gearing of 50%). The Company's benchmark index is the Bloomberg World Financial Index and there is no restriction on the amount that may be invested in any one country. The actual number of investment holdings and sub-sector allocations, the level of gearing and country allocations will depend on market conditions and the judgement of the Board of what is in the best interest of shareholders.

Financial Record	Six months ended 30 September 2011 (unaudited)	Six months ended 30 September 2010 (unaudited)	Year ended 31 March 2011 (audited)
Shareholders' funds (£'000)	754	1,179	1,070
Net asset value per share (p)	5.52	8.62	7.83
Share price (p) (Bid)	2.80	6.20	4.80
Discount (%)	49.3	28.1	38.7
Gearing (%)*	—	48.4	47.2
Return available for shareholders (£'000)	(20)	(4)	(37)
Revenue return per share (p)	(0.14)	(0.03)	(0.27)
Total return per share (p)	(2.17)	(3.98)	(5.21)
Dividend per share (p)	—	—	—
Dividend yield on our shares (%)	—	—	—
Dividend yield on Benchmark Index (%)	3.31	2.44	2.35

\* Net debt as a percentage of shareholders' funds

### Dividend

No interim dividend has been declared.

## The Investment Manager

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Blue Planet Investment Management Ltd (BPIM) is a Malta based investment management company. It is totally independent and specialises in managing investments in financial companies.

BPIM as the Investment Manager of the Company receives an annual fee of 1.50% per annum of the total assets of the Company which is paid monthly. Mr Dean Bucknell is a Director of BPIM which is owned by an Employee Trust for the benefit of its employees. Blue Planet Investment Advisers Ltd provides administration and secretarial services to the Company at an annual fee of £10,000 per annum. Blue Planet Investment Advisers Ltd also provides an investment advisory service to BPIM. The investment management, administration and secretarial services agreements may only be terminated on receipt of two years' notice.

In addition to Blue Planet Financials Growth & Income Investment Trusts No 1-10 plc, BPIM also manages the Blue Planet International Financials Investment Trust plc (formerly Blue Planet European Financials Investment Trust plc) and the Blue Planet Worldwide Financials Investment Trust plc. Details of the Blue Planet Saving Scheme, investment trusts and other products can be obtained from the fund administrator and company secretary Blue Planet Investment Advisers Ltd, Greenside House, 25 Greenside Place, Edinburgh, EH1 3AA (Tel no: +44 131 466 6666), email: [info@bpia.eu](mailto:info@bpia.eu), website: <http://www.bpia.eu>.

### Website Information

Please take the time to visit our website:

[www.blueplanet.eu](http://www.blueplanet.eu)

If you wish to receive a monthly fact sheet on the trusts please visit:

[http://www.blueplanet.eu/blueplanet\\_downloads.136.html](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](http://www.blueplanet.eu/blueplanet_downloads.124.html)

To view stock market RNS announcements:

[http://www.blueplanet.eu/blueplanet\\_news.8.html](http://www.blueplanet.eu/blueplanet_news.8.html)

## Interim Management Report

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### Performance

Over the last few years since the onset of the global financial crisis, successful investment timing in markets has been a difficult task. Volatility has been extreme, as a lack of sustained confidence pervades the market. Being the wrong side of a sudden market plunge, or missing out on a short rally, which is often snuffed out within days, has a huge impact on performance. An index can experience movements in excess of 2% in a day, and individual stocks can amplify that many times over with 10% rises or falls not uncommon. The peripheral European countries' debt crisis has been the main and continuing cause of volatility both in 2010 and 2011 and has impacted worldwide markets. When added to that there have been natural disasters in New Zealand and Japan, extraordinary political unrest in the Middle East and North Africa, and fluctuating views on the pace of economic recovery in the US and China,, it is not surprising that the past six months has been a bumpy ride.

The net asset value ("NAV") of your Fund has regrettably fallen 29.5% in the last half year, more than the Fund's benchmark index, which has fallen 23.1% in the same period. The Trust's share price has fallen 41.7% since the year end and the discount to NAV has widened significantly to 49.3%.

The recent past performance of the Trust has been acutely affected by the problems that have beset global financial shares. It has also been adversely affected by its high Total Expense Ratio, which arises because of the small size of the Fund, and by the high costs of a £7.5m fixed rate, fixed term loan. If these two costs are added together, by the end of the interim period, they accounted for over 13% of the Fund's total assets. Without these prohibitively high costs, it can clearly be seen that the Fund would have outperformed, rather than underperformed its benchmark. The fixed term loan period is due to end in January 2012. The Directors are addressing the issue of the high Total Expense Ratio as a top priority.

The details of the current portfolio are outlined below. Its content denotes a cautious stance. European stock indices have been on a downward trend since mid-February with the Euro debt crisis. In the last two months these fears have spread to global stock markets, as, despite continued profit growth in US corporates and within many emerging markets, fears of a new global recession have multiplied. Standard & Poors downgrading of the USA's AAA credit rating after the protracted political wrangling over the US debt ceiling to save it from a default, precipitated sharp falls. We intend to remain cautious, as the markets remain very nervous until clarity is achieved on the future of the Euro-area and its most indebted countries.

### Portfolio

At the end of the interim period a year ago the portfolio held short-dated, higher-yielding corporate bonds. These were redeemed or sold before the end of 2010 and equity investments were increased, as this asset class enjoyed a strong end to 2010. Thus, at the last year end the portfolio was primarily invested in equities. During 2011, as we turned more cautious on the outlook for equity markets, gearing in the fund was reduced to zero, and an emphasis was placed

on increasing the yield in the portfolio, as bonds were re-introduced and the level of investments in equities was substantially cut. Equity investments have been retained in a number of well-capitalised and profitable financial companies in stronger economies and short-term hedging positions in reverse index trackers were in place. The bonds in the portfolio are either sterling or US dollar denominated. Cash is held both on deposit and in liquidity funds, this is mostly in sterling, apart from a Norwegian kroner term deposit.

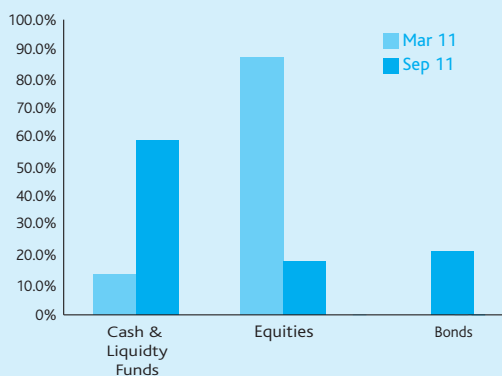
The largest geographic location for investments at the end of the interim period was the UK. This is largely due to cash holdings in sterling. Whilst remaining wary of all the problems facing the UK economy, the Fund held shares primarily in insurers and asset-managers since the second half of 2010. These equity holdings were subsequently sold to take profits and the proceeds were used to purchase bonds, or held as cash. The Fund ended the interim period with UK investments in a Lloyds TSB and Close Brother Group bonds and small cross-holdings in the Blue Planet Worldwide Financials Investment Trust and the Blue Planet International Financials Investment Trust, both of whose NAV values were at significant premium to their share prices. Immediately following the half-year end a position in a long-dated corporate bond fund has been added.

Exposure to the Euro-area is currently low, with the nearly half of it comprising a position in a sterling denominated liquidity fund located in Luxembourg, and most of the rest comprising short-term positions in reverse index trackers that were being used as generic market hedges and have since been removed from the portfolio. We expect to retain a limited exposure to the Euro-area whilst fiscal concerns persist and depress European financials share prices. Despite the recent strength of the German economy, full year 2011 GDP growth will be modest for the EU as a whole, and concerns are rising of a double dip recession. No holdings remain in Ireland, as the BP Global Financials hedge fund domiciled in Ireland was redeemed in July 2011.

Outside the Euro-area there is an equity investment in the Czech Republic, a holding in Komerční Banka owned by Societe Generale. This is a well-run profitable bank, in one of Eastern Europe's best-managed economies, that also provides a very good yield. There is also a sterling-denominated bond issued by the Swiss-based insurer Swiss Life, which has no exposure to the peripheral Euro-area countries suffering from debt-problems.

Over the last six months equity investments in the US have been concentrated on the card servicers and asset managers, as card services companies have been seeing charge-offs falling sharply, and the asset

Figure 1. Portfolio Movements – Security Type



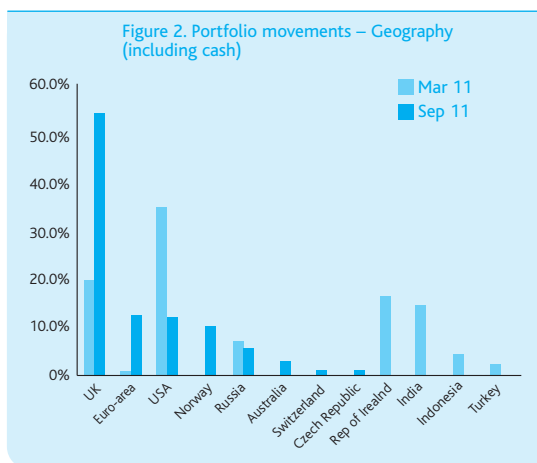


managers have increased assets under management and grown fee income. These investments have been cut sharply as the equity component of the portfolio has been reduced. US investments at the end of the interim period were equity investments in JP Morgan Chase & Co, Discover Financial Services, KKR & Co and Morgan Stanley. There is also a holding in a preferred stock exchange-traded-fund and sterling-denominated bonds issued by AIG and J. P. Morgan. As the third quarter results are reported, some changes are expected to these holdings.

The outlook for the Nordic economies is far stronger than for most mainland European economies, especially Norway, whose prudent public finances are the envy of most economies worldwide. The Fund has some of its cash placed in a term deposit in Norwegian kroner, which attracts a far better rate of interest than deposits in sterling.

Russian banks went through a tough year in 2009, as bad debts soared and profits were largely eaten up by provisioning. The smaller banks in Russia suffered the most and this has led to a shake-up in the Russian banking sector, with 100 fewer banks in operation now. The major banks strengthened their positions and saw profits picking up in 2010. This recovery has been accelerating in 2011, as demand for loans increases, margins stabilise and provisions for bad loans are lower. High inflation has been a concern. This has moderated as the year progresses and the Russian Central Bank has raised interest rates and has taken steps to return reserve requirement rates for banks to pre-crisis levels. However banking penetration in Russia is low and as disposable income increases, retail lending should see strong growth. The Fund holds equity positions in Russia's largest bank, Sberbank, and a small position in Bank St Petersburg. It also holds high-yielding, short-dated Eurobonds denominated in US dollars in three Russian banks - Nomos Bank, Alfa Bank and Russian Agricultural Bank.

As equity holdings have been reduced during 2011 Indian, Indonesian and Thai holdings have been sold. All have under-penetrated banking markets. The valuations of Indian banks are low, and the Indonesian and Thai economies remain robust through all the turmoil of Western economies. These are countries which the Fund will undoubtedly return to. The only holding in the Fund in Asia Pacific at the half-year end was a National Australia Bank bond, denominated in sterling.





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### Borrowings, Gearing and Liquidity

Gearing stood at 47.2% at the March 2011 year end, but the level of equity investments were gradually reduced, with the Fund ending the interim period ungeared, net of cash.

The Fund has access to an unsecured, sterling, fixed loan of £750k per trust (£7.5m across all ten trusts) in place until 23 January 2012. This loan, which is a fixed loan and would incur breakage charges if repaid, was drawn down at the end of the interim period.

### Dividend

No interim dividend has been declared for the first half of the year. Investment income is considerably down from the level in the interim period a year ago and despite administrative and interest expenses being lower the revenue return per share is sharply negative. The outlook for income for the remainder of the year is modest, despite the yield from the bonds. Thus it is unlikely that sufficient income will be available to resume paying a dividend in 2012. However, once the fixed loan period expires in January 2012, costs against income will reduce. The Directors appreciate the importance of dividends to many shareholders and plan to resume dividend payouts as soon as it is possible to do so.

### 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 equities held by your Company. If gearing is employed this risk is magnified. The Company is invested in a single industry sector. Being invested in a single sector exposes the Fund to the risk that the Financial Sector will underperform relative to other sectors of the market.

Nevertheless, the financials sector remains a large part of the market and constitutes nearly 19% of the Bloomberg World Index. Banks play a crucial and central role in free market economies, as the response of governments and central banks to the recent crisis has shown. The prices of the individual securities in the portfolio are monitored on a daily basis and the Board, which 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 we buy and sell 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. A significant proportion of the Company's assets are held in securities 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.

### Blue Planet Services and 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](http://www.blueplanet.eu)) and the London Stock Exchange ([www.londonstockexchange.com](http://www.londonstockexchange.com)). To find the Company's share unit price on the London Stock Exchange website go to the Home page and type "BPFU" in the "Price Search" field.

Blue Planet Investment Advisers Ltd offers a Blue Planet Investment Trust Savings Scheme via Equiniti Financial Services Limited (on behalf of Lloyds TSB) to enable lump sum investments or regular savings.

### Board Changes

In July 2011 Glen Cooper retired from the Board and I would like to thank him for his diligent service. In his stead I am very pleased to announce that in September the Rt Hon Lord Steel of Aikwood was appointed to the Board.

### Outlook

Despite the problems the market has faced, company balance sheets have been strengthened over the past couple of years, as companies learned hard lessons from the financial crisis that unfolded in 2007 and 2008, and profits, in at least the first half of the year, have remained strong. European banks alone have added over €270bn of core Tier 1 capital since 2008, which is an increase of almost 50%. A large number of announced mergers and acquisitions have highlighted an increased willingness for corporates to buy. Amongst financials, Santander followed its purchase of a 70% stake in Bank Zachodni in Poland in 2010, with an offer for the remainder of the bank in 2011. Capital One, in which the Fund is invested, has made two acquisitions this year and Warren Buffet has recently bought into Bank of America. Financial

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companies profitability has been increasing, but valuations are very low. Many insurers and banks in both the US and Europe have seen their valuations fall to below 1x tangible book value in August 2011 – the same as they did in the first few months of 2009. In Europe, bank multiples imply that either earnings in 2012 will be over 50% below current forecasts, if earnings multiples are to approach average levels, or that there is a great deal of upside for European bank share prices.

These valuations provide good opportunities for long-term investment, however, with the current volatility, the Fund will continue to focus on a core of equities in the better managed economies, as well as high dividend yielding stocks and fixed income. Ultimately we expect financial markets to recover once a resolution is found to the Euro-area crisis. Until that time we intend to maintain a cautious stance.

I would like to thank all shareholders for your continuing support.

Victoria Killay  
Chairman  
03 November 2011

## Income Statement

For the six months ended 30 September 2011  
(unaudited)

	Revenue £	Capital £	Total £
<b>Capital (losses) / gains on investment</b>			
Net realised losses	–	(396,101)	(396,101)
Unrealised gains / (losses)	–	148,979	148,979
Exchange losses	–	(30,639)	(30,639)
<b>Net capital losses on investment</b>	–	(277,761)	(277,761)
Realised gain on lapsed warrants	–	–	–
Income from investments	12,970	–	12,970
Bank interest receivable	661	–	661
<b>Gross revenue and capital losses</b>	13,631	(277,761)	(264,130)
Administrative expenses	(22,456)	(6,612)	(29,068)
<b>Net return before interest payable and taxation</b>	(8,825)	(284,373)	(293,198)
Interest payable	(11,115)	(11,115)	(22,230)
<b>Return on ordinary activities before taxation</b>	(19,940)	(295,488)	(315,428)
Taxation on ordinary activities (note 3)	407	(415)	(8)
<b>Return on ordinary activities after taxation</b>	(19,533)	(295,903)	(315,436)
<b>Return per ordinary share (note 4)</b>	(0.14)p	(2.17)p	(2.31)p

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 30 September 2010 (unaudited)			For the year ended 31 March 2011 (audited)		
Revenue	Capital	Total	Revenue	Capital	Total
£	£	£	£	£	£
–	(299,833)	(299,833)	–	(356,630)	(356,630)
–	(110,205)	(110,205)	–	(77,874)	(77,874)
–	(165,422)	(165,422)	–	(198,533)	(198,533)
–	(575,460)	(575,460)	–	(633,037)	(633,037)
–	59,713	59,713	–	–	–
32,659	–	32,659	37,533	–	37,533
811	–	811	1,224	–	1,224
33,470	(515,747)	(482,277)	38,757	(633,037)	(594,280)
(24,870)	(10,617)	(35,487)	(51,466)	(17,763)	(69,229)
8,600	(526,364)	(517,764)	(12,709)	(650,800)	(663,509)
(13,015)	(13,015)	(26,030)	(24,385)	(24,385)	(48,770)
(4,415)	(539,379)	(543,794)	(37,094)	(675,185)	(712,279)
853	–	853	579	–	579
(3,562)	(539,379)	(542,941)	(36,515)	(675,185)	(711,700)
(0.03)p	(3.95)p	(3.98)p	(0.27)p	(4.94)p	(5.21)p

## Balance Sheet

	At 30 September 2011 £ (unaudited)	At 30 September 2010 £ (unaudited)	At 31 March 2011 £ (audited)
<b>Fixed assets</b>			
Listed equity investments	385,934	1,241,303	1,618,188
Listed non-equity investments	373,067	459,951	–
	759,001	1,701,254	1,618,188
<b>Current assets</b>			
Debtors	77,199	165,854	35,251
Cash at Bank and in hand	876,285	228,889	245,084
<b>Creditors: amounts falling due within one year (note 7)</b>	(958,387)	(117,417)	(828,989)
<b>Net current (liabilities) / assets</b>	(4,903)	277,326	(548,654)
<b>Total assets less current liabilities</b>	754,098	1,978,580	1,069,534
<b>Creditors: amounts falling due after more than one year</b>	–	(800,000)	–
<b>Net assets</b>	754,098	1,178,580	1,069,534
<b>Capital and reserves</b>			
Called-up share capital	136,677	136,677	136,677
Share premium account	1,180,248	1,180,248	1,180,248
Other reserves			
Capital reserve – realised	(421,772)	125,082	17,164
Capital reserve – investment holding losses	(103,997)	(278,855)	(247,030)
Capital redemption reserve	8,450	8,450	8,450
Revenue reserve	(45,508)	6,978	(25,975)
<b>Shareholders' funds</b>	754,098	1,178,580	1,069,534
<b>Net asset value per ordinary share (note 4)</b>	5.52p	8.62p	7.83p

### 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

Victoria W Killay  
Chairman  
03 November 2011

## Cash Flow Statement

	For the six months ended 30 September 2011 £ (unaudited)	For the six months ended 30 September 2010 £ (unaudited)	For the year ended 31 March 2011 £ (audited)
<b>Operating activities</b>			
Investment income received	10,099	20,706	32,627
Interest received	161	810	1,224
Investment management and administration fees paid	(18,450)	(26,986)	(46,580)
Cash paid to and on behalf of directors	(1,920)	(2,071)	(4,465)
Other cash payments	(14,950)	(13,741)	(20,092)
Exchange differences on foreign currency cash balances	(23,695)	(165,422)	(198,533)
<b>Net cash outflow from operating activities (note 6)</b>	(48,755)	(186,704)	(235,819)
<b>Servicing of finance</b>			
Interest paid	(22,044)	(25,837)	(48,640)
<b>Taxation</b>			
Taxation recovered	1,187	2,723	3,793
<b>Capital expenditure and financial investment</b>			
Purchase of investments	(3,535,522)	(7,576,097)	(10,507,374)
Sale of investments	4,243,279	6,628,986	9,647,305
<b>Cash inflow / (outflow) before financing</b>	638,145	(1,156,929)	(1,140,735)
<b>Management of liquid resources</b>			
Cash placed on deposit	(177,605)	—	—
<b>Financing</b>			
Proceeds from share issue	—	560	560
<b>Increase / (decrease) in cash</b>	460,540	(1,156,369)	(1,140,175)



## Reconciliation of Movements in Shareholders' Funds

For the six months ended 30 September 2011 (unaudited)	Share capital £	Share premium £	Capital redemption reserve £	Capital reserve- realised £	Capital reserve- investment holding losses £	Warrant reserve £	Revenue reserve £	Total shareholders' funds £
Shareholders' funds at 1 April 2011	136,677	1,180,248	8,450	17,164	(247,030)	–	(25,975)	1,069,534
Return on ordinary activities after taxation	–	–	–	(438,936)	143,033	–	(19,533)	(315,436)
Shareholders' funds at 30 September 2011	136,677	1,180,248	8,450	(421,772)	(103,997)	–	(45,508)	754,098

### For the six months ended 30 September 2010 (unaudited)

Shareholders' funds at 1 April 2010	136,621	1,179,611	8,450	552,835	(167,229)	59,846	10,540	1,780,674
Proceeds of share issue	56	504	–	–	–	–	–	560
Transfer from warrant reserve	–	133	–	–	–	(133)	–	–
Realised gain on lapsed warrants	–	–	–	59,713	–	(59,713)	–	–
Return on ordinary activities after taxation	–	–	–	(487,466)	(111,626)	–	(3,562)	(602,654)
Shareholders' funds at 30 September 2010	136,677	1,180,248	8,450	125,082	(278,855)	–	6,978	1,178,580

### For the year ended 31 March 2011 (audited)

Shareholders' funds at 1 April 2010	136,621	1,179,611	8,450	552,835	(167,229)	59,846	10,540	1,780,674
Proceeds of share issue	56	504	–	–	–	–	–	560
Transfer from warrant reserve	–	133	–	59,713	–	(59,846)	–	–
Return on ordinary activities after taxation	–	–	–	(595,384)	(79,801)	–	(36,515)	(711,700)
Shareholders' funds at 31 March 2011	136,677	1,180,248	8,450	17,164	(247,030)	–	(25,975)	1,069,534

## Notes

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1. The financial statements for the six months to 30 September 2011 have been prepared on the basis of the accounting policies set out in the Company's Annual Reports and Accounts as at 31 March 2011 and in accordance with the statement on half year financial reports issued by the ASB and applicable 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 from overseas withholding tax on investment income and overseas capital gains tax on sale of investments.
4. The return per ordinary share is based upon the following figures:

	30 Sept 2011 (unaudited)	30 Sept 2010 (unaudited)	31 Mar 2011 (audited)
Revenue return (£)	(19,533)	(3,562)	(36,515)
Capital return (£)	(295,903)	(539,379)	(675,185)
Weighted average number of ordinary shares in issue during the period	13,667,700	13,663,977	13,667,700

The net asset value per ordinary share is calculated on 13,667,700 ordinary shares in issue at the end of the period.

5. No interim dividend is proposed.

## 6. Cash Flow Statement

	30 September 2011 £ (unaudited)	30 September 2010 £ (unaudited)	31 March 2011 £ (audited)
<b>Reconciliation of net revenue return to net cash outflow from operating activities</b>			
Net return before interest payable and taxation	(8,825)	8,600	(12,709)
Administrative expenses charged to capital	(6,612)	(10,617)	(17,763)
Increase in other debtors	(7,155)	(13,925)	(1,730)
Decrease in other creditors	(1,334)	(2,439)	(1,899)
Tax suffered on investment income	(1,134)	(2,901)	(3,185)
Exchange differences on foreign currency cash balances	(23,695)	(165,422)	(198,533)
<b>Net cash outflow from operating activities</b>	<b>(48,755)</b>	<b>(186,704)</b>	<b>(235,819)</b>
<b>Reconciliation of net cash flow to movement in net funds / (debt)</b>			
Increase / (decrease) in cash balances	460,540	(1,156,369)	(1,140,175)
Increase in cash on deposit	177,605	–	–
Changes in net funds / (debt) resulting from cash flows	638,145	(1,156,369)	(1,140,175)
Exchange differences	(6,944)	–	–
<b>Movement in net funds / (debt) in the period</b>	<b>631,201</b>	<b>(1,156,369)</b>	<b>(1,140,175)</b>

7. Creditors falling due within one year include bank loans which are subject to a covenant which sets a maximum gearing threshold. Details of the loans outstanding at 30 September 2011 were as follows:

	Amount (£)	Interest Rate (%)	Repayment Date
Sterling Loan	750,000	5.99	23 January 2012

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8. At 30 September 2011 the Company had authority to buy back 2,049,000 of its own shares in accordance with the authority granted at the Annual General Meeting on 4 August 2011. No shares were bought back during the period under review.
9. The figures and financial information for the year ended 31 March 2011 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 Accounts have not been audited or reviewed by the Company's Auditors.

## Portfolio Information

As at 30 September 2011

		Country Name	Valuation (£)	% of Portfolio
<b>Equities</b>				
80,000	JPM Sterling Liquidity Institutional Distribution Fund	Luxembourg	80,000	4.9
	Henderson UK & Europe Long Dated Credit Fund	United Kingdom	50,850	3.1
832	Lyxor ETF XBear CAC 40	France	38,761	2.4
908	Lyxor ETF XBear FTSE/MIB	Italy	38,473	2.4
	Blue Planet Worldwide Financials Investment Trust plc	United Kingdom	28,725	1.8
18,144	Sberbank	Russia	25,401	1.6
1,137	JP Morgan Chase & Co	United States	21,893	1.3
1,444	Discover Financial Services	United States	21,178	1.3
931	iShares S&P U.S. Preferred Stock Index	United States	20,949	1.3
120	Komerční Banka A.S.	Czech Republic	14,237	0.9
1,102	Lyxor ETF STOXX Europe 600 Insurance	France	11,954	0.7
	Blue Planet International Financials Investment Trust plc	United Kingdom	10,534	0.6
43,893	Bank St. Petersburg	Russia	8,612	0.5
5,215	KKR & Co. L.P.	United States	7,278	0.4
1,095	Morgan Stanley	United States	6,738	0.4
781	Bank of America Corp	United States	351	0.0
90				
			385,934	23.6
<b>Debt Securities</b>				
87,800	Lloyds TSB Bank plc 6.625% 03/15	United Kingdom	83,044	5.1
71,000	ASIF III Jersey Ltd 5.375% 10/16	Jersey	70,152	4.3
50,000	Close Brothers Group plc 6.5% 02/17	United Kingdom	50,309	3.1
46,000	JP Morgan Chase & Co 4.25% 01/17	United States	46,478	2.8
46,000	National Australia Bank 3.625% 11/17	Australia	44,991	2.8
49,400	Nomos Bank 6.5% 10/13	Russia	30,167	1.8
25,000	Swiss Re Co Ltd 6.3024% 03/49	Switzerland	18,047	1.1
26,500	ABH Financial Ltd 8.2% 06/12	Russia	16,941	1.0
19,800	RSHB Capital S.A. 7.175% 05/13	Russia	12,938	0.8
			373,067	22.8
<b>Listed Investments</b>			759,001	46.4
<b>Cash</b>			876,285	53.6
<b>Total</b>			1,635,286	100.0







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