THE CITY OF LONDON INVESTMENT TRUST PLC

REPORT
for the half year ended 31 December 2013
(unaudited)
## Financial Highlights

<table>
<thead>
<tr>
<th>Total Returns</th>
<th>Six Months to 31 December 2013</th>
<th>Year to 30 June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net asset value per ordinary share (“NAV”) (1)</td>
<td>11.6%</td>
<td>23.8%</td>
</tr>
<tr>
<td>Average UK Growth &amp; Income Investment Trust NAV (1) (3)</td>
<td>12.7%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Relative NAV performance (percentage points)</td>
<td>(1.1)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Ordinary share price (1)</td>
<td>12.1%</td>
<td>21.5%</td>
</tr>
<tr>
<td>FTSE All-Share Index (2)</td>
<td>11.3%</td>
<td>17.9%</td>
</tr>
</tbody>
</table>

## Dividend Yields

<table>
<thead>
<tr>
<th>Dividend Yields</th>
<th>As at 31 December 2013</th>
<th>As at 30 June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of London (1)</td>
<td>3.8%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Average UK Growth &amp; Income Investment Trust (1) (3)</td>
<td>3.5%</td>
<td>3.8%</td>
</tr>
<tr>
<td>FTSE All-Share Index (2)</td>
<td>3.3%</td>
<td>3.5%</td>
</tr>
<tr>
<td>FTSE 350 Investment Companies Index (2)</td>
<td>2.4%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

| Ordinary share price | 378.00p | 344.00p |
| NAV per ordinary share | 374.45p | 343.58p |
| Premium | 0.9% | 0.1% |
| NAV per ordinary share (with debt at market value) | 370.97p | 339.12p |
| Premium (with debt at market value) | 1.9% | 1.4% |
| Gearing (at par value) | 7.5% | 7.9% |

## Net Asset Value Total Return

<table>
<thead>
<tr>
<th>Net Asset Value Total Return</th>
<th>6 months</th>
<th>3 years</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City of London Investment Trust plc (1)</td>
<td>11.6</td>
<td>51.2</td>
<td>117.3</td>
</tr>
<tr>
<td>Average UK Growth &amp; Income Investment Trust (1) (3)</td>
<td>12.7</td>
<td>53.0</td>
<td>123.9</td>
</tr>
<tr>
<td>FTSE All-Share Index (2)</td>
<td>11.3</td>
<td>31.0</td>
<td>95.2</td>
</tr>
<tr>
<td>FTSE 350 Investment Companies Index (2)</td>
<td>8.3</td>
<td>20.4</td>
<td>96.3</td>
</tr>
</tbody>
</table>

## Share Price Performance Total Return

<table>
<thead>
<tr>
<th>Share Price Performance Total Return</th>
<th>Value of £1,000 with net income reinvested</th>
<th>6 months</th>
<th>3 years</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City of London Investment Trust plc (1)</td>
<td>1,121</td>
<td>1,478</td>
<td>2,289</td>
<td></td>
</tr>
<tr>
<td>Average UK Growth &amp; Income Investment Trust (1) (3)</td>
<td>1,126</td>
<td>1,532</td>
<td>2,393</td>
<td></td>
</tr>
<tr>
<td>FTSE All-Share Index (2)</td>
<td>1,113</td>
<td>1,310</td>
<td>1,952</td>
<td></td>
</tr>
<tr>
<td>FTSE 350 Investment Companies Index (2)</td>
<td>1,083</td>
<td>1,204</td>
<td>1,963</td>
<td></td>
</tr>
</tbody>
</table>

Sources: (1) Statistics at Morningstar; (2) Datastream; (3) Size weighted average
INTERIM MANAGEMENT REPORT

Chairman's Statement

Net Asset Value Total Return
UK economic growth accelerated during the six months helped by falling unemployment and a buoyant housing market. Overseas, the US economy continued to grow steadily, Europe improved but emerging markets were mixed. Against this background, the UK equity market, as measured by the FTSE All-Share Index, produced a return of 11.3% but British Government bonds, as measured by the Gilts-All Stock Index, produced a negative return of 0.9% as investors brought forward their expectations of a rise in UK interest rates.

City of London produced a net asset value total return of 11.6% which was 0.3 percentage points ahead of the FTSE All-Share Index. We were 1.1 percentage points behind the average for our investment trust sector mainly due to having less exposure to medium and small companies which have significantly outperformed. In addition, our gearing, which ranged between 6% and 8% and enhanced NAV performance, was less aggressive than some of our competitors.

Within the portfolio, there was particularly strong performance from holdings outside the FTSE 100 Index, such as Smiths News, Britvic and Greencore. On the other hand, the gas and electricity utilities, Centrica and SSE, were notable underperformers.

Earnings and Dividends
City of London's earnings per share increased by 5.7% to 5.95p reflecting the dividend growth from investments. So far this financial year, City of London has declared two interim dividends of 3.63p each. The quarterly rate will be reviewed by the Board before the third interim is declared at the end of March 2014.

Expenses
The ongoing charges ratio (“OCR”), which represents the investment management fee and other non-interest bearing expenses as a percentage of shareholders' funds, remains low compared with most other equity savings products. The OCR for the six months indicates a full year rate of 0.44% of net assets.

Material Events and Transactions During the Period
A total of 14,625,000 new shares were issued in the six months to 31 December 2013 at a premium to net asset value. A further 3,650,000 shares have been issued since the period end.

The Company also issued £35 million of fixed rate 15 year private placement notes (the “Notes”) at an annualised coupon of 4.53%. The Notes provide City of London with better balance between its short and long-term debt and are expected to enhance long-term performance.

Additions were made to some existing holdings expected to benefit from the strengthening UK economy, such as Marks & Spencer and British Land, and a new holding was purchased in the housebuilder Berkeley Group. New holdings were also purchased in the IPO of Royal Mail and the issue of Nationwide Building Society equity instrument with an initial indicated yield of 10.25%. The holding in life assurer Aviva was sold.
Interim Management Report (continued)

Chairman's Statement (continued)

Outlook for the six months to 30 June 2014
Some 70% of UK listed companies’ profits are earned overseas and it is likely that the recent trends will continue with improving growth in most major economies. The momentum behind UK economic growth is encouraging but there may be doubts as to its sustainability given the large current account deficit and the rise in sterling which is unhelpful for exporters. Currently, wage growth is low and inflationary pressures are muted, but the point at which the base rate will have to rise has moved closer.

Share prices have risen faster than company profits over the last year and so the valuation of the market is less attractive than it was. However, equities should progress further as profits growth comes through. Moreover, dividend yields remain attractive relative to the alternatives in fixed interest and bank deposit rates and given dividend growth expected by consensus forecasts.

Philip Remnant
Chairman
19 February 2014
Interim Management Report (continued)

Principal Risks and Uncertainties
The principal risks and uncertainties associated with the Company’s business can be divided into the following main areas:

- Investment activity and performance risk
- Financial risk
- Regulatory risk
- Operational risk

Information on these risks and how they are managed is given in the Annual Report and Financial Statements. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

Directors’ Responsibility Statement

The Directors confirm that, to the best of their knowledge:

a) the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board’s statement “Half-Yearly Financial Reports”;

b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Philip Remnant
Chairman
19 February 2014
## Income Statement

for the half year ended 31 December 2013

<table>
<thead>
<tr>
<th></th>
<th>(Unaudited)</th>
<th></th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Half year ended</td>
<td></td>
<td>Year ended</td>
</tr>
<tr>
<td></td>
<td>31 December 2013</td>
<td>31 December 2012</td>
<td>30 June 2013</td>
</tr>
<tr>
<td>Revenue Return £'000</td>
<td></td>
<td>Revenue Return £'000</td>
<td>Revenue Return £'000</td>
</tr>
<tr>
<td>Capital Return £'000</td>
<td></td>
<td>Capital Return £'000</td>
<td>Capital Return £'000</td>
</tr>
<tr>
<td>Total £'000</td>
<td></td>
<td>Total £'000</td>
<td>Total £'000</td>
</tr>
</tbody>
</table>

Gains on investments held at fair value through profit or loss

- 87,313

Income from investments held at fair value through profit or loss

17,223

Other interest receivable and similar income

282

Gross revenue and capital gains

17,505 87,313 104,818

Management fees

(538) (1,254) (1,792)

Other administrative expenses

(358) - (358)

Net return on ordinary activities before finance charges and taxation

16,609 86,059 102,668

Finance charges

(789) (1,657) (2,446)

Net return on ordinary activities before taxation

15,820 84,402 100,222

Taxation on net return on ordinary activities

(68) - (68)

Net return on ordinary activities after taxation

15,752 84,402 100,154

Return per ordinary share - basic and diluted (note 2)

5.95p 31.86p 37.81p

### Notes

The total columns of this statement represent the Income Statement of the Company. All revenue and capital items derive from continuing operations. No operations were acquired or discontinued during the year. The Company has no recognised gains or losses other than those recognised in the Income Statement and the Reconciliation of Movements in Shareholders’ Funds.

The accompanying notes are an integral part of these financial statements.
Reconciliation of Movements in Shareholders’ Funds
for the half year ended 31 December 2013

<table>
<thead>
<tr>
<th>Half year ended 31 December 2013 (unaudited)</th>
<th>Called-up share capital £’000</th>
<th>Share premium account £’000</th>
<th>Capital redemption reserve £’000</th>
<th>Other capital reserves £’000</th>
<th>Revenue reserve £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2013</td>
<td>64,496</td>
<td>172,471</td>
<td>2,707</td>
<td>615,689</td>
<td>31,034</td>
<td>886,397</td>
</tr>
<tr>
<td>Net return on ordinary activities after tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>84,402</td>
<td>15,752</td>
<td>100,154</td>
</tr>
<tr>
<td>Issue of 14,625,000 new ordinary shares</td>
<td>3,656</td>
<td>49,712</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>53,368</td>
</tr>
<tr>
<td>Fourth interim dividend (3.63p per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for year ended 30 June 2013 paid 31 August</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,423)</td>
<td>(9,423)</td>
</tr>
<tr>
<td>First interim dividend (3.63p per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for year ended 30 June 2014 paid 30 November</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,713)</td>
<td>(9,713)</td>
</tr>
<tr>
<td>Unclaimed dividends over 12 years old</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>At 31 December 2013</td>
<td>68,152</td>
<td>222,183</td>
<td>2,707</td>
<td>700,091</td>
<td>27,667</td>
<td>1,020,800</td>
</tr>
<tr>
<td>Half year ended 31 December 2012 (unaudited)</td>
<td>Called-up share capital £’000</td>
<td>Share premium account £’000</td>
<td>Capital redemption reserve £’000</td>
<td>Other capital reserves £’000</td>
<td>Revenue reserve £’000</td>
<td>Total £’000</td>
</tr>
<tr>
<td>At 1 July 2012</td>
<td>59,715</td>
<td>114,340</td>
<td>2,707</td>
<td>494,626</td>
<td>28,158</td>
<td>699,546</td>
</tr>
<tr>
<td>Net return on ordinary activities after tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>121,063</td>
<td>37,709</td>
<td>158,772</td>
</tr>
<tr>
<td>Issue of 8,075,000 new ordinary shares</td>
<td>2,019</td>
<td>22,952</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24,971</td>
</tr>
<tr>
<td>Fourth interim dividend (3.52p per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for year ended 30 June 2012 paid 31 August</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,441)</td>
<td>(8,441)</td>
</tr>
<tr>
<td>First interim dividend (3.52p per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for year ended 30 June 2013 paid 30 November</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,586)</td>
<td>(8,586)</td>
</tr>
<tr>
<td>Unclaimed dividends over 12 years old</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td>At 31 December 2012</td>
<td>61,734</td>
<td>137,292</td>
<td>2,707</td>
<td>544,242</td>
<td>24,911</td>
<td>770,886</td>
</tr>
<tr>
<td>Year ended 30 June 2013 (Audited)</td>
<td>Called-up share capital £’000</td>
<td>Share premium account £’000</td>
<td>Capital redemption reserve £’000</td>
<td>Other capital reserves £’000</td>
<td>Revenue reserve £’000</td>
<td>Total £’000</td>
</tr>
<tr>
<td>At 1 July 2012</td>
<td>59,715</td>
<td>114,340</td>
<td>2,707</td>
<td>494,626</td>
<td>28,158</td>
<td>699,546</td>
</tr>
<tr>
<td>Net return on ordinary activities after tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>121,063</td>
<td>37,709</td>
<td>158,772</td>
</tr>
<tr>
<td>Issue of 19,125,000 new ordinary shares</td>
<td>4,781</td>
<td>58,131</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>62,912</td>
</tr>
<tr>
<td>Fourth interim dividend (3.52p per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for year ended 30 June 2012 paid 31 August</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,441)</td>
<td>(8,441)</td>
</tr>
<tr>
<td>First interim dividend (3.52p per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for year ended 30 June 2013 paid 30 November</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,586)</td>
<td>(8,586)</td>
</tr>
<tr>
<td>Second interim dividend (3.52p per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for year ended 30 June 2013 paid 28 February</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,735)</td>
<td>(8,735)</td>
</tr>
<tr>
<td>Third interim dividend (3.63p per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for year ended 30 June 2013 paid 31 May 2013</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,209)</td>
<td>(9,209)</td>
</tr>
<tr>
<td>Unclaimed dividends over 12 years old</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>64,496</td>
<td>172,471</td>
<td>2,707</td>
<td>615,689</td>
<td>31,034</td>
<td>886,397</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# The City of London Investment Trust PLC
## Unaudited Results for the Half Year Ended 31 December 2013

### Balance Sheet
at 31 December 2013

<table>
<thead>
<tr>
<th></th>
<th>(Unaudited)</th>
<th>(Unaudited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 December</td>
<td>31 December</td>
<td>30 June</td>
</tr>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Investments held at fair value through profit or loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed at market value in the United Kingdom</td>
<td>1,004,780</td>
<td>779,722</td>
<td>875,502</td>
</tr>
<tr>
<td>Listed at market value overseas</td>
<td>93,074</td>
<td>60,262</td>
<td>80,999</td>
</tr>
<tr>
<td>Investment in subsidiary undertakings</td>
<td>347</td>
<td>347</td>
<td>347</td>
</tr>
<tr>
<td></td>
<td>1,098,201</td>
<td>840,331</td>
<td>956,848</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>4,026</td>
<td>3,161</td>
<td>8,260</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>-</td>
<td>-</td>
<td>179</td>
</tr>
<tr>
<td></td>
<td>4,026</td>
<td>3,161</td>
<td>8,439</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(34,028)</td>
<td>(25,207)</td>
<td>(31,491)</td>
<td></td>
</tr>
<tr>
<td>Net current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(30,002)</td>
<td>(22,046)</td>
<td>(23,052)</td>
<td></td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td>1,068,199</td>
<td>818,285</td>
<td>933,796</td>
</tr>
<tr>
<td>Creditors: amounts falling due after more than one year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(47,399)</td>
<td>(47,399)</td>
<td>(47,399)</td>
<td></td>
</tr>
<tr>
<td>Net assets</td>
<td>1,020,800</td>
<td>770,886</td>
<td>886,397</td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called-up share capital (note 3)</td>
<td>68,152</td>
<td>61,734</td>
<td>64,496</td>
</tr>
<tr>
<td>Share premium account</td>
<td>222,183</td>
<td>137,292</td>
<td>172,471</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>2,707</td>
<td>2,707</td>
<td>2,707</td>
</tr>
<tr>
<td>Other capital reserves</td>
<td>700,091</td>
<td>544,242</td>
<td>615,689</td>
</tr>
<tr>
<td>Revenue reserve</td>
<td>27,667</td>
<td>24,911</td>
<td>31,034</td>
</tr>
<tr>
<td>Equity shareholders’ funds</td>
<td>1,020,800</td>
<td>770,886</td>
<td>886,397</td>
</tr>
<tr>
<td>Net asset value per ordinary share basic and diluted (note 4)</td>
<td>374.45p</td>
<td>312.18p</td>
<td>343.58p</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# Cash Flow Statement
for the half year ended 31 December 2013

<table>
<thead>
<tr>
<th></th>
<th>(Unaudited) Half year ended 31 December 2013</th>
<th>(Unaudited) Half year ended 31 December 2012</th>
<th>(Audited) Year ended 30 June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>18,021</td>
<td>15,564</td>
<td>36,042</td>
</tr>
<tr>
<td>Net cash outflow from servicing of finance</td>
<td>(2,403)</td>
<td>(2,370)</td>
<td>(4,805)</td>
</tr>
<tr>
<td>Net tax recovered</td>
<td>11</td>
<td>106</td>
<td>103</td>
</tr>
<tr>
<td>Net cash outflow from financial investment</td>
<td>(58,289)</td>
<td>(21,676)</td>
<td>(59,709)</td>
</tr>
<tr>
<td>Equity dividends paid</td>
<td>(19,119)</td>
<td>(16,889)</td>
<td>(34,833)</td>
</tr>
<tr>
<td>Net cash inflow from financing</td>
<td>55,087</td>
<td>25,409</td>
<td>61,631</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease)/increase in net debt</td>
<td>(6,692)</td>
<td>144</td>
<td>(1,571)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconciliation of operating revenue to net cash inflow from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total return before finance costs and taxation</td>
<td>102,668</td>
<td>65,697</td>
<td>163,899</td>
</tr>
<tr>
<td>Less: capital return before finance charges and taxation</td>
<td>(86,059)</td>
<td>(51,214)</td>
<td>(124,310)</td>
</tr>
<tr>
<td>Net revenue return before finance charges and taxation</td>
<td>16,609</td>
<td>14,483</td>
<td>39,589</td>
</tr>
<tr>
<td>Decrease/(increase) in prepayments accrued income</td>
<td>2,587</td>
<td>1,988</td>
<td>(1,220)</td>
</tr>
<tr>
<td>Increase in other creditors</td>
<td>157</td>
<td>98</td>
<td>177</td>
</tr>
<tr>
<td>Management fees taken to capital</td>
<td>(1,254)</td>
<td>(923)</td>
<td>(2,000)</td>
</tr>
<tr>
<td>Overseas withholding tax</td>
<td>(78)</td>
<td>(82)</td>
<td>(504)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>18,021</td>
<td>15,564</td>
<td>36,042</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconciliation of net cash flow to movement in net debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease)/increase in cash as above</td>
<td>(6,692)</td>
<td>144</td>
<td>(1,571)</td>
</tr>
<tr>
<td>Exchange movements</td>
<td>17</td>
<td>(23)</td>
<td>(175)</td>
</tr>
<tr>
<td>Net debt at beginning of the period</td>
<td>(71,856)</td>
<td>(70,110)</td>
<td>(70,110)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt at end of the period</td>
<td>(78,531)</td>
<td>(69,989)</td>
<td>(71,856)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Represented by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and short term deposits less bank overdrafts</td>
<td>(31,132)</td>
<td>(22,590)</td>
<td>(24,457)</td>
</tr>
<tr>
<td>Debt falling due after more than one year</td>
<td>(47,399)</td>
<td>(47,399)</td>
<td>(47,399)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(78,531)</td>
<td>(69,989)</td>
<td>(71,856)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements
Notes

1. **Accounting policy – Basis of preparation**
The condensed set of financial statements has been prepared using the same accounting policies as are set out in the Company’s Annual Report and Financial Statements for the year ended 30 June 2013.

The condensed set of financial statements has not been audited or reviewed by the Company’s auditors.

2. **Return per ordinary share**

<table>
<thead>
<tr>
<th></th>
<th>(Unaudited) Half year ended 31 December 2013</th>
<th>(Unaudited) Half year ended 31 December 2012</th>
<th>(Audited) Year ended 30 June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100,154</td>
<td>63,258</td>
<td>158,772</td>
</tr>
<tr>
<td>Revenue return</td>
<td>15,752</td>
<td>13,642</td>
<td>37,709</td>
</tr>
<tr>
<td>Capital return</td>
<td>84,402</td>
<td>49,616</td>
<td>121,063</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue for each period</td>
<td>264,871,961</td>
<td>242,368,703</td>
<td>246,953,500</td>
</tr>
<tr>
<td>Revenue return per ordinary share</td>
<td>5.95p</td>
<td>5.63p</td>
<td>15.27p</td>
</tr>
<tr>
<td>Capital return per ordinary share</td>
<td>31.86p</td>
<td>20.47p</td>
<td>49.02p</td>
</tr>
<tr>
<td>Total return per Ordinary share</td>
<td>37.81p</td>
<td>26.10p</td>
<td>64.29p</td>
</tr>
</tbody>
</table>

The Company does not have any dilutive securities, therefore, the basic and diluted returns per share are the same.

3. **Called-up share capital**
During the half year ended 31 December 2013, 14,625,000 ordinary shares were issued for total proceeds of £53,368,000 (half year ended 31 December 2012: 8,075,000 ordinary shares issued for total proceeds of £24,971,000; year ended 30 June 2013: 19,125,000 ordinary shares issued for total proceeds of £62,912,000). The number of ordinary shares in issue at 31 December 2013 was 272,609,868.

4. **Net asset value per ordinary share**
The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £1,020,800,000 (31 December 2012: £770,886,000; 30 June 2013: £886,397,000) and on 272,609,868 ordinary shares (31 December 2012: 246,934,868; 30 June 2013: 257,984,868) being the number of ordinary shares in issue at the end of the period.
5. **Transaction costs**

Purchase transaction costs for the half year ended 31 December 2013 were £264,000 (half year ended 31 December 2012: £192,000; year ended 30 June 2013: £598,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the half year ended 31 December 2013 were £25,000 (half year ended 31 December 2012: £36,000; year ended 30 June 2013: £93,000).

6. **Dividend**

A first interim dividend of 3.63p was paid on 30 November 2013. The second interim dividend of 3.63p (declared on 17 December 2013) will be paid on 28 February 2014 to shareholders on the register on 24 January 2014. The Company’s shares went ex-dividend on 22 January 2014.

7. **Related party transaction**

The only related party arrangement currently in place is with Henderson Global Investors Limited for the provision of investment management, accounting, company secretarial and administration services. Other than fees payable in the ordinary course of business, there have been no material transactions with the related party affecting the financial position or performance of the Company during the six months.

8. **Going concern**

The directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

9. **Financial information**

The financial information contained in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The figures and financial information for the year ended 30 June 2013 have been extracted from the latest published audited financial statements of the Company. Those financial statements have been delivered to the Registrar of Companies and included the report of the auditors, which was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

10.**(a) Investment Objective**

The Company’s objective is to provide long-term growth in income and capital, principally by investment in equities listed on the London Stock Exchange. The Board continues to recognise the importance of dividend income to shareholders.

**(b) Company Status**

The City of London Investment Trust plc is registered in England and Wales, No 34871, has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London and New Zealand Stock Exchanges. The SEDOL/ISIN number is GB0001990497.

**(c) Directors and Secretary**

The Directors of the Company are Philip Remnant (Chairman), Richard Hextall (Chairman of the Audit Committee), Simon Barratt, David Brief and Martin Morgan. The Secretary is Henderson Secretarial Services Limited, represented by David Rice ACIS.

**(d) Details of the Company’s share price and net asset value, together with general information about the Company, monthly fact sheets and data, copies of announcements, report and details of general meetings can be found at** [www.cityinvestmenttrust.com](http://www.cityinvestmenttrust.com)
(e) Half year report
An update extracted from the Company’s report for the half year ended 31 December 2013 will be posted to shareholders in February 2014. Copies of the half year announcement and the half year Update will be available on our website (www.cityinvestmenttrust.com) by the end of February 2014. Copies can also be requested thereafter from the Company Secretary at the Registered Office, 201 Bishopsgate, London EC2M 3AE.

Largest Investments
The 60 largest investments at 31 December 2013, convertibles and all classes of equity in any one company being treated as one investment, were as follows:

<table>
<thead>
<tr>
<th>Market value 31 December 2013 £'000</th>
<th>Market value 31 December 2013 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vodafone 59,250</td>
<td>British Sky Broadcasting 9,917</td>
</tr>
<tr>
<td>Royal Dutch Shell 58,163</td>
<td>Greene King 9,686</td>
</tr>
<tr>
<td>HSBC 54,648</td>
<td>Novartis 9,661</td>
</tr>
<tr>
<td>British American Tobacco 48,570</td>
<td>Marks and Spencer 9,482</td>
</tr>
<tr>
<td>GlaxoSmithKline 48,023</td>
<td>Provident Financial 8,932</td>
</tr>
<tr>
<td>Diageo 41,000</td>
<td>Hiscox 8,660</td>
</tr>
<tr>
<td>BP 40,020</td>
<td>Whitbread 8,440</td>
</tr>
<tr>
<td>Unilever 26,786</td>
<td>United Utilities 8,394</td>
</tr>
<tr>
<td>AstraZeneca 22,698</td>
<td>Smiths News 8,378</td>
</tr>
<tr>
<td>National Grid 20,488</td>
<td>Standard Life 8,091</td>
</tr>
<tr>
<td>Centrica 18,428</td>
<td>Tesco 8,024</td>
</tr>
<tr>
<td>Reed Elsevier 17,958</td>
<td>Severn Trent 7,673</td>
</tr>
<tr>
<td>Prudential 17,420</td>
<td>Nationwide Building Society 7,468</td>
</tr>
<tr>
<td>Rio Tinto 17,048</td>
<td>Next 7,358</td>
</tr>
<tr>
<td>BHP Billiton 16,821</td>
<td>Eni 7,275</td>
</tr>
<tr>
<td>Scottish &amp; Southern Energy 16,783</td>
<td>Spirax-Sarco Engineering 7,198</td>
</tr>
<tr>
<td>Land Securities 14,934</td>
<td>Schroders 7,056</td>
</tr>
<tr>
<td>IMI 14,488</td>
<td>Sainsbury (J) 6,753</td>
</tr>
<tr>
<td>Legal &amp; General 14,476</td>
<td>Segro 6,680</td>
</tr>
<tr>
<td>Pearson 14,416</td>
<td>Merck 6,649</td>
</tr>
<tr>
<td>Croda 12,899</td>
<td>Nestlé 6,645</td>
</tr>
<tr>
<td>Reckitt Benckiser 12,769</td>
<td>Daily Mail &amp; General Trust 6,243</td>
</tr>
<tr>
<td>British Land 12,385</td>
<td>Direct Line 6,132</td>
</tr>
<tr>
<td>Imperial Tobacco 11,690</td>
<td>Munich Re 5,937</td>
</tr>
<tr>
<td>BAE Systems 11,528</td>
<td>Compass 5,808</td>
</tr>
<tr>
<td>BT 11,382</td>
<td>Cineworld 5,700</td>
</tr>
<tr>
<td>Barclays 11,150</td>
<td>Royal Mail 5,700</td>
</tr>
<tr>
<td>Phoenix Group 10,555</td>
<td>Siemens 5,381</td>
</tr>
<tr>
<td>Britvic 10,388</td>
<td>BBA 5,370</td>
</tr>
<tr>
<td>Amlin 10,096</td>
<td>Halma 5,130</td>
</tr>
</tbody>
</table>

These investments total £917,081,000 or 83.53% of the portfolio.
### Sector Analysis of Portfolio as at 31 December 2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financials</td>
<td>21.8</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>16.2</td>
</tr>
<tr>
<td>Consumer Services</td>
<td>12.5</td>
</tr>
<tr>
<td>Industrials</td>
<td>10.8</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>10.6</td>
</tr>
<tr>
<td>Health Care</td>
<td>7.9</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>7.3</td>
</tr>
<tr>
<td>Utilities</td>
<td>7.2</td>
</tr>
<tr>
<td>Basic Materials</td>
<td>4.7</td>
</tr>
<tr>
<td>Technology</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Total** 100.0

****