

# **Invesco Holding Company Limited**

**Directors' report and audited financial statements for the year ended 31  
December 2012**

**Registered number: 308372**



---

**Invesco Holding Company Limited**  
**Company Information**

---

<b>Directors</b>	K M Carome R H Rigsby L Starr
<b>Secretary</b>	A Gerry
<b>Assistant Secretary</b>	R H Rigsby
<b>Auditor</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Registered Office</b>	30 Finsbury Square London EC2A 1AG

---

**Invesco Holding Company Limited**  
**Directors' Report for the year ended 31 December 2012**

---

The directors present their report and the financial statements for the year ended 31 December 2012 for Invesco Holding Company Limited ("the company"). The company is a subsidiary of Invesco Ltd. In these financial statements, Invesco Ltd and its subsidiaries are referred to as "the group".

**Principal activity**

The principal activity of the company is that of a holding company for investment in subsidiary undertakings. The company also provides financing facilities to other entities within the group. It is the intention of the directors to continue the current activities of the company for the foreseeable future.

**Results for the year**

The statement of comprehensive income for the year ended 31 December 2012 together with the statement of financial position at that date are set out on pages 9 and 10 respectively. The profit on ordinary activities for the year before taxation amounted to US\$514.4 million (2011: loss US\$0.9 million).

**Principal risks and uncertainties**

The group has a robust risk governance structure and framework which is considered appropriate to the size, nature and complexity of the business. These arrangements are characterised by a matrix management model across functions and regions. The risk management framework is supported by an established risk and control self-assessment programme which informs functional and regional senior management and the Board on the risks managed by the business. These risks are reviewed by the appropriate Risk Management Committees that have been established to monitor the risks within the business and report to the group or local representative Board.

**Liquidity and credit risk**

The company is subject to credit and cash flow risks, as the principal activities of the business include the provision of financing facilities to other entities within the group.

The company is also subject to liquidity risk as it receives a large amount of debt finance from fellow group undertakings.

**Foreign exchange risk**

The company is subject to foreign exchange risk within both assets and liabilities through amounts due from and owing to other group undertakings.

In the second quarter of 2012, the company purchased four put option contracts to hedge a portion of the foreign currency translation risk relating to the group's Pound Sterling denominated earnings. The contracts had not been exercised as of 31 December 2012.

**Interest rate risk**

The company earns and incurs interest on inter-group loans. The rate of interest is dependent on commercial banking interest rates and Libor.

---

**Invesco Holding Company Limited**  
**Directors' Report for the year ended 31 December 2012 (continued)**

---

**Operational risks**

The group's business risks are detailed in Invesco Ltd's publicly available accounts. Invesco Holding Company Limited follows the same risk management procedures.

**Business review**

The company acquired two new subsidiaries during the year, IVZ Finance S à r l, a company domiciled in Luxembourg, and Invesco Far East Limited, a company domiciled in the UK, both of which were acquired from another group subsidiary. The aggregate consideration was US\$833.4 million. Additionally, the company increased by US\$0.1 million its existing investment in Invesco Finance plc (formerly Invesco Finance Limited), a company domiciled in the UK that took over the responsibility for providing financing to the other subsidiaries of the group during the period.

In connection with the acquisition of IVZ Finance S à r l, the company issued an additional share with a par value of 10 cents for total consideration of US\$750.0 million.

The company redeemed \$215.0 million of its senior notes in April 2012. The company, subsequently, made an early redemption of the remaining \$529.6 million of notes in December 2012, using borrowings received from Invesco Finance plc.

**Key performance indicators**

	<b>2012</b>	<b>2011</b>	<b>Change</b>
	<b>US\$m</b>	<b>US\$m</b>	<b>%</b>
Income from investments in group undertakings	532.2	1.4	N/A
Interest receivable and similar income	51.7	49.3	4.9
Interest payable and similar charges	43.6	49.4	(11.7)
Losses in respect of financial assets and liabilities	25.7	-	N/A

The sharp increase in income from investments in group undertakings in 2012 was the result of dividends received from one of the company's subsidiaries during the year that were not received in the prior year. Interest payable fell in 2012, as compared to 2011, due to lower interest on the senior notes as almost a third of the notes were re-paid in April and the remaining notes were repaid in early December. The company had losses in respect of financial assets and liabilities in 2012 that it did not have in 2011 mostly because of the early retirement of the senior notes and the redemption costs associated with them.

**Dividends**

Dividends of US\$305.0m (2011: US\$48.4m), representing US\$2.90 per share, were declared and paid during the year.

---

**Invesco Holding Company Limited**  
**Directors' Report for the year ended 31 December 2012 (continued)**

---

**Going concern**

The company's business activities, together with the factors likely to affect its financial position, exposure to principal risks and uncertainties and future development are described above

The company's existing trading activity relates primarily to transactions with other subsidiaries. Although the company has a positive net asset position, a significant portion of the assets of the company are held in illiquid investments that are not readily realisable to manage existing financial obligations. The company has a surplus of current financial obligations over its existing current financial assets. However, the fellow subsidiaries of the group to which these existing obligations are due have provided assurances to the directors of the company that these obligations will not require to be settled until the company has sufficient financial resources with which to meet these obligations. Accordingly, the directors have continued to adopt the going concern basis in the preparation of the financial statements.

**Directors**

The directors who each served throughout the year were as follows

K M Carome  
R H Rigsby  
L Starr

The company has no employees

**Directors' liabilities**

Invesco Ltd, the ultimate parent company, has taken out indemnity insurance for one or more of the directors of the company in connection with their roles and responsibilities as director and in accordance with the requirements and limitations of Section 234 of the Companies Act 2006.

**Group restructure**

In May 2012 and July 2012, a group restructuring resulted in two fellow subsidiaries, Invesco Taiwan Limited and Invesco Asset Management (Japan) Limited, being transferred into the Asia Pacific group structure. As a result, these entities became indirect subsidiaries of the company.

**Auditor**

Following a competitive tender process by the company's ultimate parent company, Invesco Ltd, PricewaterhouseCoopers LLP ("PwC") will be appointed as the auditor of the company for the year ending 31 December 2013. Ernst & Young LLP will submit a notice of resignation to the company subsequent to the completion of their audit of the financial statements of the company for the 2012 financial year. This notice will be effective on the date it is received by the company at which time the directors will appoint PwC as the company's auditor in accordance with the provisions of the Companies Act 2006.

---

**Invesco Holding Company Limited**  
**Directors' Report for the year ended 31 December 2012 (continued)**

---

**Provision of information to the auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the auditor, each director has taken all the steps that he or she is obliged to take as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Directors



Director - L. STILLER  
Date 03 September 2013

**Invesco Holding Company Limited**  
**Statement of directors' responsibilities**

---

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and applicable law. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

---

**Invesco Holding Company Limited**  
**Independent Auditor's Report to the Members of Invesco Holding Company Limited**

---

We have audited the financial statements of Invesco Holding Company Limited for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (as adopted by the European Union), and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**Invesco Holding Company Limited**  
**Independent Auditor's Report to the Members of Invesco Holding Company Limited (continued)**

---

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Amarjit Singh (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date **5 SEPT 2013**

**Invesco Holding Company Limited**  
**Statement of Comprehensive Income for the year ended 31 December 2012**

---

		<b>Year ended 2012 US\$ million</b>	<b>Year ended 2011 US\$ million</b>
	<b>Note</b>		
Administrative expenses		(0.2)	(2.2)
<b>Operating loss</b>		(0.2)	(2.2)
Income from investments in group undertakings	2	532.2	1.4
Interest receivable and similar income	3	52.0	49.3
Interest payable and similar charges	4	(43.6)	(49.4)
Losses in respect of financial assets and liabilities	5	(26.0)	-
<b>Profit/(loss) on ordinary activities before taxation</b>		514.4	(0.9)
Tax on profit/(loss) on ordinary activities	8	(0.6)	(2.8)
<b>Profit/(loss) attributable to equity shareholders</b>		<b>513.8</b>	<b>(3.7)</b>

All activities derive from continuing operations

The accompanying notes are an integral part of these financial statements

**Invesco Holding Company Limited**  
**Statement of Financial Position at 31 December 2012**

**Registered No: 308372**

	Note	As at 31 December 2012 US\$ million	As at 31 December 2011 US\$ million
<b>Non-current assets</b>			
Investments in subsidiaries	10	3,360 0	2,536 6
Financial assets measured at amortised cost		3 3	-
Loans and receivables	11	605 8	567 8
		<u>3,969 1</u>	<u>3,104 4</u>
<b>Current assets</b>			
Loans and receivables	12	35 1	34 8
Trade and other receivables	13	5 1	6 1
Cash and cash equivalents		3 1	3 0
		<u>43 3</u>	<u>43 9</u>
<b>Total assets</b>		<u>4,012 4</u>	<u>3,148 3</u>
<b>Non-current liabilities</b>			
Financial liabilities measured at amortised cost	14	-	(529 6)
Loans amounts falling due after more than one year	17	(1,143 0)	(656 5)
		<u>(1,143 0)</u>	<u>(1,186 1)</u>
<b>Current liabilities</b>			
Financial liabilities measured at amortised cost	14	-	(215 0)
Loans amounts falling due within one year	15	(202 1)	(32 2)
Trade and other payables amounts falling due within one year	16	(11 4)	(17 9)
		<u>(213 5)</u>	<u>(265 1)</u>
<b>Total liabilities</b>		<u>(1,356 5)</u>	<u>(1,451 2)</u>
<b>Net assets</b>		<u>2,655 9</u>	<u>1,697 1</u>
<b>Equity</b>			
Share capital	18	84 8	84 8
Share premium	19	1,523 8	773 8
Capital contribution	19	75 5	75 5
Other reserves	19	413 5	413 5
Retained earnings		558 3	349 5
<b>Total equity</b>		<u>2,655 9</u>	<u>1,697 1</u>

Signed on behalf of the Board on 03 September 2013 by

L. Starr  
Director



The accompanying notes are an integral part of these financial statements

**Invesco Holding Company Limited**  
**Statement of Changes in Equity for the year ended 31 December 2012**

	Share capital US\$ million	Share premium US\$ million	Capital contribution US\$ million	Other reserves US\$ million	Retained earnings US\$ million	Total US\$ Million
<b>1 January 2011</b>	<b>84.8</b>	<b>773.8</b>	<b>75.5</b>	<b>413.5</b>	<b>401.6</b>	<b>1,749.2</b>
Loss after taxation	-	-	-	-	(3.7)	(3.7)
Dividends paid	-	-	-	-	(48.4)	(48.4)
<b>31 December 2011</b>	<b>84.8</b>	<b>773.8</b>	<b>75.5</b>	<b>413.5</b>	<b>349.5</b>	<b>1,697.1</b>
Share premium on share issued	-	750.0	-	-	-	750.0
Profit attributable to equity shareholders	-	-	-	-	513.8	513.8
Dividends paid	-	-	-	-	(305.0)	(305.0)
<b>31 December 2012</b>	<b>84.8</b>	<b>1,523.8</b>	<b>75.5</b>	<b>413.5</b>	<b>558.3</b>	<b>2,655.9</b>

The accompanying notes are an integral part of these financial statements

**Invesco Holding Company Limited**  
**Cash Flow Statement for the year ended 31 December 2012**

	Notes	2012 US\$ million	2011 US\$ million
<b>Operating activities:</b>			
Profit/(loss) attributable to equity shareholders		513.8	(3.7)
Adjustments to reconcile profit/(loss) to net cash provided by operating activities			
Decrease in trade and other receivables		-	2.9
Decrease in trade and other payables		(5.3)	(9.4)
Income from associated undertakings and other investment income		(529.9)	(1.4)
Amortisation of loan notes		1.1	0.9
Exchange rate movements		(0.3)	(1.4)
Net cash outflow from operating activities		(20.6)	(12.1)
<b>Investing activities:</b>			
Dividends received from associated and subsidiary undertaking and other investment income		532.4	1.4
Investment in subsidiary undertakings		(83.4)	-
Return of capital from subsidiary undertaking		10.1	61.0
Purchase of other investments		(5.8)	-
Intercompany-loans to subsidiary undertakings		(36.6)	-
Net cash inflow from investing activities		416.7	62.4
<b>Financing activities:</b>			
Dividends paid		(305.0)	(48.4)
Intercompany loans received		654.7	-
Repurchase of senior notes		(745.7)	-
Net cash outflow from financing activities		(396.0)	(48.4)
Increase in cash and cash equivalents		0.1	1.9
Cash and cash equivalents at the beginning of year		3.0	1.1
Cash and cash equivalents at the end of year		3.1	3.0
<b>Supplemental cash flow information</b>			
Interest paid	4	43.6	49.4
Interest received	3	52.0	49.3
Dividends received		532.2	1.4
Taxes paid		3.1	2.1

The accompanying notes are an integral part of these financial statements

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012**

---

**1. Accounting policies**

The principal accounting policies adopted by the company are as follows

**(a) *Statement of compliance***

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

The company is exempt from the requirements to produce consolidated accounts, in accordance with section s400 to s402 of the Companies Act 2006, UITF abstract 43 and the EU Seventh Company Law Directive, as it is a wholly owned subsidiary undertaking of Invesco Ltd, a company incorporated in Bermuda which publishes consolidated financial statements that include the results of the company and its subsidiary undertakings in accordance with US Generally Accepted Accounting Practice

**(b) *Basis of preparation***

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements are reasonable. Actual results could differ from these estimates.

**(c) *Significant estimates and judgements***

The significant accounting estimates used in preparing the financial statements are considered to relate to the effective interest rate calculations in respect of deciding on the maturity date of the loan. There are no other significant estimates or judgements applicable to the financial statements.

**(d) *Foreign currency***

The functional currency of the company is US Dollars (US\$), reflecting the primary currency in which the underlying transactions are undertaken, which is also the presentation currency.

Transactions during the period denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to dollars at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the Statement of Comprehensive Income.

The put option contracts purchased to hedge economically the foreign currency exposure arising on the translation of a portion of the group's pound sterling-denominated earnings into US dollars are classified as being held at fair value through profit and loss. All realised and unrealised gains or losses on these contracts are recorded in the company's statement of comprehensive income within profit/(losses) in respect of financial assets and liabilities.

**(e) *Investments in subsidiaries***

Fixed asset investments in subsidiaries and associates are shown at cost less any provision for impairment.

---

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

---

**1. Accounting policies (continued)**

**(f) Other investments**

The company's intra-group loan investments are classified as loans and receivables and are measured at amortised cost

**(g) Long term debt finance**

Balances are initially recognised as the fair of the consideration received, less any costs associated with the issue of the debt finance. Balances are held at amortised cost. Finance charges are amortised over the term of the debt using the effective interest method. Interest payable is recognised on an accruals basis using the effective interest rate method.

**(h) Interest receivable**

Interest receivable is recognised on an accruals basis using the effective interest rate method.

**(i) Dividends receivable**

Dividends receivable are recognised when the company becomes legally entitled to them.

**(j) Administrative expenses**

Expenses are calculated and recorded on an accruals basis.

**(k) Current tax**

Current tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

**(l) Deferred taxation**

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

**(m) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(n) Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

---

**1. Accounting policies (continued)**

**IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1***

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for

example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the company's first annual report after becoming effective.

**IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011)**

As a consequence of the new IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interests in Other Entities*, IAS 28 *Investments in Associates*, has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

**IAS 32 *Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32***

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

**IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7***

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*.

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the company's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

**IFRS 9 *Financial Instruments: Classification and Measurement***

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9: Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The company will evaluate the effect in conjunction with the other phases, when the final standard including all phases is issued.



**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

**1. Accounting policies (continued)**

**IFRS 12 *Disclosure of Interests in Other Entities***

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

A number of new disclosures are also required, but has no impact on the company's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

**IFRS 13 *Fair Value Measurement***

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

**2. Income from investments in group undertakings**

	2012 US\$ million	2011 US\$ million
Dividends receivable from subsidiary undertakings	531.6	-
Dividends receivable from associated undertakings	0.6	1.4
	532.2	1.4

**3. Interest receivable and similar income**

	2012 US\$ million	2011 US\$ million
Interest receivable from other group undertakings	51.7	49.3
Interest receivable from investments measured at amortised cost	0.3	-
	52.0	49.3

**4. Interest payable and similar charges**

	2012 US\$ million	2011 US\$ million
Interest payable – Senior notes	30.4	40.6
Interest payable – Credit facility	2.0	-
Interest payable to other group undertakings	11.2	8.8
	43.6	49.4

**5. Losses in respect of financial assets and liabilities**

	2012 US\$ million	2011 US\$ million
Realised loss on redemption of debt finance	23.5	-
Realised loss on asset held at fair value through profit and loss	2.5	-
	26.0	-

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

**6. Directors' remuneration and staff costs**

There were no employees of the company during the year (2011 – nil) Staff costs including pension contributions, of all group employees who provide services to the company are borne by Invesco Group Services, Inc and Invesco UK Limited and are not recharged to the company

The three directors (2011 – three) who held office during the year received no remuneration from the company (2011 – £nil) All directors' remuneration is borne by Invesco Group Services, Inc and the proportion of the directors' remuneration relating to services provided to the company is not able to be separately identified Therefore no recharge has been made to the company

**7. Auditor's remuneration**

There is no charge for auditor's remuneration in the financial statements of the company The auditor's remuneration for the audit of the company is borne by a sister company, Invesco UK Limited and is not recharged to the company The portion of the aggregate auditor remuneration of the group relating to the audit and the provision of other services to the company is US\$24,368 (2011 - US\$44,157)

	<b>2012</b>	<b>2011</b>
	<b>US\$</b>	<b>US\$</b>
Audit of the financial statements	24,368	27,037
Other services		
- other services supplied pursuant to legislation	-	17,120
	<u>24,368</u>	<u>44,157</u>

**8. Taxation on profit/(loss) on ordinary activities**

The tax charge comprises the following

	<b>2012</b>	<b>2011</b>
	<b>US\$ million</b>	<b>US\$ million</b>
Current tax		
Corporation tax on profits of the period	-	2.7
Adjustment in respect of prior years	0.6	0.1
	<u>0.6</u>	<u>2.8</u>
Deferred tax		
Adjustment in respect of prior years	-	-
Tax per income statement	<u>0.6</u>	<u>2.8</u>

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

**8. Taxation on profit/(loss) on ordinary activities (continued)**

The charge for the year can be reconciled to the profit per the income statement as follows

	<b>2012</b>	<b>2011</b>
	<b>US\$ million</b>	<b>US\$ million</b>
<b>Profit/(loss) for the period – continuing operations</b>	<b>514.4</b>	<b>(0.9)</b>
Tax on profit/(loss) on ordinary activities at the standard UK corporation tax rate of 24.50% (2011 – 26.49%)	126.0	(0.3)
Effect of		
Income not taxable for tax purposes	(130.4)	(0.4)
Transfer pricing adjustment	0.2	-
Uncertain tax position	-	0.4
Apportioned profits from overseas subsidiaries	3.8	3.4
Adjustments in respect of prior years	0.6	0.1
Group relief surrendered/(claimed) for nil payment	0.4	(0.4)
<b>Tax charge for the period</b>	<b>0.6</b>	<b>2.8</b>
<b>Income tax expense reported in the income statement</b>	<b>0.6</b>	<b>2.8</b>

**9. Equity dividends**

	<b>2012</b>	<b>2011</b>
	<b>US\$ million</b>	<b>US\$ million</b>
Interim dividend at US\$2.90 per Ordinary Share (2011 – US\$0.46)	305.0	48.4

**10. Non-current investments**

	<b>Shares in subsidiary undertakings and associates</b>
	<b>US\$ million</b>
Cost	
<b>1 January 2012</b>	<b>2,607.9</b>
Additions	833.5
Disposals	(10.1)
<b>31 December 2012</b>	<b>3,431.3</b>
Provisions against investments	
<b>1 January 2012</b>	<b>(71.3)</b>
Impairments in the year	-
<b>31 December 2012</b>	<b>(71.3)</b>
<b>Net book value</b>	
<b>1 January 2012</b>	<b>2,536.6</b>
<b>31 December 2012</b>	<b>3,360.0</b>

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

**10. Non-current investments (continued)**

The principal operating subsidiaries of the company, all of which are wholly owned, are set out below

<b>Name of company</b>	<b>Country of incorporation or registration</b>	<b>Principal activity</b>	<b>Description of shares</b>
Invesco UK Holdings Limited	England & Wales	Holding Company	Ordinary & Redeemable Preference
Invesco North American Group Limited	England & Wales	Holding Company	Ordinary
Invesco Pacific Group Limited	England & Wales	Holding Company	Ordinary
IVZ, Inc	United States of America	Holding Company	Ordinary
Invesco Inc	Canada	Holding Company	Common
Invesco Far East Limited	England & Wales	Holding Company	Ordinary
Invesco Asset Management (Bermuda) Ltd	Bermuda	Holding Company	Ordinary & Redeemable Preference
James Bryant Limited	England & Wales	Nominee Company	Ordinary
Invesco Polska Spolka z ograniczona odpowiedzialnoscia	Poland	Holding Company	Ordinary
Invesco Finance plc	England & Wales	Finance subsidiary	Ordinary
IVZ Finance S à r l	Luxembourg	Holding Company	Ordinary

The companies listed below, are associates of the company

<b>Name of company</b>	<b>Country of incorporation or registration</b>	<b>Principal activity</b>	<b>Percentage holding</b>
Pocztylion - ARKA	Poland	Acting as pension fund society to manage long - term savings	29.3% Series A and B shares
Invesco Pension Trustees Limited	England & Wales	Acting as pension trustee for UK pension scheme	100% 'B' Ordinary

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

11. <b>Loans:</b> Amounts receivable after more than one year	2012	2011
	US\$ million	US\$ million
Loans receivable from subsidiary undertakings	567.8	567.8
Loans receivable from other group undertakings	38.0	-
	<u>605.8</u>	<u>567.8</u>

The loans bear interest at rates ranging from 3.75% to 8.93% and are unsecured

12. <b>Loans:</b> Amounts receivable in less than one year	2012	2011
	US\$ million	US\$ million
Loans receivable from subsidiary undertakings	<u>35.1</u>	<u>34.8</u>

The loans are non-interest bearing and are unsecured

13. <b>Trade and other receivables:</b> Amounts receivable in less than one year	2012	2011
	US\$ million	US\$ million
Amounts receivable from subsidiary undertakings	2.2	3.3
Tax recoverable	2.9	2.8
	<u>5.1</u>	<u>6.1</u>

As at 31 December 2012 trade and other receivables have been impaired by US\$6.0m (2011 US\$5.8m). Movements in the provision are as follows

	2012	2011
	US\$ million	US\$ million
Balance 1 January	5.8	5.8
Exchange movement on provision balance	0.2	-
Balance at 31 December	<u>6.0</u>	<u>5.8</u>

No other receivables were considered to be past due (2011 US\$nil)

**14. Long-term debt**

	2012		2011	
	Book value	Fair value	Book value	Fair value
	US\$ million	US\$ million	US\$ million	US\$ million
Senior notes				
US\$300 million due 17 April 2012 at 5.625%	-	-	215.0	217.3
US\$350 million due 27 February 2013 at 5.375%	-	-	333.0	343.8
US\$200 million due 15 December 2014 at 5.375%	-	-	196.6	207.4
Total long-term debt	-	-	744.6	768.5
Less current maturities of long-term debt	-	-	(215.0)	(217.3)
Non-current maturities of long term debt	-	-	<u>529.6</u>	<u>551.2</u>

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

**14. Long-term debt (continued)**

Upon maturity in April 2012, the company redeemed US\$215m of Senior notes at the par value of the notes. The redemption was financed by the company drawing down US\$222m from the company's existing credit facility. In November 2012, the company re-paid the US\$222m credit facility balance utilising proceeds from finance provided by Invesco Finance plc. In December 2012, the remaining senior notes were redeemed early for a consideration of US\$553.6 million using proceeds from further finance provided by Invesco Finance plc.

**Analysis of borrowings:**

	<b>2012</b>	<b>2011</b>
	<b>US\$ million</b>	<b>US\$ million</b>
Less than one year	-	215.0
Between one and three years	-	529.6
Between three and five years	-	-
<b>Total long-term debt</b>	<b>-</b>	<b>744.6</b>

**15. Loans: Amounts due within one year**

	<b>2012</b>	<b>2011</b>
	<b>US\$ million</b>	<b>US\$ million</b>
Amounts due to subsidiary undertakings	176.0	-
Amounts due to other group undertakings	26.1	32.2
	<b>202.1</b>	<b>32.2</b>

The loans incur interest at rates ranging from 0% to 4.0% and are unsecured.

**16. Trade and other payables: Amounts falling due within one year**

	<b>2012</b>	<b>2011</b>
	<b>US\$ million</b>	<b>US\$ million</b>
Amounts due to subsidiary undertakings	2.5	-
Amounts due to other group undertakings	3.7	1.0
Taxation and social security	3.3	5.8
Accruals and deferred income	1.9	11.1
	<b>11.4</b>	<b>17.9</b>

**17. Loans: Amounts falling due after more than one year**

	<b>2012</b>	<b>2011</b>
	<b>US\$ million</b>	<b>US\$ million</b>
Amounts due to subsidiary undertakings	1,039.3	448.3
Amounts due to other group undertakings	103.7	208.2
	<b>1,143.0</b>	<b>656.5</b>

The loans incur interest at rates ranging from 1.06% to 8.0% and are unsecured.

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

**18. Called up share capital and exchangeable shares**

**Ordinary shares**

	<b>2012</b>		<b>2011</b>	
	<b>US\$ million</b>	<b>Number million</b>	<b>US\$ million</b>	<b>Number million</b>
Authorised Ordinary shares of 10 cents each	105 0	1,050 0	105 0	1,050 0
Allotted, called up and fully paid				
Ordinary shares of 10 cents each	84 8	848 0	84 8	848 0
Authorised and issued Deferred Sterling shares of £1 each	0 05	0 05	0 05	0 05

The Deferred Sterling shares of £1 have no voting rights, no rights to profits and no rights to any assets upon a winding up of the company. All such rights reside with the ordinary shareholders.

During the year, the company issued one Ordinary 10 cent share at a premium of US\$750 0m.

**19. Reserves**

<b>US\$ million</b>	<b>Tax reserve</b>	<b>Warrant reserve</b>	<b>Merger reserve</b>	<b>Goodwill reserve</b>	<b>Share premium account</b>	<b>Capital contribution</b>
<b>1 January 2011</b>	<b>(0.7)</b>	<b>5.8</b>	<b>401.3</b>	<b>7.1</b>	<b>773.8</b>	<b>75.5</b>
<b>31 December 2011</b>	<b>(0.7)</b>	<b>5.8</b>	<b>401.3</b>	<b>7.1</b>	<b>773.8</b>	<b>75.5</b>
Share premium on issue of new share	-	-	-	-	750 0	-
<b>31 December 2012</b>	<b>(0.7)</b>	<b>5.8</b>	<b>401.3</b>	<b>7.1</b>	<b>1,523.8</b>	<b>75.5</b>

The tax reserve relates to current tax benefits for realised foreign exchange losses.

The warrant reserve was created in 1997 in connection with the merger of the company with AIM Management Group Inc. The reserve is non-distributable.

The merger reserve was created pursuant to Company law for the excess value over par value of shares issued as consideration for acquisition by the company of certain other subsidiaries in the Group. The reserve is non-distributable.

The goodwill reserve represents the excess of the consideration paid over the net assets acquired in respect of certain acquisitions completed by the company prior to 1998.

The share premium account and capital contribution both arise from capital contributions from the parent company that are over and above the nominal value of shares issued by the company to the parent.

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

**20. Risks and uncertainties**

*a) Interest rate risk*

The company earns and incurs interest on inter-group loans and external debt finance. The rate of interest is dependent on commercial banking interest rates and Libor. If interest rates increased/decreased by 100 basis points, based on the closing balances as at 31 December 2012, the annualised net interest due to the company would increase/decrease by US\$2.7m (2011 US\$5.8m) which would translate to profits and net assets.

*b) Liquidity risk*

The company maintains sufficient cash and liquid investments through its intercompany positions that liquidity and cash flow risks are negligible.

The company's liabilities had the following maturity profile at 31 December 2012

US\$ million	0-3 months	4-12 months	One year or more	Total
Loans amounts falling due within one year	51.6	156.3	-	207.9
Creditors amounts falling due within one year	3.7	7.7	-	11.4
Long-term debt	2.0	30.0	1,405.1	1,437.1

The company's liabilities had the following maturity profile at 31 December 2011

US\$ million	0-3 months	4-12 months	One year or more	Total
Loans amounts falling due within one year	-	247.3	-	247.3
Creditors amounts falling due within one year	0.9	17.0	-	17.9
Financial liabilities at amortised cost	-	218.7	572.3	791.0
Long-term debt	-	-	1,186.1	1,186.1

*c) Credit risk*

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in notes 11, 12 and 13 and the carrying value of cash and cash equivalents in the balance sheet. The company does not hold any collateral as security.

*d) Foreign exchange risk*

The company has exposure to foreign exchange risk due to US\$15.7 million (2011 US\$116.5 million) of foreign currency denominated liabilities that are held within the amounts owing to other group undertakings.



**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

**20. Risks and uncertainties (continued)**

The foreign exchange exposure per currency is as follows

	2012 US\$ million	2011 US\$ million
Hong Kong Dollar (HKD)	-	104.7
Sterling (GBP)	12.0	8.3
Singapore Dollar (SGD)	3.7	3.5
	<u>15.7</u>	<u>116.5</u>

*Sensitivity analysis*

Assuming an increase / decrease of 5% in exchange rates against US Dollar, the foreign exchange exposure per currency would result in an increase/decrease in the carrying value of the liability, which would translate directly to net profit and net assets

	2012 US\$ million	2011 US\$ million
Hong Kong Dollar (HKD)	-	5.2
Sterling (GBP)	0.6	0.4
Singapore Dollar (SGD)	0.2	0.2
	<u>0.8</u>	<u>5.8</u>

*e) Capital management*

The company considers its capital to be the total equity as shown in the statement of financial position on page 10. The company's objectives when managing capital are

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders, and
- to maintain a strong capital base to support the development of the company's business

**21. Related party transactions**

The company engages in intercompany transactions with its subsidiaries which are all related to the company's treasury management services on behalf of other entities within the group. As of 31 December 2012, the company had US\$643.1 million in receivables from subsidiaries and other group companies (2011 US\$605.9 million). As of 31 December 2012, the company had payables to its subsidiaries and other group companies of US\$1,351.3 million (2011 US\$689.7 million). Interest receivable from its parent, subsidiaries and other group companies in the year amounted to US\$51.7 million (2011 US\$49.3 million). Interest payable to its subsidiaries and other group companies in the year amounted to US\$11.2 million (2011 US\$8.8 million).

The company took out a US\$600.0 million dollar loan during the year from its subsidiary whose primary purpose is to provide finance for the business operations of the group. This loan is due 30 November 2022.

---

**Invesco Holding Company Limited**  
**Notes to the accounts at 31 December 2012 (continued)**

---

**21. Related party transactions (continued)**

During the year, the company received dividends of US\$531.6 million (2011: US\$nil) from its subsidiary undertakings and \$0.6 million from its associate undertakings (2011: US\$1.4 million). No amounts were outstanding at 31 December 2012 (2011: US\$nil).

**22. Immediate and ultimate parent company**

The company's immediate and ultimate parent company, and the parent undertaking of the only group of undertakings for which consolidated financial statements are drawn up and of which the company is a member, is Invesco Ltd, which is registered in Bermuda. Copies of the consolidated financial statements can be obtained from Two Peachtree Pointe, 1555 Peachtree Street, NE, Suite 1800 Atlanta, Georgia 30309, USA.

**23. Capital commitments and contingent liabilities**

The company does not have any capital commitments or contingent liabilities as at 31 December 2012 (2011: \$nil).

**24. Post balance sheet events**

In February 2013 and March 2013, the company borrowed an aggregate of US\$90.5 million from Invesco Finance plc. The company subsequently injected US\$90.5 million into Invesco Pacific Group Limited. The proceeds were then injected into Invesco Asset Management Pacific Limited. As part of this transaction, the company capitalised a £21.6 million intercompany loan receivable from Invesco Pacific Group Limited.