

# Finsbury Growth & Income Trust PLC

## Interim Report

for the six months to 31 March 2009



## COMPANY SUMMARY

### Key Statistics

	As at 31 March 2009	As at 30 September 2008	% Change
Share price	173.0p	202.0p	-14.4
Net asset value per share	183.9p	215.5p	-14.7
Discount of share price to net asset value per share	5.9%	6.3%	n/a
Shareholders' funds	£92.4m	£109.8m	-15.8
Market capitalisation	£86.9m	£102.9m	-15.5
	Six months to 31 March 2009	One year to 30 September 2008	
Share price (total return)#	-12.2%	-33.1%	
Net asset value per share (total return)#	-12.1%	-31.4%	
FTSE All-Share Index (total return)	-18.3%	-22.3%	
	Year ended 30 September 2009	Year ended 30 September 2008	
Dividends			
First interim dividend	4.4p per share	4.4p per share	
Second interim dividend	Yet to be declared	5.1p per share	

#Source – Fundamental Data for the AIC

## Investment Objective

Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of the FTSE All-Share Index.

## Investment Policy

The Company invests only in the shares of UK listed companies. Where possible, a minimum position size of 1% of the Company's gross assets is held unless the holding concerned is being built or disposed of.

The portfolio is managed by Lindsell Train Limited and comprises approximately thirty stocks. Unless driven by market movements, FTSE 100 companies, including preference shares issued by such companies, represent between 50% and 100% of the portfolio; at least 70% of the portfolio is invested in companies within the FTSE 350. The Company does not and will not invest more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

## Benchmark

Performance is measured against the FTSE All-Share Index (total return).

## First Interim Dividend

A first interim dividend of 4.4p per share (2008: 4.4p) was paid on 6 May 2009 to shareholders registered at the close of business on 3 April 2009. The associated ex-dividend date was 1 April 2009.

## Capital Structure

At 31 March 2009 the Company had 50,254,173 shares of 25p each in issue excluding 2,543,250 shares repurchased by the Company and held as treasury shares (31 March 2008: 52,674,423 (treasury shares: 123,000)). Since the end of the half-year a further 40,000 shares have been repurchased and are being held in treasury. Also, a total of 410,000 shares have been reissued out of treasury. As at 26 May 2009, the Company had 50,624,173 shares in issue (excluding 2,173,250 shares held in treasury).

## Gearing

As at 31 March 2009 the Company had a revolving credit facility of £15 million provided by ING Bank N.V.. As at this date a total of £13 million had been drawn down.

## CHAIRMAN'S STATEMENT (Companies held in the portfolio are shown in bold type)

### Performance

The period under review has again been an extremely challenging one for stock markets. I am disappointed to have to report that your Company has not been immune from the general weakness in stock markets and in the six months to 31 March 2009 your Company's net asset value per share declined by 12.1%, on a total return basis. The Company's share price total return was a similar decline of 12.2% with the Company's benchmark, the FTSE All-Share Index, measured on a total return basis, falling by 18.3% during the same period.

At the period end the share price discount to net asset value per share stood at 5.9%, slightly narrower than the discount as at 30 September 2008 of 6.3%.

### Share Capital

The Company has continued to be active in buying back shares for treasury where they were offered at a discount greater than 5% to the net asset value per share. A total of 746,500 shares were repurchased for treasury during the half-year in accordance with the Company's stated policy; 50,000 of these were then reissued to new shareholders in November 2008 at a price representing a narrower discount to net asset value per share than that at which they had been bought into treasury. Following the half-year end a further 40,000 shares have been repurchased to be held as treasury shares and a total of 410,000 shares have been reissued out of treasury. As at the date of this report, a total of 2,173,250 shares are held in treasury.

### Return and Dividend

The Income Statement shows a total loss per share of 26.66p consisting of a revenue return per share of 2.99p and a capital loss per share of 29.65p. Income was well down on the comparative period last year, almost entirely as a result of the banking stocks in the portfolio. Further details are given in the Investment Manager's Review beginning on page 5.

Your Board has declared an unchanged first interim dividend of 4.4p per share which was paid on 6 May 2009 to shareholders on the register at the close of business on 3 April 2009. The associated ex-dividend date was 1 April 2009.

Following the payment of the first interim dividend of £2,211,000 on 6 May 2009, the Company has £1,657,000 of retained distributable revenue reserves which is equivalent to approximately 3.3p per share.

### Borrowings

Your Company has a fixed term committed revolving credit facility of £15m which is subject to a variable rate. As at 31 March 2009 a total of £13m was drawn down under this facility.

### VAT

As shareholders will be aware from my previous statements, VAT is no longer charged on investment management fees following the ruling by the European Court of Justice in October 2007. Negotiations with the Company's previous and current Investment Managers are continuing with respect to reclaiming VAT previously paid. I am pleased to report that it has been agreed that the sum of £31,000 will be refunded to the Company in respect of VAT paid to Lindsell Train Limited during the three-month period ended 30 September 2007. Progress remains slow with respect to VAT expected to be recoverable from Close Investments Limited, the Company's previous Investment Manager, however, we expect to have recovered the remaining VAT from Close Investments Limited by 30 September 2009. Recoverable amounts

will be reflected in the accounts in proportion to the original basis of allocation of expenses between income and capital applicable to each year in respect of which a recovery is made.

## Outlook

2008, which included the bankruptcy of a major American investment bank and the effective nationalisation of some UK banks and large US financial institutions, was the second worst year for the UK equity market since the 1920's. The global nature of the down-turn and the negative impact of the credit crunch on companies' access to capital and cash-flow are expected to continue well into 2010 and consequently stock market conditions will continue to be difficult and volatile in the short term. However, your Board remains supportive of our Investment Manager's strategy of investing in durable cash generative franchises which are held for the long term and continues to believe that this strategy will deliver superior investment returns to shareholders.

The outlook for dividends generally remains uncertain and while so far this year only one portfolio holding, **Lloyds**, has cut its dividend, your Board and our Investment Manager continue to monitor this situation closely.

It is encouraging that since 31 March 2009 markets have shown a strong recovery and since the period end the Company has issued 410,000 shares out of treasury.

Further information concerning the portfolio can be found in our Investment Manager's report beginning on page 5.

**Anthony Townsend**

*Chairman*

26 May 2009

## INVESTMENT MANAGER'S REVIEW (Companies held in the portfolio are shown in bold type)

At the end of our half year, which is also the end of the first quarter of 2009, we find we have three more or less urgent observations about the portfolio. These relate to three issues that we, as Investment Manager, have been most exercised about. By extension, we judge they are the issues that you as shareholders (as we are as well) ought to care most about too.

### Lloyds Banking Group

Your Company retains a material exposure to **Lloyds**, with 2.2% of the Company's net asset value in the ordinary and a further 3.7% in two preference shares. In recent trying circumstances this exposure merits detailed analysis.

We are mortified by the (unrealised) loss of value suffered by shareholders in these instruments. However, there are signs that the worst is past.

Lloyds' ordinary shares were trading at 70.7p at the period end. This is an important price because it is above 38.4p. What we mean by this is that Lloyds' stock is nearly double the already announced price at which its shareholders will be offered new ordinary shares, arising from the government's conversion of its own preference shares in the bank. With such a premium it seems highly likely that shareholders will take up their entitlement to this further £4bn of equity. If so, Lloyds will be confirmed with a Tier 1 ratio of 14% – getting on for bomb-proof, surely – and, critically, the government's stake in the bank will be unchanged, at 43%, still short of full control. This escape from de facto nationalisation would likely improve the rating, we think.

Our belief is that one day Lloyds will be rated at 2.0x book value. In fact for many "pre-HBOS" years, Lloyds traded at closer to 3.0x book. The current fully diluted net asset value per share, adjusted for the government's asset protection scheme, is over £1. Pre-provision profits at Lloyds are c£1.3bn a year, compared to period end market capitalisation of £11.6bn. If the bank survives then, which we acknowledge is still not certain, but more so after the quarter's developments, its book value will grow quickly and its stock is likely still very cheap.

Meanwhile, after the period end both our Lloyds Bank preference shares went "ex-dividend". They offer a net dividend yield of nearly 20% and are an important source of income for the Company. It seems that the bank intends to service its preferred obligations through this difficult time. If it succeeds these shares are also cheap.

### Dividends

As the 2009 results season unfolds we find that, to date, only one portfolio constituent has cut its dividend – Lloyds, whose final has been replaced by a measly scrip issue. There is no escaping the fact that the loss of the bulk of the Lloyds' ordinary dividend is a blow to the Company's revenue account. We must hope that growth across the portfolio can take up the slack. And indeed another 83.4% of the Company's net asset value has reported dividends in calendar 2009 with, of these, 8.5% maintaining and 74.9% increasing distributions. Highlights were the double digit hikes from **Fidessa**, **Reed**, **Shell** and **Unilever**.

We know there are no grounds for complacency and that dividends remain at risk if the economy worsens. Reviewing the portfolio we recognise the dividend from **Marston's**, in particular, cannot be described as "safe", given that company's indebtedness. Nonetheless, at our recent meeting with its chairman we were left in no doubt of the company's commitment to its payout, which costs £35m pa, a relatively small sum, compared, say, to

## INVESTMENT MANAGER'S REVIEW (continued)

EBITDA (earnings before interest, taxes, depreciation and amortisation) of £205m. Moreover, its business has demonstrated resilience into the recession, offering good value nights-out to Middle Britain.

There are forecasts predicting UK dividends will fall 30% in 2009/10. We hope they are wrong. But so far, we find the Company's experience to be encouraging. This is, of course, as it should be, given Lindsell Train's stated investment approach, focused on cash generative and – we try to ensure – stable businesses. Consider that over 43.7% of the Company's net asset value is invested in just four branded goods companies – **A.G. Barr**, **Cadbury**, **Diageo** and **Unilever**. Whatever you think about the short term prospects for price performance from this quartet, their dividends look reassuringly secure.

### Growth Companies – Technology and Media

Nearly 31% of the Company's net asset value is made up of "Business-to-Business" media and software companies – including **Euromoney**, **Fidessa**, **Pearson**, **Reed**, **Sage** and **Thomson Reuters**. For what it's worth this represents something like a 10x "overweight" to these two sectors. This is a very distinctive commitment relative to other investors. It is also, in our opinion, full of value and opportunity.

Non-cyclical, steady growth is an exceptionally attractive and rare corporate characteristic today. Any company that can deliver it is likely to be materially undervalued. We expect such growth to be found amongst companies exposed to the two most powerful industry trends of this generation – namely the Emerging Markets and the Internet. So, just as we believe that Cadbury, for instance, is given little credit for the fact that 37% of its sales derive from Developing Economies and are growing rapidly, we also think investors have not given sufficient consideration to the beneficial impact of the Internet on professional publishers.

The proof of this proposition, in our eyes, and the only one that really counts, is that their shares are outperforming. **Fidessa**, **Pearson**, **Sage** and **Thomson Reuters** are actually up so far in 2009 – because their businesses are growing in a way that offers sanctuary from the broad economic cycle. After an 8 year bear market these shares are still cheap and unloved.

**Nick Train, Lindsell Train Limited**

*Investment Manager*

26 May 2009

## PORTFOLIO

as at 31 March 2009

Company	Sector	Fair Value	% of
		£'000	Investments
Diageo	Beverages	11,472	10.9
Barr (A.G.)	Beverages	10,947	10.5
Unilever	Food Producers	10,224	9.8
Pearson	Media	8,148	7.8
Cadbury	Food Producers	7,762	7.4
Reed Elsevier	Media	5,577	5.3
Marston's	Travel & Leisure	5,419	5.2
Fidessa	Software & Computer Services	5,296	5.0
Sage	Software & Computer Services	5,156	4.9
Rathbone Brothers	General Financials	5,074	4.8
<b>Top 10 Investments</b>		<b>75,075</b>	<b>71.6</b>
Schroders	General Financials	3,832	3.7
Lloyds Banking Group Preference Shares# *	Banks	3,438	3.3
Thomson Reuters	Media	3,039	2.9
Dr Pepper Snapple <sup>^</sup>	Beverages	2,985	2.9
Fuller Smith & Turner	Travel & Leisure	2,874	2.7
Young & Co's Brewery	Travel & Leisure	2,798	2.7
Lloyds Banking Group	Banks	2,039	1.9
Euromoney Institutional Investor	Media	1,830	1.7
London Stock Exchange	General Financials	1,758	1.7
Royal Dutch Shell	Oil & Gas Producers	1,713	1.6
<b>Top 20 Investments</b>		<b>101,381</b>	<b>96.7</b>
Lindsell Train Investment Trust	General Financials	1,380	1.3
Burberry Group	Personal Goods	1,367	1.3
Celtic	Travel & Leisure	576	0.6
Frostrow Capital <sup>+</sup>	General Financials	150	0.1
Celtic 6% (cum preference)*	Travel & Leisure	44	–
<b>Total Investments</b>		<b>104,898</b>	<b>100.0</b>

All of the above investments are equities listed in the UK, unless otherwise stated.

# Comprises holdings in Lloyds Banking 9.25% (non cum preference) equating to 2.7% of investments and Lloyds Banking 9.75% (non cum preference) equating to 0.6% of investments.

\* Non-equity – Preference Shares

<sup>^</sup> Listed in the United States. The holding arose following the demerger from Cadbury Schweppes in 2008.

+ Unquoted investment

## COMPARISON OF SECTOR WEIGHTINGS WITH THE FTSE ALL-SHARE INDEX

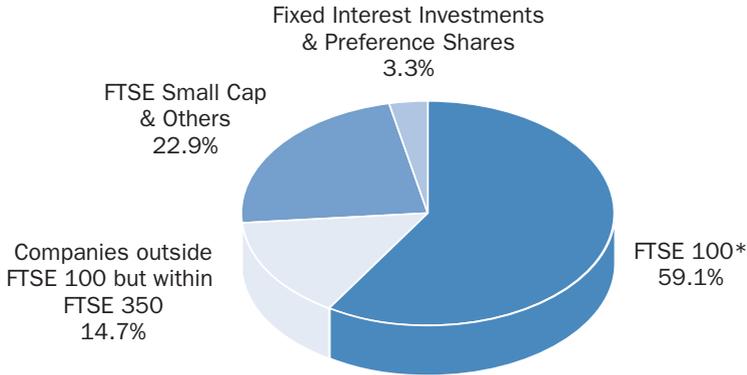
as at 31 March 2009

The following table compares the Company's portfolio against sector weightings.

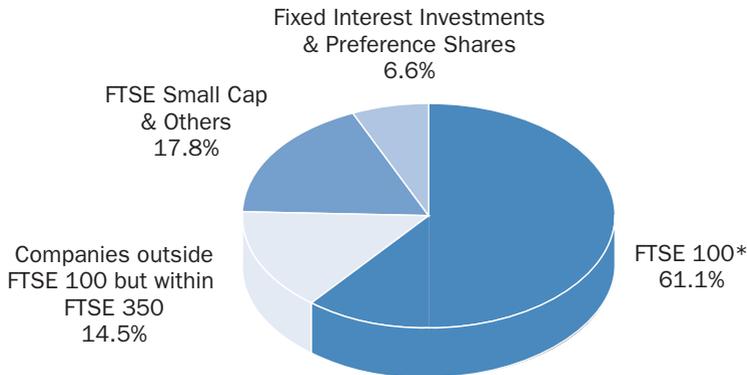
Sector	2009 Finsbury Growth & Income Trust %	FTSE All-Share Index %	2009 Finsbury Growth & Income Trust (under)/overweight %
Oil & Gas	1.6	21.5	(19.9)
Basic Materials	–	8.7	(8.7)
Industrials	–	6.8	(6.8)
Consumer Goods	42.8	12.1	30.7
Health Care	–	9.3	(9.3)
Consumer Services	28.9	10.4	18.5
Telecommunications	–	6.9	(6.9)
Utilities	–	4.3	(4.3)
Financials (excluding fixed interest investments & preference shares)	13.5	18.7	(5.2)
Technology	9.9	1.3	8.6
<b>Total excluding Preference Shares</b>	<b>96.7</b>	<b>100.0</b>	<b>(3.3)</b>
Preference shares	3.3	–	3.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>–</b>

## PORTFOLIO DISTRIBUTION

as at 31 March 2009



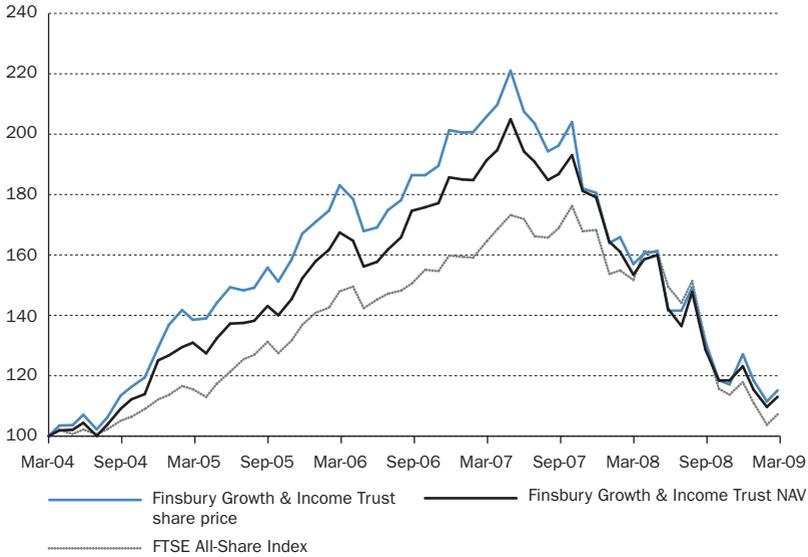
as at 30 September 2008



\*Includes Dr Pepper Snapple, a U.S. listed company, which has been classified as a FTSE 100 security.

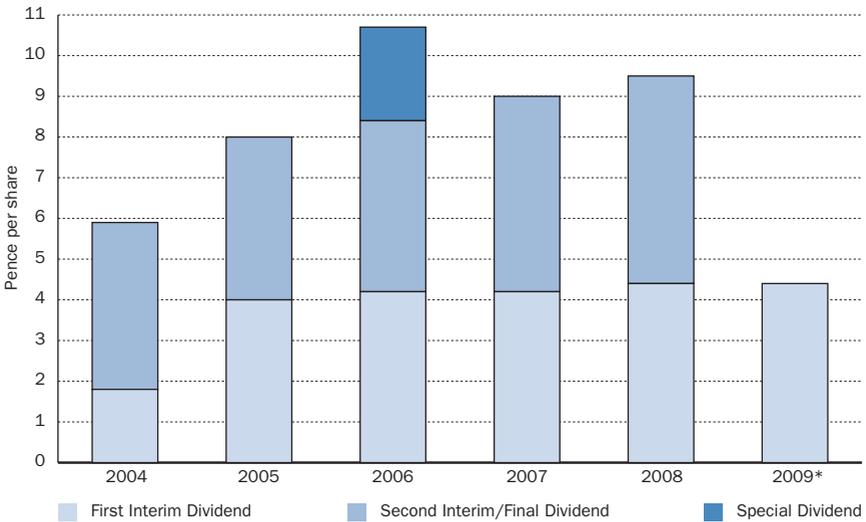
## PERFORMANCE GRAPHS

Five year total return performance to 31 March 2009



Rebased to 100 at 31 March 2004  
Source: Fundamental Data and Frostrow Capital LLP

Dividend Record to 31 March 2009



\* Final Dividend/Second Interim Dividend yet to be declared.

Source: Frostrow Capital LLP

## INCOME STATEMENT

For the six months ended 31 March 2009

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended 31 March 2009			Six months ended 31 March 2008			Year ended 30 September 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments held at fair value through profit or loss	-	(14,571)	(14,571)	-	(28,432)	(28,432)	-	(51,522)	(51,522)
Exchange difference	-	2	2	-	-	-	-	-	-
Income (note 2)	1,959	-	1,959	2,776	-	2,776	6,363	-	6,363
Investment management, management and performance fees (note 3)	(107)	(217)	(324)	(162)	(330)	(492)	(300)	(609)	(909)
Other expenses	(212)	-	(212)	(233)	-	(233)	(434)	-	(434)
<b>Return/(loss) on ordinary activities before finance charges and taxation</b>	<b>1,640</b>	<b>(14,786)</b>	<b>(13,146)</b>	<b>2,381</b>	<b>(28,762)</b>	<b>(26,381)</b>	<b>5,629</b>	<b>(52,131)</b>	<b>(46,502)</b>
Finance charges	(123)	(250)	(373)	(217)	(441)	(658)	(346)	(702)	(1,048)
<b>Return/(loss) on ordinary activities before taxation</b>	<b>1,517</b>	<b>(15,036)</b>	<b>(13,519)</b>	<b>2,164</b>	<b>(29,203)</b>	<b>(27,039)</b>	<b>5,283</b>	<b>(52,833)</b>	<b>(47,550)</b>
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
<b>Return/(loss) on ordinary activities after taxation</b>	<b>1,517</b>	<b>(15,036)</b>	<b>(13,519)</b>	<b>2,164</b>	<b>(29,203)</b>	<b>(27,039)</b>	<b>5,283</b>	<b>(52,833)</b>	<b>(47,550)</b>
<b>Return/(loss) per share (note 4)</b>	<b>2.99p</b>	<b>(29.65)p</b>	<b>(26.66)p</b>	<b>4.11p</b>	<b>(55.44)p</b>	<b>(51.33)p</b>	<b>10.12p</b>	<b>(101.20)p</b>	<b>(91.08)p</b>

The "Total" column of this statement represents the Income Statement of the Company. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those declared in the Income Statement.

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

<b>(Unaudited)</b> <b>Six months ended 31 March 2009</b>	Called-up share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2008	13,199	35,914	12,424	3,453	39,845	4,949	109,784
Net (loss)/return from ordinary activities	-	-	-	-	(15,036)	1,517	(13,519)
Second interim dividend (5.1p per share) for the year ended 30 September 2008	-	-	-	-	-	(2,598)	(2,598)
Repurchase of shares into treasury	-	-	-	-	(1,323)	-	(1,323)
Sale of shares from treasury	-	-	-	-	87	-	87
<b>At 31 March 2009</b>	<b>13,199</b>	<b>35,914</b>	<b>12,424</b>	<b>3,453</b>	<b>23,573</b>	<b>3,868</b>	<b>92,431</b>

<b>(Unaudited)</b> <b>Six months ended 31 March 2008</b>	Called-up share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2007	13,162	35,482	12,424	3,453	97,023	4,511	166,055
Net (loss)/return from ordinary activities	-	-	-	-	(29,203)	2,164	(27,039)
Second interim dividend (4.8p per share) for the year ended 30 September 2007	-	-	-	-	-	(2,527)	(2,527)
Shares issued net of issue expenses	37	432	-	-	-	-	469
Repurchase of shares into treasury	-	-	-	-	(2,055)	-	(2,055)
Sale of shares from treasury	-	-	-	-	1,677	-	1,677
<b>At 31 March 2008</b>	<b>13,199</b>	<b>35,914</b>	<b>12,424</b>	<b>3,453</b>	<b>67,442</b>	<b>4,148</b>	<b>136,580</b>

<b>(Audited)</b> <b>Year ended 30 September 2008</b>	Called-up share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2007	13,162	35,482	12,424	3,453	97,023	4,511	166,055
Net (loss)/return from ordinary activities	-	-	-	-	(52,833)	5,283	(47,550)
Second interim dividend (4.8p per share) for the year ended 30 September 2007	-	-	-	-	-	(2,527)	(2,527)
First interim dividend (4.4p per share) for the year ended 30 September 2008	-	-	-	-	-	(2,318)	(2,318)
Shares issued net of issue expenses	37	432	-	-	-	-	469
Repurchase of shares into treasury	-	-	-	-	(6,081)	-	(6,081)
Sale of shares from treasury	-	-	-	-	1,736	-	1,736
<b>At 30 September 2008</b>	<b>13,199</b>	<b>35,914</b>	<b>12,424</b>	<b>3,453</b>	<b>39,845</b>	<b>4,949</b>	<b>109,784</b>

## BALANCE SHEET

as at 31 March 2009

	(Unaudited) 31 March 2009 £'000	(Unaudited) 31 March 2008 £'000	(Audited) 30 September 2008 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	104,898	148,344	121,586
<b>Current assets</b>			
Debtors	623	1,691	1,159
Bank balances and short term deposits	293	741	204
	916	2,432	1,363
<b>Current liabilities</b>			
Creditors	(383)	(196)	(165)
Bank loan	(13,000)	(14,000)	(13,000)
	(13,383)	(14,196)	(13,165)
<b>Net current liabilities</b>	(12,467)	(11,764)	(11,802)
<b>Total net assets</b>	92,431	136,580	109,784
<b>Capital and reserves</b>			
Called up share capital	13,199	13,199	13,199
Share premium account	35,914	35,914	35,914
Special reserve	12,424	12,424	12,424
Capital redemption reserve	3,453	3,453	3,453
Capital reserve	23,573	67,442	39,845
Revenue reserve	3,868	4,148	4,949
<b>Equity shareholders' funds</b>	92,431	136,580	109,784
<b>Net asset value per share (note 5)</b>	183.9p	259.3p	215.5p

## CASH FLOW STATEMENT

for the six months ended 31 March 2009

	(Unaudited) 31 March 2009 £'000	(Unaudited) 31 March 2008 £'000	(Audited) 30 September 2008 £'000
<b>Net cash inflow from operating activities</b> (Note 7)	2,088	2,078	5,548
<b>Servicing of finance</b>			
Loan interest and arrangement fees paid	(284)	(795)	(1,185)
<b>Financial investment</b>			
Purchase of investments	(3,035)	(1,869)	(5,886)
Sale of investments	5,152	14,106	21,791
<b>Net cash inflow from financial investment</b>	2,117	12,237	15,905
<b>Equity dividends paid</b>	(2,598)	(2,527)	(4,845)
<b>Net cash inflow before financing</b>	1,323	10,993	15,423
<b>Financing</b>			
Issue of new shares	–	469	469
Repurchase of shares into treasury	(1,323)	(2,055)	(6,081)
Sale of shares from treasury	87	1,677	1,736
Repayment of loans	–	(10,850)	(11,850)
<b>Net cash outflow from financing</b>	(1,236)	(10,759)	(15,726)
<b>Increase/(decrease) in cash</b>	87	234	(303)
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash resulting from cashflows	87	234	(303)
Decrease in debt	–	10,850	11,850
Exchange movements	2	–	–
Movement in debt	89	11,084	11,547
Net debt at start of period/year	(12,796)	(24,343)	(24,343)
<b>Net debt at end of period/year</b>	(12,707)	(13,259)	(12,796)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the measurement of investments which are valued at fair value, and in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' dated January 2009.

The same accounting policies used for the year ended 30 September 2008 have been applied.

### 2. Income

	(Unaudited) Six months ended 31 March 2009 £'000	(Unaudited) Six months ended 31 March 2008 £'000	(Audited) Year ended 30 September 2008 £'000
Franked investment income	1,884	2,697	6,237
Limited Liability Partnership profit-share	70	–	11
Fixed interest income	–	47	65
Money market dividend	5	28	44
Bank interest	–	4	6
<b>Total</b>	<b>1,959</b>	<b>2,776</b>	<b>6,363</b>

### 3. Investment management, management and performance fees

	(Unaudited) Six months ended 31 March 2009 £'000	(Unaudited) Six months ended 31 March 2008 £'000	(Audited) Year ended 30 September 2008 £'000
Investment management fee	205	331	601
Management fee	103	137	262
Performance fee	–	–	–
VAT thereon*	16	24	46
<b>Total</b>	<b>324</b>	<b>492</b>	<b>909</b>

\* VAT on management fee.

### 4. Return/(loss) per share

The total return per share is based on the total loss attributable to equity shareholders of £13,519,000 (six months ended 31 March 2008: loss of £27,039,000; year ended 30 September 2008: loss of £47,550,000) and on 50,709,699 shares (six months ended 31 March 2008: 52,671,134; year ended 30 September 2008: 52,206,113), being the weighted average number of shares in issue.

The revenue return per share is calculated by dividing the net revenue return of £1,517,000 (six months ended 31 March 2008: return of £2,164,000; year ended 30 September 2008: return of £5,283,000) by the weighted average number of shares in issue as above.

The capital loss per share is calculated by dividing the net capital loss attributable to shareholders of £15,036,000, (six months ended 31 March 2008: loss of £29,203,000; year ended 30 September 2008: loss of £52,833,000) by the weighted average number of shares in issue as above.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

### 5. Net asset value per share

The net asset value per share is based on net assets attributable to shares of £92,431,000 (31 March 2008: £136,580,000 and 30 September 2008: £109,784,000) and on 50,254,173 shares in issue (31 March 2008: 52,674,423 and 30 September 2008: 50,950,673) (excluding treasury shares).

### 6. Transaction costs

Purchase transaction costs for the six months ended 31 March 2009 were £19,000 (six months ended 31 March 2008: £22,000; year ended 30 September 2008: £50,000).

Sales transaction costs for the six months ended 31 March 2009 were £9,000 (six months ended 31 March 2008: £31,000; year ended 30 September 2008: £33,000).

### 7. Reconciliation of net total loss before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months to 31 March 2009 £'000	(Unaudited) Six months to 31 March 2008 £'000	(Audited) Year to 30 September 2008 £'000
Total loss before finance charges and taxation	(13,146)	(26,381)	(46,502)
Capital loss before finance charges and taxation	14,788	28,762	52,131
Gains on exchange movements	(2)	–	–
Net revenue before finance costs and taxation	1,640	2,381	5,629
Decrease/(increase) in accrued income and prepayments	541	(182)	346
(Increase)/decrease in debtors	(5)	244	248
Increase/(decrease) in creditors	129	(35)	(66)
Investment management, management and performance fees charged to capital	(217)	(330)	(609)
<b>Net cash inflow from operating activities</b>	<b>2,088</b>	<b>2,078</b>	<b>5,548</b>

### 8. 2008 accounts

The figures and financial information for the year to 30 September 2008 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for the year.

Those accounts have been delivered to the Registrar of Companies and included the Report of the Auditors which was unqualified and did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985.

## INTERIM MANAGEMENT REPORT

### Principal Risks and Uncertainties

A review of the half year, including reference to the risks and uncertainties that existed during the period, and the outlook for the Company can be found in the Chairman's Statement beginning on page 3 and in the Investment Manager's Review beginning on page 5. The principal risks faced by the Company fall into nine broad categories: market price risk; interest rate risk; portfolio performance; operational and regulatory; credit risk; liquidity; shareholder profile; investment management key person risk; availability of bank finance. Information on each of these areas, with the exception of the availability of bank finance, is given in the Business Review within the Annual Report and Accounts for the year ended 30 September 2008. The risk associated with the availability of bank finance is that the provider may no longer be prepared to lend to the Company. Copies of the monthly loan covenant compliance certificates, provided for the lender, are circulated to the Board and both the Board and the Investment Manager are kept fully informed of any likelihood of the withdrawal of the loan facility so that repayment can be effected in an orderly fashion if necessary.

In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

### Related Parties Transactions

During the first six months of the current financial year no material transactions with related parties have taken place which have affected the financial position or the performance of the Company during the period.

### Directors' Responsibilities

The Directors are responsible for preparing the Interim Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge the condensed set of financial statements, within the Interim Report, have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and the loss for the half-year ended 31 March 2009 and that the Chairman's Statement, the Investment Manager's Review and the Interim Management Report include a fair review of the information required by 4.1.8R to 4.2.11R of the FSA's Disclosure and Transparency Rules.

The Interim Report has not been reviewed by the Company's auditors.

The Interim Report was approved by the Board on 26 May 2009 and the above responsibility statement was signed on its behalf by:

**Anthony Townsend**

*Chairman*

## COMPANY INFORMATION

### Directors

Anthony Townsend, (*Chairman*)  
John Allard  
Neil Collins  
David Hunt, FCA  
Vanessa Renwick  
Giles Warman

### Registered Office

50 Lothian Road, Festival Square,  
Edinburgh EH3 9BY

### Website

[www.finsburygt.com](http://www.finsburygt.com)

### Company Registration Number

13958 (Registered in Scotland)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

### Manager, Administrator and Company Secretary

Frostrow Capital LLP  
25 Southampton Buildings,  
London WC2A 1AL  
Telephone: 0203 008 4910  
E-Mail: [info@frostrow.com](mailto:info@frostrow.com)  
Website: [www.frostrow.com](http://www.frostrow.com)

*Authorised and regulated by the Financial Services Authority.*

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

### Investment Manager

Lindsell Train Limited  
2 Queen Anne's Gate Buildings,  
Dartmouth Street, London SW1H 9BP  
Telephone: 0207 227 8200  
Website: [www.lindselltrain.com](http://www.lindselltrain.com)

*Authorised and regulated by the Financial Services Authority.*

### Stockbrokers

Winterflood Investment Trusts  
The Atrium Building, Cannon Bridge,  
25 Dowgate Hill, London EC4R 2GA

### Registrars

Capita Registrars  
Northern House, Woodsome Park,  
Fenay Bridge, Huddersfield,  
West Yorkshire HD8 0LA  
Telephone (in UK): 0871 664 0300†  
Telephone (from overseas): +44 208 639 3399  
Facsimile: + 44 (0) 1484 600911  
E-Mail: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)  
Website: [www.capitaregistrars.com](http://www.capitaregistrars.com)

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

† *Calls cost 10p per minute plus network charges and may be recorded for training purposes.*

### Auditors

Grant Thornton UK LLP  
30 Finsbury Square, London EC2P 2YU

### Alliance Trust Savings Limited

PO Box 164,  
Meadow House, 64 Reform Street,  
Dundee DD1 9YP

Customer Services: 01382 573737\*  
E-mail: [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)

Please contact Alliance Trust Savings Limited if you have a query concerning an Alliance Trust Savings Scheme, First Steps Plan or ISA account.

\* *Calls to this number are recorded for monitoring purposes and will be charged at local rates, non-BT line charges may vary.*

### Share Price Listings

The price of your shares can be found in various publications including the Financial Times, The Daily Telegraph, The Times, The Scotsman and The Herald.

The Company's net asset value per share is announced daily on the TrustNet website at [www.trustnet.com](http://www.trustnet.com)

### Identification Codes

Shares:  
SEDOL : 0781606  
ISIN : GB0007816068  
BLOOMBERG: FGT LN  
EPIC : FGT

## CAPITA REGISTRARS – SHARE DEALING SERVICE

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Capita Registrars, to either sell or buy more shares. An online and telephone dealing facility is available providing shareholders with an easy to access and simple to use service.

Type of trade	Online	Telephone
Share certificates	1% of the value of the deal (Minimum £20, max £52.50)	1.5% of the value of the deal (Minimum £25, max £102.50)

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade "real time" at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, shareholder reference number, full postcode and your date of birth. Your shareholder reference number can be found on your latest statement or certificate where it will appear as either a 'folio number' or 'investor code'. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service please contact:

[www.capitadeal.com](http://www.capitadeal.com) (online dealing) or 0870 458 4577† (telephone dealing)

†Calls cost 10p per minute plus network extras and may be recorded for training purposes.

## ALLIANCE TRUST SAVINGS LIMITED

An investment can be made in the Company through the Savings Scheme, Childrens' First Steps Plan and ISA run by Alliance Trust Savings Limited. You can call them on 01382 573737\*, email: [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)

\*calls to this number are recorded for monitoring purposes and will be charged on local rates, non-BT Line charges may vary.

## Disability Act

Copies of this interim report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Capita Registrars, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.





**FINSBURY GROWTH & INCOME TRUST PLC**

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