F&C Capital and Income Investment Trust PLC

Report and accounts for the half-year ended **31 March 2009**

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CIT/INT/09

Objective

Our objective at
F&C Capital and Income Investment Trust PLC
is to secure long-term capital
and income growth
from a portfolio consisting mainly of
FTSE All-Share companies.

Financial calendar

Second interim dividend payable	30 June 2009
Third interim dividend payable	30 September 2009
Final results for 2008/2009 announced	23 November 2009*
Final dividend payable	19 January 2010*

For investors through an F&C ISA, who have elected to receive cash, the above dividends will be paid on or around 23 July 2009, 23 October 2009 and 23 January 2010 respectively, in accordance with the terms and conditions of the F&C savings plans.

*Expected date

Visit the website at **www.fandccit.com**
Registered in England with company registration number 2732011

Summary of Unaudited Results

Attributable to equity shareholders	**31 March 2009**	30 September 2008	% Change
Net assets	**£122.82m**	£158.20m	-22.4
Net asset value per ordinary share	**151.65p**	200.45p	-24.3
Share price	**154.00p**	196.50p	-21.6

	Half-year ended 31 March 2009	Half-year ended 31 March 2008	% Change
Revenue return per ordinary share	**4.12p**	4.04p	+2.0

	Half-year ended 31 March 2009	Half-year ended 31 March 2008	% Change
Dividends per ordinary share			
First interim dividend in respect of year to			
30 September 2009	**1.90p***	–	
30 September 2008	**–**	1.80p	
Special dividend in respect of the year to			
30 September 2009	**0.40p***	–	
Second interim dividend in respect of year to			
30 September 2009	**1.90p****	–	
30 September 2008	**–**	1.80p	
Total dividends relating to the period	**4.20p**	3.60p	+16.7***

* Paid on 31 March 2009.
** Payable on 30 June 2009 to shareholders registered on 29 May 2009.
*** Includes special dividend of 0.40p in respect of year to 30 September 2009.

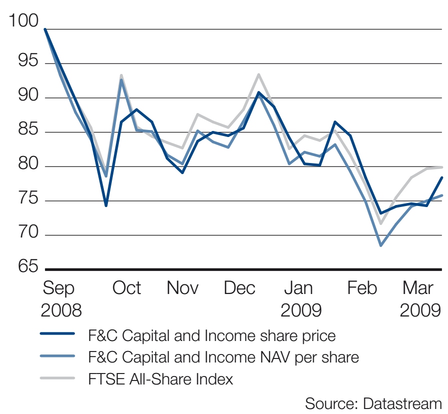
Chairman's Statement

Dear Shareholder

Over the last six months, economic news has worsened, with most of the financial sector in disarray and recession taking hold of the UK economy. The UK equity market fell sharply in response to these adverse developments, down by 28.3% at its low point on 3 March 2009, but then staged a partial recovery. From 30 September 2008 to 31 March 2009, the FTSE All-Share Index fell 20.1% while your Company's share price and net asset value ("NAV") per share decreased by 21.6% and 24.3% respectively.

However, for reasons explained below, your Company's income has held up relatively well and the second interim dividend for the period from 1 January 2009 to 31 March 2009 is 1.9 pence per share. This takes the total dividends for the first half of the year to 3.8 pence per share, an increase of 5.6% on the same period last year.

Performance over six months
(rebased to 100 at September 2008)

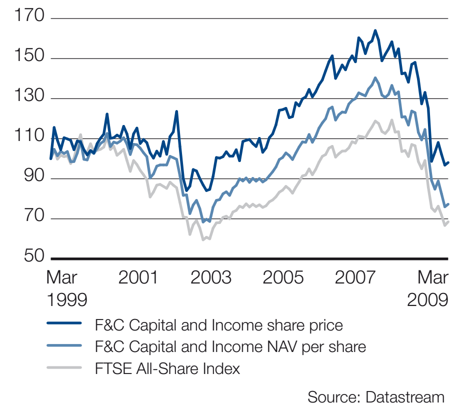


Capital performance

Events of the last six months have been tumultuous with the continued near collapse of the global banking system, the major Western economies falling into steep recession and governments together with their monetary authorities introducing a stream of initiatives in order to avoid a global depression. The Bank of England cut interest rates in each of the six months, with the initial rate of 5.0% falling to 0.5%, the lowest level since the Bank was founded in 1694. Inevitably, the magnitude of the financial crisis and the deterioration it has brought about in the real economy have had a very serious negative impact on individuals, both as savers and consumers, companies and equity markets. Access to loan and bond finance has become very restricted and expensive which has led consumers to spend less and has driven a large number of companies to raise more equity; these rights issues and placings have almost invariably been accompanied by dividend cuts.

In contrast to previous periods, the investment portfolio's relatively small position in the Mining sector was the largest negative contributor to performance. The collapse of the offer from BHP Billiton to acquire Rio Tinto hit performance particularly heavily as the share price in Rio Tinto (in which the portfolio has a large investment) fell steeply, while BHP Billiton (which is not owned) rose sharply. Exposure, albeit small, to companies exposed to the economic cycle, such as building materials companies Wolseley and SIG and the car distributor Inchcape, also had a negative impact. Each of these companies has refinanced itself and, now that their balance sheets are in better order, their share prices are starting to recover.

Performance over ten years
(rebased to 100 at March 1999)



The strongest positive contributor to performance was the decision to have a relatively low weighting in the Bank sector. As the sector fell sharply in value, this underweighting benefited performance. Following the half-year end, the investment in HSBC has been increased; following its rights issue it should now be financially secure and its valuation looks attractive.

Revenue and dividend

There has been a sharp drop in income from UK shares generally as the UK domestic banks have stopped paying dividends to conserve cash and rebuild their balance sheets, and as other companies experiencing poor trading and/or needing to recapitalise have also cut dividends. Against this background, your Company's income has held up relatively well, only falling 2.0%; it benefited in particular from the devaluation of sterling which gave an uplift to those dividends declared or paid in either US dollars or euros and from interest received on previously recovered VAT. Recoverable VAT, as described below, and a reduction in the management fee, stemming from a lower level of assets under management, helped to bring about an increase in revenue return per ordinary share of 2.0% to 4.12 pence.

The first two interim dividends, each of 1.9 pence per share, give a half year total of 3.8 pence per share, an increase of 5.6% on the same period last year. In addition to the interim dividends, a special dividend of 0.4 pence per share was paid to reflect the extra VAT recovered during the period.

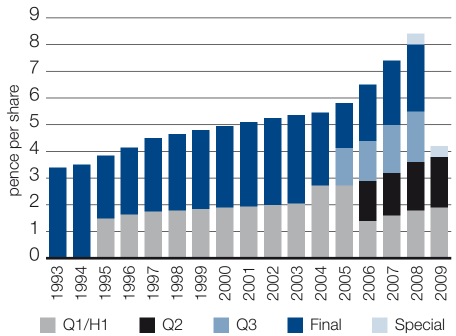
Recovery of VAT

In our last annual report there was a full explanation of the prospects for recovery of VAT wrongly levied by HMRC in the past on management fees. We have now received payments for claims made in respect of periods between September 1992 and December 1996 and since April 2001. These totalled £270,000 and £654,000 including simple interest. In addition, the Company received a distribution of £472,000 from its subsidiary in liquidation in respect of VAT and interest received by the subsidiary. Amounts relating to the intervening period have not been accrued or recognised as a contingent asset as their recoverability remains uncertain under EU law and is likely to remain so for some years. Similarly, whilst we seek to recover the difference between the simple interest received so far and compound interest which we regard as appropriate, the prospect of this remains uncertain.

Gearing

Your Company has the ability to borrow in order to invest when expected returns are greater than the cost of the borrowing and has access to a £20m facility from Lloyds TSB Scotland plc to enable it to do this. We started the financial year with no borrowings but as markets moved lower we started to borrow in the expectation of being able to achieve attractive long-term returns. Effective gearing was 5.6% of the portfolio value at the end of December, reducing to 3.8% at the end of March. Over the short-term as markets have declined further, gearing has not been profitable, but it is still our belief that it will prove to be beneficial over the longer-term. At the date of this report, £12m has been drawn down from the facility, leaving a further £8m to call on if and when required.

Dividend Progression
(since 1993)



Source: F&C Management Limited

Share price premium/discount to NAV per share

On average, over the course of the last six months, the share price has stood at a premium to the NAV per share. Despite the weak economy and market conditions, net demand for your Company's shares has not only remained strong, but has increased. In order to fulfil demand for the shares from investors, the Company issued 2,065,000 new shares at a small premium to NAV per share during this period. This spreads the fixed costs of the Company across a larger number of shares and it is beneficial to those investing as it ensures the premium to NAV per share which they pay for their shares is relatively modest. Since the half-year end a further 1,050,000 shares have been issued at a premium to NAV per share.

As well as being prepared to issue new shares, your Company maintains its commitment to its share buyback programme with the intention of ensuring that the Company's share price does not trade at a material discount to NAV per share. The last share buyback took place in December 2007.

Outlook

These are certainly difficult times for the UK and world economies with the unprecedented scale of the problems and of the government responses. Interest rates at only 0.5% and a commitment by the Bank of England to "quantitative easing" have never been seen before in the UK and hence it is impossible to predict with confidence what result they will have. With these stimuli it is perhaps not surprising that there now appear to be some tentative early signs of economic recovery, but it seems unlikely that any recovery will be robust so long as the economic imbalances that caused the problem, in particular the excessive levels of debt accumulated by individuals and governments, still exist. This year's Budget in particular has shown the huge magnitude of the fiscal deficit.

Nevertheless, despite the uncertain outlook for the economy, we continue to believe that the stock market may be better placed. Company earnings and dividends will remain under pressure for at least the rest of this year, but following the sharp fall in the stock market it is probable that most of this is now anticipated and discounted in the price. In a long-term context, valuations appear attractive in absolute terms and relative to cash or bonds, which is why we have borrowed to invest; however there is still a possibility of a further set-back as the road to economic recovery is likely to be long and difficult. The outlook for our own dividend in the current year is reasonably positive despite expecting a modest decline in our own income.

Pen Kent
11 May 2009

Twenty Largest Equity Holdings at 31 March 2009

31 Mar 2009	*30 Sep 2008*	Company Company description	Value £'000s	% of total investments
1	*1*	**BP** One of the largest integrated oil companies in the world; despite a lower oil price, new management has started to turn around recent performance and the commitment to a progressive dividend policy is positive.	14,711	11.5%
2	*5*	**Vodafone** The world's leading mobile telephone provider with a strong international network. The commitment to dividend growth rather than share buybacks, when coupled with an attractive dividend yield, is positive.	9,792	7.7%
3	*3*	**Royal Dutch Shell** Leading international oil exploration, production and marketing group which has scope for efficiency increases.	9,645	7.6%
4	*4*	**GlaxoSmithKline** One of the world's leading pharmaceutical companies. The company remains conservatively valued by historic standards.	8,688	6.8%
5	*7*	**British American Tobacco** A leading international manufacturer and distributor of cigarettes with scope to generate efficiency increases.	6,452	5.1%
6	*6*	**Scottish & Southern Energy** A well-managed multi-utility group with an attractive dividend yield and strong commitment to dividend growth.	6,254	4.9%
7	*11*	**AstraZeneca** A leading pharmaceutical company discovering, developing, manufacturing and marketing prescription drugs, biologics and vaccines. It is conservatively valued by historic standards.	5,390	4.2%
8	*8*	**Rio Tinto** One of the largest diversified mining companies in the world with some of the best quality assets.	4,935	3.9%
9	*2*	**HSBC** Following its rights issue, HSBC has restored its balance sheet strength. Its breadth of geographic operations and fairly low valuation are attractive.	4,695	3.7%
10	*10*	**Tesco** The dominant food retailer in the UK, continuing to expand through its non-food offerings and international operations.	4,669	3.7%

31 Mar 2009	*30 Sep 2008*	Company Company description	Value £'000s	% of total investments
11	*9*	**National Grid** One of the largest utilities in the world with transmission and distribution assets in the UK and US.	4,142	3.2%
12	*14*	**BG** An international resource company engaged in discovery, extraction, transmission, distribution and supply of natural gas. Its latest finds off Brazil could be very significant.	3,002	2.4%
13	*15*	**Imperial Tobacco** The acquisition of Altadis should allow Imperial to derive considerable benefits from cost synergies as it has in past acquisitions.	2,351	1.8%
14	*18*	**Inmarsat** A leading provider of global mobile communications services for government and civil uses via its own fleet of 10 geostationary satellites.	2,190	1.7%
15	*16*	**Reed Elsevier** An international publisher and information provider across scientific, medical, legal and business areas. Many of these have been relatively resilient in previous economic downturns.	2,072	1.6%
16	*43*	**London and Stamford** A recently formed property company with a well respected management team, looking to build a portfolio taking advantage of current market conditions.	1,887	1.5%
17	*35*	**Man Group** An investment manager of hedge funds, many of which have performed very well over the short and long term. It has a very strong balance sheet and good yield.	1,879	1.5%
18	*19*	**Cable & Wireless** An international company operating in 39 countries. The highly incentivised team is acting to improve operations and realise value.	1,814	1.4%
19	*22*	**Centrica** Energy supplier looking to increase its share of production in order to be more integrated and allow more consistent profit generation.	1,745	1.4%
20	*28*	**Aviva** An international life and non-life insurance group with a reasonable capital surplus and attractive yield.	1,730	1.4%

The value of the twenty largest equity holdings represents 77.0% (30 September 2008: 73.0%) of the Company's total investments.

Unaudited Income Statement

Notes		Half-year ended 31 March 2009			Half-year ended 31 March 2008			Year ended 30 September 2008		
		Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	Losses on investments	–	(37,743)	(37,743)	–	(22,995)	(22,995)	–	(47,234)	(47,234)
	Foreign exchange gains	2	20	22	1	17	18	–	4	4
2	Income	3,670	–	3,670	3,745	–	3,745	8,480	260	8,740
	Management fee	(139)	(139)	(278)	(180)	(180)	(360)	(348)	(348)	(696)
3	Recoverable VAT	167	–	167	–	–	–	289	289	578
	Other expenses	(302)	(7)	(309)	(284)	(6)	(290)	(558)	(9)	(567)
	Return before finance costs and taxation	3,398	(37,869)	(34,471)	3,282	(23,164)	(19,882)	7,863	(47,038)	(39,175)
	Finance costs	(97)	(97)	(194)	(113)	(113)	(226)	(178)	(178)	(356)
	Return on ordinary activities before taxation	3,301	(37,966)	(34,665)	3,169	(23,277)	(20,108)	7,685	(47,216)	(39,531)
	Taxation on ordinary activities	(1)	–	(1)	(1)	–	(1)	(77)	–	(77)
	Return attributable to equity shareholders	3,300	(37,966)	(34,666)	3,168	(23,277)	(20,109)	7,608	(47,216)	(39,608)
4	**Return per ordinary share – pence**	4.12	(47.39)	(43.27)	4.04	(29.68)	(25.64)	9.69	(60.16)	(50.47)

The total column of this statement is the profit and loss account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

A statement of total recognised gains and losses is not required as all gains and losses of the Company have been reflected in the above statement.

Unaudited Reconciliation of Movements in Shareholders' Funds

Notes		Called-up share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Special reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total equity shareholders' funds £'000s
	Half-year ended 31 March 2009							
	Balance at 30 September 2008	19,731	77,630	4,146	4,434	46,365	5,895	158,201
	Movements during the half-year ended 31 March 2009							
5	Dividends paid	–	–	–	–	–	(4,159)	(4,159)
7	Ordinary shares issued	516	2,926	–	–	–	–	3,442
	Return attributable to equity shareholders	–	–	–	–	(37,966)	3,300	(34,666)
	Balance at 31 March 2009	**20,247**	**80,556**	**4,146**	**4,434**	**8,399**	**5,036**	**122,818**
	Half-year ended 31 March 2008							
	Balance at 30 September 2007	20,548	76,334	3,154	6,034	93,581	4,480	204,131
	Movements during the half-year ended 31 March 2008							
5	Dividends paid	–	–	–	–	–	(3,285)	(3,285)
	Purchase of ordinary shares held in treasury	–	–	–	(1,600)	–	–	(1,600)
	Cancellation of ordinary shares previously held in treasury	(992)	–	992	–	–	–	–
	Return attributable to equity shareholders	–	–	–	–	(23,277)	3,168	(20,109)
	Balance at 31 March 2008	19,556	76,334	4,146	4,434	70,304	4,363	179,137
	Year ended 30 September 2008							
	Balance at 30 September 2007	20,548	76,334	3,154	6,034	93,581	4,480	204,131
	Movements during the year ended 30 September 2008							
5	Dividends paid	–	–	–	–	–	(6,193)	(6,193)
	Purchase of ordinary shares held in treasury	–	–	–	(1,600)	–	–	(1,600)
	Cancellation of ordinary shares previously held in treasury	(992)	–	992	–	–	–	–
	Ordinary shares issued	175	1,296	–	–	–	–	1,471
	Return attributable to equity shareholders	–	–	–	–	(47,216)	7,608	(39,608)
	Balance at 30 September 2008	19,731	77,630	4,146	4,434	46,365	5,895	158,201

Unaudited Balance Sheet

Notes		31 March 2009 £'000s	31 March 2008 £'000s	30 September 2008 £'000s
	Fixed assets			
	Listed investments	**127,723**	181,034	157,136
	Current assets			
	Debtors	**928**	1,717	1,908
	Cash at bank and short-term deposits	**4,557**	707	437
		5,485	2,424	2,345
	Current liabilities			
6	Short-term loans	**(10,000)**	(4,000)	–
	Other creditors	**(390)**	(321)	(1,280)
		(10,390)	(4,321)	(1,280)
	Net current (liabilities)/assets	**(4,905)**	(1,897)	1,065
	Net assets	**122,818**	179,137	158,201
	Capital and reserves			
7	Called-up share capital	**20,247**	19,556	19,731
	Share premium account	**80,556**	76,334	77,630
	Capital redemption reserve	**4,146**	4,146	4,146
	Special reserve	**4,434**	4,434	4,434
	Capital reserves	**8,399**	70,304	46,365
	Revenue reserve	**5,036**	4,363	5,895
	Total equity shareholders' funds	**122,818**	179,137	158,201
8	**Net asset value per ordinary share – pence**	**151.65**	229.00	200.45

Unaudited Summary Cash Flow Statement

Notes		Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
9	Net cash inflow from operating activities	**3,742**	2,181	6,916
	Interest paid	**(141)**	(243)	(375)
	Total tax (paid)/recovered	**–**	(6)	1
5	Equity dividends paid	**(4,159)**	(3,285)	(6,193)
	Net cash (outflow)/inflow from purchases and sales of investments	**(7,957)**	9,281	9,038
	Net cash (outflow)/inflow before use of liquid resources and financing	**(8,515)**	7,928	9,387
	Increase in short-term deposits	**(4,091)**	(703)	(433)
	Net cash inflow/(outflow) from financing	**13,442**	(7,600)	(10,129)
	Increase/(decrease) in cash	**836**	(375)	(1,175)
	Reconciliation of net cash flow to movement in net debt			
	Increase/(decrease) in cash	**836**	(375)	(1,175)
	Increase in short-term deposits	**4,093**	703	433
	(Increase)/decrease in short-term loans	**(10,000)**	6,000	10,000
	Exchange movement	**20**	17	4
	Movement in net debt	**(5,051)**	6,345	9,262
	Net debt at the beginning of the period	**(392)**	(9,654)	(9,654)
	Net debt at the end of the period	**(5,443)**	(3,309)	(392)
	Represented by:			
	Cash at bank	**4,557**	707	437
	Bank overdraft	**–**	(16)	(829)
		4,557	691	(392)
	Short-term loans	**(10,000)**	(4,000)	–
		(5,443)	(3,309)	(392)

Unaudited Notes on the Accounts

1 Accounting policies

The half-yearly financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements at 30 September 2008. These accounting policies are expected to be followed throughout the year ending 30 September 2009.

2 Income

Income comprises	**Half-year ended 31 March 2009 £'000s**	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
UK dividends	**3,313**	3,657	7,556
UK scrip dividends	**56**	–	104
Bond interest	**64**	–	–
Overseas dividends	**33**	6	634
Interest on VAT recovered	**179**	–	–
Interest on cash and short-term deposits	**20**	62	143
Underwriting commission	**5**	20	43
	3,670	3,745	8,480

3 Recoverable VAT

	Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
VAT recovered in respect of management fees	**167**	–	578

Management fees are no longer subject to VAT. The Company has now recovered £745,000 from HMRC, via its Manager, in relation to VAT paid on such fees in the periods 1990 to 1996 and 2001 to 2007. Of this amount, £578,000 was recognised in the Income Statement for the year ended 30 September 2008 and £167,000 has been recognised in the current period to 31 March 2009. Amounts relating to the period 1997 to 2000 have not been accrued or recognised as a contingent asset as their recovery remains uncertain under law. In addition, interest of £179,000 relating to the VAT recovered has been received and is recognised in the Income Statement in the current period (see note 2).

In addition, the Company has received a distribution from its subsidiary of £472,000 in respect of VAT and interest receipts relating to these periods.

4 Return per ordinary share

Return per ordinary share attributable to ordinary shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not indicative of the total likely to be received in the full accounting year.

	Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
Revenue return	**3,300**	3,168	7,608
Capital return	**(37,966)**	(23,277)	(47,216)
Total return	**(34,666)**	(20,109)	(39,608)

	Number	Number	Number
Weighted average ordinary shares in issue	**80,116,686**	78,440,022	78,479,263

Unaudited Notes on the Accounts (continued)

5 Dividends

Dividends paid on ordinary shares	Payment date	**Half-year ended 31 March 2009 £'000s**	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
Final for the year ended 30 September 2008 of 2.50p per share.	19 Jan 2009	**1,983**	–	–
Special for the year ended 30 September 2008 of 0.40p per share.	19 Jan 2009	**317**	–	–
First of three interims for the year ending 30 September 2009 of 1.90p per share.	31 Mar 2009	**1,536**	–	–
Special for the year ending 30 September 2009 of 0.40p per share.	31 Mar 2009	**323**	–	–
Final for the year ended 30 September 2007 of 2.40p per share.	31 Jan 2008	**–**	1,877	1,877
First of three interims for the year ended 30 September 2008 of 1.80p per share.	31 Mar 2008	**–**	1,408	1,408
Second of three interims for the year ended 30 September 2008 of 1.80p per share.	30 Jun 2008	**–**	–	1,408
Third of three interims for the year ended 30 September 2008 of 1.90p per share.	28 Sep 2008	**–**	–	1,500
		4,159	3,285	6,193

The second interim dividend in respect of the year ending 30 September 2009 of 1.90p will be paid on 30 June 2009 to shareholders registered on 29 May 2009. The total cost of this dividend, based on 82,039,268 shares in issue and entitled to dividend on 11 May 2009 is £1,559,000.

6 Short term loans

	31 March 2009 £'000s	31 March 2008 £'000s	30 September 2008 £'000s
Sterling loan repayable within one year	**10,000**	4,000	–

At 11 May 2009, short-term loans were £12m.

7 Share capital

Equity share capital	Total shares in issue Number	Nominal value of shares in issue £'000s
Ordinary shares of 25p each		
Authorised	100,000,000	25,000
Issued		
Balance at 30 September 2008	78,924,268	19,731
Ordinary shares issued	2,065,000	516
Balance at 31 March 2009	**80,989,268**	**20,247**

Since the period end a further 1,050,000 ordinary shares have been issued.

8 Net asset value per ordinary share

	Half-year ended 31 March 2009	Half-year ended 31 March 2008	Year ended 30 September 2008
Net asset value per share	**151.65p**	229.00p	200.45p
Net assets attributable at end of period	**£122.82m**	£179.14m	£158.20m
Ordinary shares of 25p each in issue at end of period	**80,989,268**	78,224,268	78,924,268

Unaudited Notes on the Accounts (continued)

9 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
Total return before finance costs and taxation	**(34,471)**	(19,882)	(39,175)
Adjust for returns from non-operating activities:			
– Losses on investments	**37,743**	22,995	47,234
– Exchange gains of a capital nature	**(20)**	(17)	(4)
– Non-operating expenses of a capital nature	**7**	6	9
Return from operating activities	**3,259**	3,102	8,064
Adjust for non-cashflow items:			
– Scrip dividend	**(56)**		(104)
– Exchange gains of a revenue nature	**(2)**	(1)	–
– Overseas taxation	**(1)**	–	(94)
– Decrease/(increase) in debtors	**582**	(824)	(848)
– Decrease in other creditors	**(40)**	(96)	(102)
Net cash inflow from operating activities	**3,742**	2,181	6,916

10 Results

The results for the half-year ended 31 March 2009 and 31 March 2008, which are unaudited, constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 September 2008; the report of the independent auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown above for the year ended 30 September 2008 are an extract from those accounts.

By order of the Board
F&C Management Limited, Secretary
Exchange House
Primrose Street
London EC2A 2NY
11 May 2009

Directors' Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related.

The Company may, from time to time, invest in leading overseas companies and so is exposed to currency risk in respect of these investments.

Other key risks faced by the Company relate to investment strategy, investment management resources, regulatory issues, operational and financial controls and counterparty failure. These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks" within the Directors' Report and Business Review in the Company's annual report for the year ended 30 September 2008. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Directors' Statement of Responsibilities in Respect of the Financial Statements

In accordance with Chapter 4 of the Disclosure and Transparency Rules the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards and gives a true and fair view of the assets, liabilities, financial position and return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes details on related party transactions.

On behalf of the Board
Pen Kent
Chairman
11 May 2009

Availability of report and accounts

The Company's report and accounts are available on the Internet at www.fandccit.com. Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY

How to invest

Our Manager, F&C, runs a number of savings products which have been set up to provide cost effective and flexible ways to invest. Details of these products are listed below. You can also buy F&C Capital and Income Investment Trust PLC shares using a bank or stockbroker or through a telephone dealing service. The shares can also be bought online; the F&C website at www.fandc.com has a link to Selftrade, one of Europe's biggest online stockbrokers.

Gains arising from assets held in an Individual Savings Account and Child Trust Fund are exempt from tax. Interest and dividends received on assets in these savings products are free of income tax, and there are income tax savings for higher rate taxpayers.

Private Investor Plan ("PIP")

It only costs 0.2% (plus 0.5% government stamp duty) to invest in F&C Capital and Income Investment Trust PLC via this simple savings plan and there are no ongoing charges. You can invest from £50 each month via a direct debit (£25 on behalf of a child) or from £500 as a lump sum. The minimum for top-up investments is £250. Investments in the PIP can now be made online.

Pension Savings Plan ("PSP")

You can maximise your tax benefits and save for your retirement using this low cost personal pension plan. There is only a 0.5% management fee and this is capped at £500. Contributions can be made via a minimum £1,000 lump sum or by a monthly minimum direct debit of £50. The minimum top-up is £500. Now that personal pensions are no longer restricted to those with earnings of their own, almost everyone under the age of 75 is eligible. This means that you can invest on behalf of non-working spouses or partners and children.

Child Trust Fund ("CTF")

Parents can invest the government voucher issued to all children born since 1 September 2002 in a CTF. There are no initial or annual plan charges and there is only 0.5% government stamp duty on any purchases. Parents and grandparents (or other relatives or friends) can add contributions totalling £1,200 a year. You can invest from £25 each month via direct debit or from £100 for lump sums once you have invested your voucher.

Individual Savings Account ("ISA")

Individuals can invest up to £7,200 each year in F&C's Stocks and Shares ISA. The limit is to be raised to £10,200 per annum, for individuals over 50 years old, with effect from 6 October 2009 and for all other individuals with effect from 6 April 2010.

The minimum monthly direct debit is £50, minimum lump sum investment is £500 and the minimum top-up is £250. Investments in the ISA can be made online.

ISA investments can also be phased over three or six months. This is especially useful near the end of the tax year when the option for monthly investment is no longer viable.

In addition to the 0.2% dealing charge, F&C charges a £60 + VAT a year ISA plan charge to cover any ISAs held, no matter how many tax years ISAs have been taken out with them, or how many ISAs have been transferred to them.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Contact details

For further details on the savings plans and application forms, please contact Investor Services on

0800 136 420

info@fandc.com

or Broker Support on

08457 992 299

adviser.enquiries@fandc.com

(UK calls charged at the local rate)

Fax **0131 243 1315**

You can also find more information on the website:

www.fandc.com

If you wish to write to us, the address is:

Investor Services Team,
F&C Management Limited,
80 George Street,
Edinburgh
EH2 3BU

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example, large print or on audiotape. Please call 0845 600 3030 for more details.

The information on pages 20 and 21 has been issued and approved by F&C Management Limited, authorised and regulated in the UK by the Financial Services Authority.