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**F&C Capital and Income  
Investment Trust PLC**

Report and accounts

for the half-year ended **31 March 2010**

## 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 2010
Third interim dividend payable	30 September 2010
Final results for 2009/2010 announced	26 November 2010*
Fourth dividend payable	31 December 2010

\*Expected date

Visit the website at [www.fandccit.com](http://www.fandccit.com)

Registered in England with company registration number 2732011

## Summary of Unaudited Results

<b>Attributable to equity shareholders</b>	<b>31 March 2010</b>	30 September 2009	% Change
Net assets	<b>£179.12m</b>	£166.68m	+7.5
Net asset value per ordinary share	<b>212.68p</b>	199.28p	+6.7
Share price	<b>217.50p</b>	199.00p	+9.3
	<b>Half-year ended 31 March 2010</b>	Half-year ended 31 March 2009	% Change
Revenue return per ordinary share	<b>3.67p</b>	4.12p	-10.9
	<b>Half-year ended 31 March 2010</b>	Half-year ended 31 March 2009	% Change
Dividends per ordinary share			
First interim dividend in respect of year to			
30 September 2010	<b>1.95p*</b>	–	
30 September 2009	–	1.90p	
Second interim dividend in respect of year to			
30 September 2010	<b>1.95p**</b>	–	
30 September 2009	–	1.90p	
Total interim dividends relating to the period	<b>3.90p</b>	3.80p	+2.6
Special dividend in respect of the year to			
30 September 2009	–	0.40p	

\* Paid on 31 March 2010.

\*\* Payable on 30 June 2010 to shareholders registered on 4 June 2010.

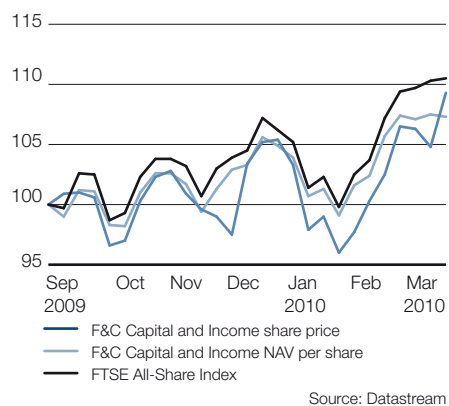
# Chairman's Statement

## Dear Shareholder

The UK stock market continued to rally over the six months under review, with the FTSE All-Share Index (the "Index") rising by 10.5% as the economy began to recover from the longest post-war recession. Gains of 9.3% and 6.7% respectively in your Company's share price and net asset value ("NAV") per share did not quite match the advance in the Index, for reasons set out below. The overall level of recurring income has been maintained over the last six months and the two interim dividends for the period from 30 September 2009 to 31 March 2010 total 3.9 pence per share, an increase of 2.6% on the comparable period last year.

Your Company's portfolio has been built with the intention of generating a steadily rising income to shareholders and it is very encouraging that this has been achieved despite the difficult economic background. Income from the portfolio grew 3.1% and this

**Performance over six months**  
(rebased to 100 at September 2009)



underpinned the combined increase in the two interim dividends for that period. In the short term, this focus on maintaining and growing dividends to our shareholders has not been to our advantage in terms of capital appreciation as more defensive, higher yielding shares have been left behind by more cyclically sensitive but lower yielding shares. The wide gap in performance between the FTSE 350 Higher Yield Index and the FTSE 350 Lower Yield Index during the period under review can be clearly seen in the chart alongside.

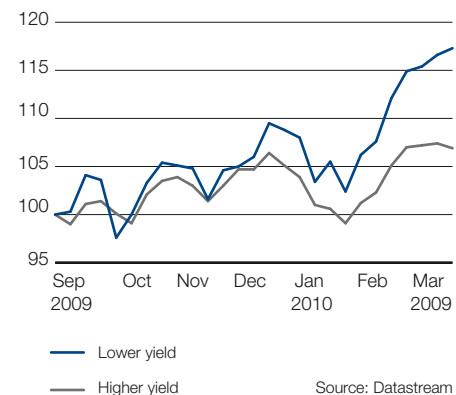
## Capital performance

The UK economy officially climbed out of recession before Christmas with positive economic growth reflecting the beneficial impact of the monetary and fiscal stimuli. The scale of these stimuli is extraordinary with the Bank of England base rate at the historically unprecedented level of 0.5%, the fiscal deficit the largest seen in peacetime and £200bn of Quantitative Easing. The initial estimate for fourth quarter growth was very weak but has been subsequently revised upwards and these signs of strengthening recovery from the economy, and more particularly from the corporate sector, have helped to drive a cyclical recovery in share prices.

The strongest driver of the investment portfolio's returns was Rio Tinto which generated a total return of more than 47% during the period on the back of an improving economic background and soaring metal prices. Rio Tinto was the strongest performer amongst the large mining companies, but although the choice of Rio Tinto was successful, it was more than offset by a lack of exposure to the rest of the sector, which

## Performance of Higher and Lower Yield Indices

(rebased to 100 at September 2009)



returned almost 39% on average. Investments in the two financial companies Man Group and Intermediate Capital were disappointing, but they both have very attractive dividend yields and are expected to recover.

## Revenue and dividend

Dividend payments have been under pressure during the financial crisis and recession as companies have struggled with a combination of lower profits and over-leveraged balance sheets. In the many refinancings that have taken place, the dividend has frequently been a casualty. Over the last six months, with the improving economic and corporate background, dividend payments have started to increase again, but they are still more than 16% below two years ago and 9% below one year ago.

VAT complicates comparison of this year's net revenue return; last year's figures

benefited from the recovery of VAT wrongly levied in past years whilst this year we have incurred the cost of bringing a further case against HMRC for a further VAT refund. After adjusting for these factors, the net revenue return registered a small increase against the comparable period.

## Gearing

Although your Company's rise in NAV was not as rapid as that of the Index, it was still considerably ahead of the cost of borrowing, so the use of gearing during the period proved to be a profitable strategy.

Your Company has a £20m loan facility from Lloyds TSB Bank plc on which we are able to draw to invest when we expect returns to be greater than the cost of the borrowing. The loan has been partially drawn down throughout the period under review as we have borrowed between £14 million and £18 million.

## Share price premium/discount to NAV per share

Over the six months under review, your Company's shares have continued to trade, on average, at a small premium to their NAV per share. It is encouraging that the range at which they have traded has been fairly narrow at 4% either side of the NAV per share. No share buy-backs were made during the period, but 575,000 shares were issued at a small premium to NAV per share which ensured that investors buying shares did not pay too high a price relative to NAV per share.

## Outlook

The future path of the economy is particularly difficult to predict as the new coalition

## Chairman's Statement (continued)

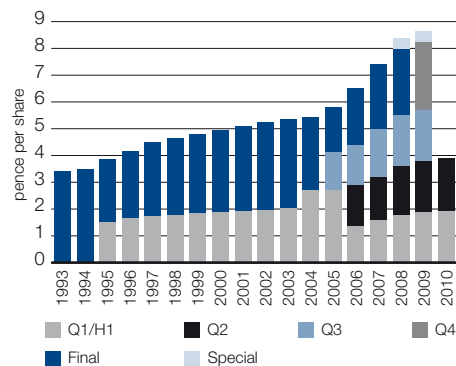
government has yet to announce in any detail both how and when it plans to reduce the very large fiscal deficit and huge national debt, both of which have undoubtedly made a major contribution to the avoidance of a much deeper recession and to the beginnings of recovery. There is still a risk of a double-dip recession and the markets are still very volatile. There is a considerable risk that sovereign bond markets may yet bring about a further shock at a time when economies are returning to growth, if they are not convinced by the IMF and Eurozone support package for Greece. Our "guess" about the outlook is unusually dependent on government policy decisions which themselves are likely to be strongly influenced by a judgment of the trade-off between continuing to stimulate growth and reassuring markets that the UK is capable of real fiscal discipline.

Notwithstanding these uncertainties, we continue to believe that the outlook for the UK stock market may be improving as companies generally have fairly low levels of debt and as profits are once again increasing, benefiting in part from a high proportion of overseas earnings. Valuations are not as attractive as they were at the trough of the market, but the financial system is more stable now and the level of risk is altogether lower; equities still appear attractively valued relative to bonds or cash. The outlook for our own dividend remains reasonably positive and has strengthened as dividends from our investee companies are growing again.

Pen Kent  
20 May 2010

### Dividend Progression

(since 1993)



Source: F&C Management Limited

## 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 (including the custodian) failure.

These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and their management" within the Directors' Report and Business Review contained within the Company's annual report for the year ended 30 September 2009. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

## 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  
20 May 2010

## Twenty Largest Holdings at 31 March 2010

31 Mar 2010	30 Sep 2009	Company Company description	Value £'000s	% of total investments
1	1	<b>BP</b> One of the largest integrated oil companies in the world. With the oil price fairly consistently above \$80 per barrel the dividend is seen as secure despite the recent disaster with oil leaking from the well beneath the destroyed Horizon Deepwater rig.	17,047	8.9
2	2	<b>HSBC</b> Following its rights issue, HSBC has restored its balance sheet strength. Its breadth of geographic operations and exposure to faster growing parts of the world are attractive.	12,519	6.5
3	6	<b>Rio Tinto</b> One of the largest diversified mining companies in the world with some of the best quality assets, particularly in iron ore.	12,506	6.5
4	3	<b>Vodafone</b> 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.	12,160	6.4
5	4	<b>Royal Dutch Shell</b> Leading international oil exploration, production and marketing group which has scope for efficiency increases.	11,435	6.0
6	5	<b>GlaxoSmithKline</b> One of the world's leading pharmaceutical companies with a valuable healthcare business. The company remains conservatively valued by historic standards.	10,116	5.3
7	7	<b>British American Tobacco</b> A leading international manufacturer and distributor of cigarettes with scope for considerable cost savings.	9,084	4.7
8	9	<b>AstraZeneca</b> A leading pharmaceutical company discovering, developing, manufacturing and marketing prescription drugs, biologics and vaccines. It is conservatively valued by historic standards.	6,461	3.4
9	8	<b>Scottish &amp; Southern Energy</b> A well-managed multi-utility group with an attractive dividend yield and strong commitment to dividend growth.	6,220	3.3
10	10	<b>Tesco</b> The dominant food retailer in the UK, continuing to expand through its non-food offerings and international operations.	6,097	3.2

31 Mar 2010	30 Sep 2009	Company Company description	Value £'000s	% of total investments
11	12	<b>National Grid</b> One of the largest utilities in the world with transmission and distribution assets in the UK and US.	4,968	2.6
12	11	<b>Unilever</b> One of the world's leading suppliers of fast-moving consumer goods with a large presence in emerging markets. It is expected the new management team can reinvigorate the portfolio of brands.	4,354	2.3
13	42	<b>Barclays</b> The bank has a very strong investment banking operation following the successful takeover of part of Lehman Brothers which complements its retail banking activities.	4,323	2.3
14	20	<b>Inmarsat</b> A leading provider of global mobile communications services for government and civil uses via its own fleet of 10 geostationary satellites.	3,402	1.8
15	15	<b>London and Stamford</b> A property company with a very well respected management team, looking to build a portfolio taking advantage of current market conditions.	3,325	1.7
16	16	<b>BG</b> An international resource company engaged in discovery, extraction, transmission, distribution and supply of natural gas. Its latest finds off Brazil could be very significant.	3,247	1.7
17	14	<b>Aviva</b> An international life and non-life insurance group with a reasonable capital surplus and attractive yield.	3,078	1.6
18	18	<b>Imperial Tobacco</b> The company continues to be managed with close attention to costs and maintains its focus on driving efficiencies from previous acquisitions.	3,014	1.6
19	21	<b>United Utilities</b> A well financed utility company that should be able to provide dividend growth on top of an already attractive dividend yield.	2,988	1.6
20	23	<b>Talvivaara – 5.25% convertible</b> A Finnish mining and metal production company. We hold this convertible bond which offers secure income but gives some exposure to the underlying equity via the option of convertibility.	2,712	1.4

The value of the twenty largest holdings represents 72.8% (30 September 2009: 72.5%) of the Company's total investments.

## Unaudited Condensed Income Statement

Notes	Half-year ended 31 March 2010			Half-year ended 31 March 2009			Year ended 30 September 2009			
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
	Gains/(losses) on investments	–	12,224	12,224	–	(37,743)	(37,743)	–	884	884
	Foreign exchange gains	–	2	2	2	20	22	–	–	–
2	Income	3,783	–	3,783	3,670	–	3,670	8,181	212	8,393
	Management fee	(179)	(179)	(358)	(139)	(139)	(278)	(304)	(304)	(608)
	Recoverable VAT	–	–	–	167	–	167	167	–	167
3	Other expenses	(431)	(29)	(460)	(302)	(7)	(309)	(656)	(11)	(667)
	<b>Net return before finance costs and taxation</b>	<b>3,173</b>	<b>12,018</b>	<b>15,191</b>	<b>3,398</b>	<b>(37,869)</b>	<b>(34,471)</b>	<b>7,388</b>	<b>781</b>	<b>8,169</b>
	Finance costs	(86)	(86)	(172)	(97)	(97)	(194)	(154)	(154)	(308)
	<b>Net return on ordinary activities before taxation</b>	<b>3,087</b>	<b>11,932</b>	<b>15,019</b>	<b>3,301</b>	<b>(37,966)</b>	<b>(34,665)</b>	<b>7,234</b>	<b>627</b>	<b>7,861</b>
	Taxation on ordinary activities	(8)	–	(8)	(1)	–	(1)	(24)	–	(24)
	<b>Net return attributable to shareholders</b>	<b>3,079</b>	<b>11,932</b>	<b>15,011</b>	<b>3,300</b>	<b>(37,966)</b>	<b>(34,666)</b>	<b>7,210</b>	<b>627</b>	<b>7,837</b>
4	<b>Return per share – pence</b>	<b>3.67</b>	<b>14.23</b>	<b>17.90</b>	<b>4.12</b>	<b>(47.39)</b>	<b>(43.27)</b>	<b>8.85</b>	<b>0.77</b>	<b>9.62</b>

The total column of this statement is the profit and loss account of the Company.

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 Condensed Reconciliation of Movements in Shareholders' Funds

Notes	Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Special reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
<b>Half-year ended 31 March 2010</b>							
	20,911	84,399	4,146	4,434	46,992	5,802	166,684
<b>Movements during the half-year ended 31 March 2010</b>							
5	–	–	–	–	–	(3,772)	(3,772)
7	144	1,049	–	–	–	–	1,193
	–	–	–	–	11,932	3,079	15,011
	<b>21,055</b>	<b>85,448</b>	<b>4,146</b>	<b>4,434</b>	<b>58,924</b>	<b>5,109</b>	<b>179,116</b>
<b>Half-year ended 31 March 2009</b>							
	19,731	77,630	4,146	4,434	46,365	5,895	158,201
<b>Movements during the half-year ended 31 March 2009</b>							
5	–	–	–	–	–	(4,159)	(4,159)
	516	2,926	–	–	–	–	3,442
	–	–	–	–	(37,966)	3,300	(34,666)
	<b>20,247</b>	<b>80,556</b>	<b>4,146</b>	<b>4,434</b>	<b>8,399</b>	<b>5,036</b>	<b>122,818</b>
<b>Year ended 30 September 2009</b>							
	19,731	77,630	4,146	4,434	46,365	5,895	158,201
<b>Movements during the year ended 30 September 2009</b>							
5	–	–	–	–	–	(7,303)	(7,303)
	1,180	6,769	–	–	–	–	7,949
	–	–	–	–	627	7,210	7,837
	<b>20,911</b>	<b>84,399</b>	<b>4,146</b>	<b>4,434</b>	<b>46,992</b>	<b>5,802</b>	<b>166,684</b>

## Unaudited Condensed Balance Sheet

Notes	31 March 2010 £'000s	31 March 2009 £'000s	30 September 2009 £'000s
<b>Fixed assets</b>			
Investments	191,351	127,723	178,710
<b>Current assets</b>			
Debtors	1,634	928	946
Cash at bank and short-term deposits	657	4,557	2,466
	<b>2,291</b>	5,485	3,412
<b>Current liabilities</b>			
6 Short-term loans	(14,000)	(10,000)	(14,000)
Other creditors	(526)	(390)	(1,438)
	<b>(14,526)</b>	(10,390)	(15,438)
<b>Net current liabilities</b>	<b>(12,235)</b>	(4,905)	(12,026)
<b>Net assets</b>	<b>179,116</b>	122,818	166,684
<b>Capital and reserves</b>			
7 Share capital	21,055	20,247	20,911
Share premium account	85,448	80,556	84,399
Capital redemption reserve	4,146	4,146	4,146
Special reserve	4,434	4,434	4,434
Capital reserves	58,924	8,399	46,992
Revenue reserve	5,109	5,036	5,802
<b>Total shareholders' funds</b>	<b>179,116</b>	122,818	166,684
8 <b>Net asset value per ordinary share – pence</b>	<b>212.68</b>	151.65	199.28

## Unaudited Condensed Summary Cash Flow Statement

Notes	Half-year ended 31 March 2010 £'000s	Half-year ended 31 March 2009 £'000s	Year ended 30 September 2009 £'000s
9 Net cash inflow from operating activities	2,471	3,742	8,423
Interest paid	(164)	(141)	(304)
5 Equity dividends paid	(3,772)	(4,159)	(7,303)
Net cash outflow from purchases and sales of investments	(1,965)	(7,957)	(19,501)
<b>Net cash outflow before use of liquid resources and financing</b>	<b>(3,430)</b>	(8,515)	(18,685)
Decrease/(increase) in short-term deposits	1,365	(4,091)	(1,543)
Net cash inflow from financing	1,619	13,442	21,543
<b>(Decrease)/increase in cash</b>	<b>(446)</b>	836	1,315
<b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease)/increase in cash	(446)	836	1,315
(Decrease)/increase in short-term deposits	(1,365)	4,093	1,543
Decrease in short-term loans	–	(10,000)	(14,000)
Exchange movement	2	20	–
<b>Movement in net debt</b>	<b>(1,809)</b>	(5,051)	(11,142)
Net debt at the beginning of the period	(11,534)	(392)	(392)
<b>Net debt at the end of the period</b>	<b>(13,343)</b>	(5,443)	(11,534)
<b>Represented by:</b>			
Cash at bank	40	4,557	486
Short-term deposits	617	–	1,980
	<b>657</b>	4,557	2,466
Short-term loans	(14,000)	(10,000)	(14,000)
	<b>(13,343)</b>	(5,443)	(11,534)



## Unaudited Notes on the Condensed Accounts

### 1 Accounting policies

These financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements at 30 September 2009. These accounting policies are expected to be followed throughout the year ending 30 September 2010.

### 2 Income

	<b>Half-year ended 31 March 2010 £'000s</b>	Half-year ended 31 March 2009 £'000s	Year ended 30 September 2009 £'000s
Income from investments			
UK dividends	<b>3,589</b>	3,313	7,124
UK scrip dividends	–	56	62
Convertible bond interest	<b>141</b>	64	186
Overseas dividends	<b>39</b>	33	373
Interest on VAT recovered	–	179	179
Interest on cash and short-term deposits	<b>4</b>	20	32
Underwriting commission	<b>10</b>	5	221
Other income	–	–	4
	<b>3,783</b>	3,670	8,181

### 3 Expenses

Included within revenue expenses is £64,000 plus VAT paid by the Company, and its subsidiary, F&C Income & Growth Investment Trust in liquidation, to the Auditors, PricewaterhouseCoopers ("PwC"). This is in respect of services in connection with a case recently brought against HMRC to seek to recover VAT paid on management fees in the period 1997 to 2000, together with related interest at compound rates. No further fees are payable to PwC for their services, which will continue through to conclusion of the case. The outcome of the case is expected to remain uncertain for several years and hence no contingent asset has been recognised in the accounts. In the event of success, the potential recoveries would be a significant multiple of the amounts paid to PwC.

### 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.

	<b>Half-year ended 31 March 2010 £'000s</b>	Half-year ended 31 March 2009 £'000s	Year ended 30 September 2009 £'000s
Revenue return	<b>3,079</b>	3,300	7,210
Capital return	<b>11,932</b>	(37,966)	627
Total return	<b>15,011</b>	(34,666)	7,837
	<b>Number</b>	Number	Number
Weighted average ordinary shares in issue	<b>83,866,278</b>	80,116,686	81,433,763

## Unaudited Notes on the Condensed Accounts (continued)

### 5 Dividends

	Payment date	Half-year ended 31 March 2010 £'000s	Half-year ended 31 March 2009 £'000s	Year ended 30 September 2009 £'000s
Dividends paid on ordinary shares				
Final for the year ended 30 September 2008 of 2.50p per share.	19 Jan 2009	–	1,983	1,983
Special for the year ended 30 September 2008 of 0.40p per share.	19 Jan 2009	–	317	317
First of four interims for the year ended 30 September 2009 of 1.90p per share.	31 Mar 2009	–	1,536	1,536
Special for the year ended 30 September 2009 of 0.40p per share.	31 Mar 2009	–	323	323
Second of four interims for the year ended 30 September 2009 of 1.90p per share.	30 Jun 2009	–	–	1,562
Third of four interims for the year ended 30 September 2009 of 1.90p per share.	30 Sep 2009	–	–	1,582
Fourth of four interims for the year ended 30 September 2009 of 2.55p per share.	31 Dec 2009	2,133	–	–
First of four interims for the year ending 30 September 2010 of 1.95p per share.	31 Mar 2010	1,639	–	–
		<b>3,772</b>	4,159	7,303

The second interim dividend in respect of the year ending 30 September 2010 of 1.95 pence per share will be paid on 30 June 2010 to shareholders registered on 4 June 2010. The total cost of this dividend, based on 84,219,268 shares in issue and entitled to dividend on 18 May 2010 is £1,642,000.

### 6 Short-term loans

	31 March 2010 £'000s	31 March 2009 £'000s	30 September 2009 £'000s
Sterling loans repayable within one year	14,000	10,000	14,000

At 18 May 2010, short-term loans were £14m.

### 7 Share capital

	Total shares in issue Number	Nominal value of shares in issue £'000s
<b>Equity share capital</b>		
Ordinary shares of 25p each		
Authorised	100,000,000	25,000
Issued		
Balance at 30 September 2009	83,644,268	20,911
Ordinary shares issued	575,000	144
<b>Balance at 31 March 2010</b>	<b>84,219,268</b>	<b>21,055</b>

There have been no shares issued since the period end.

### 8 Net asset value per ordinary share

	Half-year ended 31 March 2010	Half-year ended 31 March 2009	Year ended 30 September 2009
Net asset value per share	212.68p	151.65p	199.28p
Net assets attributable at end of period	£179.12m	£122.82m	£166.68m
Ordinary shares of 25p each in issue at end of period	84,219,268	80,989,268	83,644,268

## Unaudited Notes on the Condensed Accounts (continued)

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

	Half-year ended 31 March 2010 £'000s	Half-year ended 31 March 2009 £'000s	Year ended 30 September 2009 £'000s
Net return before finance costs and taxation	15,191	(34,471)	8,169
Adjust for returns from non-operating activities:			
– (Gains)/losses on investments	(12,224)	37,743	(884)
– Exchange gains of a capital nature	(2)	(20)	–
– Non-operating expenses of a capital nature	29	7	11
Return from operating activities	2,994	3,259	7,296
Adjust for non-cash flow items:			
– Scrip dividend	–	(56)	(62)
– Exchange gains of a revenue nature	–	(2)	–
– Overseas taxation	(8)	(1)	(8)
– (Increase)/decrease in debtors	(537)	582	1,184
– Increase/(decrease) in other creditors	22	(40)	13
Net cash inflow from operating activities	2,471	3,742	8,423

### 10 Results

The results for the half-year ended 31 March 2010 and 31 March 2009, 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 2009; 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 2009 are an extract from those accounts.

By order of the Board  
F&C Management Limited, Secretary  
Exchange House  
Primrose Street  
London EC2A 2NY  
20 May 2010

## 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 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](http://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 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. It is possible that the new government will amend the terms of CTFs.

### Individual Savings Account (“ISA”)

Individuals can invest up to £10,200 each year in F&C's Stocks and Shares ISA.

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 (plus 0.5% government stamp duty on purchases), F&C charges £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.

## How to invest (continued)

### 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](http://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

### Availability of report and accounts

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

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 19 and 20 has been issued and approved by F&C Management Limited, authorised and regulated in the UK by the Financial Services Authority.