



Investors Capital Trust plc

Interim Report

For the six months to

30 September 2008

Company Summary

The Company

The Company is an investment trust and its shares are listed on the London Stock Exchange. It is a member of the Association of Investment Companies ('AIC').

Objective and Policy

To provide an attractive return to shareholders each year in the form of dividends and/or capital returns, together with prospects for capital growth.

The Company's portfolio is managed in two parts. The first part comprises investments in UK equities and equity-related securities of large and mid-sized companies (the Equities Portfolio) and the second part comprises investments in fixed interest and other higher yielding stocks and securities (the Higher Yield Portfolio).

Investment manager

F&C Investment Business Limited – Rodger McNair / Gary Thomson

Total assets less current liabilities

£133.0 million at 30 September 2008

Equity shareholders' funds

£99.1 million at 30 September 2008

Capital structure

The Company's capital structure offers shareholders the opportunity to receive quarterly distributions in the form of either dividends, capital returns, or both, to suit their own particular circumstances. The Company has two classes of shares: A shares and B shares. The rights of each class are identical, save in respect of the right to participate in distributions of dividends and capital. The net asset value attributable to each class of shares is the same.

Only A shares are entitled to dividends paid by the Company. B shares, instead of receiving dividends, receive a capital distribution at the same time as, and in an amount equal to, each dividend paid on the A shares. Shares may be held and traded within units; each unit comprises three A shares and one B share.

In addition, the Company has a fixed rate bank loan of £33.5 million for a term to 28 September 2012.

Isa/PeP status

The Company's shares and units are eligible for Individual Savings Accounts (ISAs) including former PEPs.

Website

The internet address for the Company is www.investorscapital.co.uk



The Association of
Investment Companies

Financial Highlights and Performance Summary

- Net asset value per share total return of minus 10.1 per cent compares favourably to the FTSE All-Share Capped 5% Index total return of minus 14.0 per cent
- Distribution yield of 6.9 per cent at 30 September 2008
- Distributions paid quarterly

	Six months to 30 September 2008		
Total Return†			
Net asset value total return per A and B share and per unit			(10.1)%
FTSE All-Share Capped 5% Index			(14.0)%
	30 September 2008	31 March 2008	% Change
Capital Values			
Net asset value per A share and B share	78.1p	89.6p	(12.9)%
Net asset value per Unit*	312.3p	358.5p	(12.9)%
FTSE All-Share Capped 5% Index	2,526.0	2,996.4	(15.7)%
Ordinary share price – A shares	77.5p	83.0p	(6.6)%
– B shares	77.5p	83.0p	(6.6)%
– Units*	309.0p	327.0p	(5.5)%
Discounts‡ – A shares	(0.8)%	(7.4)%	–
– B shares	(0.8)%	(7.4)%	–
– Units*	(1.1)%	(8.8)%	–
Distribution yield – A shares	6.9%	6.4%	–
– B shares	6.9%	6.4%	–
– Units*	6.9%	6.5%	–
Gearing‡ – Potential	134.3	129.7	–
– Actual (Equity gearing)	75.0	75.1	–

*A unit consists of three A shares and one B share.

†All total return calculations are on a yield basis with net dividends re-invested.

‡The gearing ratio indicates the extra amount by which shareholders' funds would rise or fall if total assets were to rise or fall. A figure of 100 means that the Company has a nil geared position.

Maximum potential ratio = the ratio of total assets (including fixed interest and net cash assets) to shareholders' funds.

Actual ratio = the ratio of total assets (less fixed interest, net cash assets and interest rate swap) to shareholders' funds.

§Discount represents percentage difference between net asset value and Share/Unit price

Sources: F&C Investment Business Limited and Datastream

Chairman's Statement

Introduction

The past six months have seen a global financial crisis of extraordinary proportions. This is now having serious implications for the wider economy and corporate sector. Investor concerns have resulted in sharp falls in stock markets around the world. It is against this background that I report on the Company's results for the six month period to 30 September 2008.

Investment Objective and Policy

The Company's investment objective is to provide an attractive return to shareholders in the form of dividends and/or capital distributions together with prospects for capital growth.

The Company's investment portfolio is managed in two parts. The first part comprises investments in UK equities and equity-related securities (the Equities Portfolio) and the second part comprises investments in fixed interest and other higher yielding stocks and securities (the Higher Yield Portfolio). This allocation will vary as a result of market movements and circumstances.

At 30 September 2008 the Company's total assets (less current liabilities) were £133.0m. 55.9 per cent of total assets was allocated to the Equities Portfolio, 23.6 per cent to the Higher Yield Portfolio and, reflecting the Manager's cautious investment views, the remaining 20.5 per cent was held as cash.

Investment Performance

The Company's net asset value per A share and per B share at 30 September 2008 was 78.1p and per unit was 312.3p. This capital performance, together with dividends and capital distributions added back, resulted in a net asset

value total return of minus 10.1 per cent for share and unit holders over the six month period to 30 September 2008. This compares favourably to the return from the FTSE All-Share Capped 5% Index of minus 14.0 per cent on a comparable basis. Based on share price performance, the Company was the best performer within the AIC UK High Income Sector for the period.

The equity market started the reporting period on a firm footing; however, this was to prove short-lived, as a combination of deteriorating economic news together with concerns over the ongoing dislocation in global credit markets began to weigh on investor confidence. The market mood improved somewhat in August on the back of easing commodity prices and a flurry of merger and acquisition speculation. However, the financial crisis began to deepen in early September when the US government was forced to seize control of the two government-sponsored enterprises – commonly referred to as Fannie Mae and Freddie Mac – whose role is to provide liquidity to the US mortgage market. It was hoped this move would arrest the vicious downward cycle in credit markets and prevent further damage to the US economy. However, in the following weeks the "credit crunch", which had cast a shadow over financial markets since late 2007, mutated into a global financial crisis of extraordinary proportions.

With fears mounting of a systemic collapse in global financial markets the US government, in an unprecedented move, sought authority to spend around \$700 billion of tax-payers' money to purchase directly the illiquid assets which were choking the flow of credit. The Troubled Asset Relief Program became part of a broader legislative package which was approved by the US Congress in early October. A week later the

UK government announced the historic decision to part nationalise three of the country's largest banks, Royal Bank of Scotland, HBOS and Lloyds TSB, as part of a £350 billion recapitalisation and support package for the UK banking sector. At the same time six of the world's key central banks, including the Bank of England, the US Federal Reserve and the European Central Bank, announced simultaneous emergency interest rate cuts in the hope of restoring confidence and jolting credit markets back to life. Other governments around the world soon followed the UK lead by announcing similar rescue plans for their own banking sectors.

During the reporting period the Company's Equities Portfolio produced a total return of minus 10.9 per cent, which was ahead of the minus 14.0 per cent total return from the FTSE All-Share Capped 5% Index. The equity out-performance was driven by strong stock selection. The Higher Yield Portfolio returned minus 2.6 per cent. However, faced with the worst financial crisis for decades, equity markets continued to fall sharply following the end of the reporting period.

Earnings

The Company achieved total revenue income of £3.7m for the six month period to 30 September 2008. The yield on the Equities Portfolio was 5.2 per cent at 30 September 2008, equivalent to a yield relative to the FTSE All-Share Index of 112 per cent.

The growth in dividends from the Company's Equities Portfolio as a whole, while slowing, remained broadly encouraging throughout the period under review. However, as the financial crisis unfolded it became evident that the

revenue from financial holdings, in particular banks, within the Equities and Higher Yield Portfolios was increasingly at risk. As a result of a deteriorating economic backdrop we expect both corporate earnings and dividends to come under pressure during the second half of the Company's year. Against an increasingly uncertain market backdrop the Company held a high level of liquidity throughout the period: £27.3m in cash at 30 September 2008. Consequently deposit income was higher than will ordinarily be the case. Income from the Higher Yield Portfolio, which comprised predominantly investment grade corporate bonds, was at the level anticipated.

After providing for the second quarter dividend, the Company had revenue reserves of £1m at 30 September 2008.

Dividends and Capital Returns

Dividends to A shareholders and capital distributions to B shareholders are paid quarterly in August, November, February and May each year. In respect of the Company's first and second quarters, the dividends declared on the A shares and capital distributions on the B shares were 1.325p per share for each quarter. The Board believes that the outlook for corporate earnings and dividends has deteriorated significantly in recent months and is closely monitoring market developments. However it still expects, barring unforeseen circumstances, that the Company will pay dividends to A shareholders and capital distributions to B shareholders of 1.325p per share for the third quarter and 1.375p per share in respect of the fourth quarter.

The distribution yield for A and B shareholders was 6.9 per cent based on the share price of

Chairman's Statement

77.5p as at 30 September 2008 and this compares favourably with the yield on the FTSE All-Share Index of 4.6 per cent at that date. For shareholders who hold units, the distribution yield was also 6.9 per cent based on a unit price of 309p as at 30 September 2008.

The Company operates a distribution reinvestment scheme to enable B shareholders to reinvest their capital distributions in further B shares if they wish; details are available from the Company's Registrars.

Discount and buy backs

The share price of the Company's A shares and B shares traded over the six month period at an average discount to net asset value per share of 5.1 per cent and 5.3 per cent respectively. The Company has a stated buyback policy and, in accordance with this policy, the Company bought back 1.3m A shares to be held in treasury and 0.4m B shares for cancellation during the period at an average discount of

five per cent to net asset value, thereby adding value for remaining shareholders.

Outlook

The co-ordinated moves by global policymakers in recent weeks should help alleviate the stresses in credit markets. While financial markets remain extremely fragile, investor concerns are now shifting to the wider economy and what is likely to be the worst downturn in decades for both the US and European economies. We believe that the vicious sell-off in equity markets partly reflects the more difficult outlook for the corporate sector in the year ahead.



J. Martin Haldane

Chairman

12 November 2008

Classification of Investments

Total Portfolio Summary

	2008 Market Value £'000	% of Total Assets (less current liabilities)	% of Total Portfolio Income	% Yield
Equities Portfolio	74,311	55.9	50.4	5.2
Higher Yield Portfolio	31,431	23.6	32.9	9.4
Net Current Assets	27,271	20.5	16.7	
Total Assets (less Current Liabilities)	133,013	100.0	100.0	
Bank Term Loan and Interest Rate Swap	(33,952)	(25.5)		
Net Assets Attributable to Shareholders	99,061	74.5		

Equities Portfolio

Sector	2008 % Equities Portfolio	2008 FTSE All- Share Capped 5% Index
Oil & Gas	14.7	14.9
Basic Materials	6.3	9.5
Industrials	12.2	7.6
Consumer Goods	9.9	11.3
Healthcare	9.5	8.9
Consumer Services	12.4	10.2
Telecommunications	7.6	6.6
Utilities	11.5	5.3
Financials	15.9	24.5
Technology	-	1.2
Total	100.0	100.0

Higher Yield Portfolio

Security Ratings	2008 Higher Yield Portfolio Weighting %
Government	2.0
AAA	3.0
AA	15.7
A	35.8
BBB	25.3
BB	4.7
B	11.9
CCC or lower	1.6
	100.0

Equities Portfolio

At 30 September 2008

Company	Sector	Market Value £'000	% of Equities Portfolio
GlaxoSmithKline	Pharmaceuticals	4,880	6.6
Vodafone	Mobile Telecoms	4,570	6.2
Royal Dutch Shell	Oil & Gas Producers	4,405	5.9
BP	Oil & Gas Producers	4,315	5.8
HSBC	Banks	4,240	5.7
Tesco	Food Retailers	2,866	3.9
Imperial Tobacco	Tobacco	2,818	3.8
National Grid	Gas, Water & MultiUtilities	2,701	3.6
Scottish & Southern Energy	Electricity	2,480	3.3
BG Group	Oil & Gas Producers	2,236	3.0
Ten largest equity investments		35,511	47.8
BAE Systems	Aerospace & Defence	2,185	2.9
AstraZeneca	Pharmaceuticals & Biotech	2,152	2.9
Cobham	Aerospace & Defence	1,780	2.4
Rio Tinto	Mining	1,707	2.3
Barclays	Banks	1,689	2.2
Royal Bank of Scotland	Banks	1,575	2.1
International Power	Electricity	1,389	1.9
Unilever	Food Producers	1,387	1.9
Land Securities	Real Estate	1,309	1.8
BHP Billiton	Mining	1,306	1.8
Twenty largest equity investments		51,990	70.0
Reckitt Benckiser	Household Goods	1,271	1.7
Compass	Travel & Leisure	1,269	1.7
Bunzl	Support Services	1,186	1.6
Anglo American	Mining	1,151	1.6
Centrica	Gas, Water & MultiUtilities	1,118	1.5
BT Group	Fixed Line Telecom	1,095	1.5
British American Tobacco	Tobacco	1,094	1.5
Rexam	General Industrial	1,059	1.4
Reed Elsevier	Media	927	1.2
Severn Trent	Gas, Water & MultiUtilities	834	1.1
Thirty largest equity investments		62,994	84.8
Other equity investments (21)		11,317	15.2
Total equity investments		74,311	100.0

Higher Yield Portfolio*

At 30 September 2008

Issuer	Sector	Market Value £'000	% of Higher Yield Portfolio
Iron Mountain 7.25% 15/04/14	Support Services	816	2.6
Segro 7.125% 17/02/10	Real Estate Investment Trust	793	2.5
Credit Suisse 8.25% 10/07/09 Perpetual	Banking	793	2.5
Canandaigua Brand 8.5% 15/11/09	Beverage	647	2.1
Land Securities 4.625% 03/02/13	Real Estate Investment Trust	611	2.0
Xerox 9.75% 15/01/09	Office Equipment	569	1.8
ANZ 6.54% 15/06/12 Perpetual	Banking	566	1.8
M&DB FRN 15/07/20	Building & Construction	516	1.6
Paragon Group 7% 20/04/17	Mortgage Banks & Thrifts	509	1.6
Bank Ned Gemeenten 4.375% 14/12/12	Banking	490	1.6
Ten largest higher yield investments		6,310	20.1
Sutton Bridge 8.625% 30/06/22	Electricity Generation	486	1.6
UK 4.75% Treasury 07/09/15	Sovereign	473	1.5
NTL Cable 8.75% 15/04/14	Media – Cable	468	1.5
Johnsondiversey 9.625% 15/05/12	Support Services	451	1.5
Society of Lloyds 6.875% 17/11/25	Multi-Line Insurance	402	1.3
Alliance Boots 5.5% 26/05/09	Consumer Products	401	1.3
Finance for Danish Industries 6% 06/02/12	Banking	392	1.2
Portugal Telecom 4.625% 07/04/09	Telecom – Integrated/Services	392	1.2
Fortune Brands 3.5% 30/01/09	Consumer Products	388	1.2
Countrywide 5.875% 15/12/08	Mortgage Banks & Thrifts	388	1.2
Twenty largest higher yield investments		10,551	33.6
France Telecom 6% 29/03/12	Telecom – Integrated/Services	383	1.2
GlaxoSmithKline 4.85% 15/05/13	Pharmaceuticals	375	1.2
Old Mutual 5% 21/01/16	Life/Health Insurance	366	1.2
BAE Systems 11.875% 29/12/08	Aerospace & Defence	354	1.1
Kraft Foods 5.75% 20/03/12	Food – Wholesale	347	1.1
Investec Finance 7.75% 01/03/16	Banking	340	1.1
National Australia 3.875% 04/06/15	Banking	336	1.1
Merrill Lynch FRN 08/02/10	Brokerage	329	1.0
Southern Gas Network FRN 21/10/15	Gas Distribution	327	1.0
Clydesdale Bank 4.875% 17/02/16	Banking	321	1.0
Thirty largest higher yield investments		14,029	44.6
Other higher yield investments (112)		17,402	55.4
Total higher yield investments		31,431	100.0

*The Higher Yield Portfolio consisted solely of Corporate Bonds and Government Stocks throughout the period.

Unaudited Consolidated Income Statement

Six months to 30 September 2008			
Notes	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value	–	(13,348)	(13,348)
Exchange differences	–	(200)	(200)
Investment income	2 3,718	–	3,718
Investment management fee:			
Basic	3 (119)	(356)	(475)
Performance related	3 –	–	–
Other expenses	(206)	–	(206)
(Loss)/profit before finance costs and taxation	3,393	(13,904)	(10,511)
Net finance costs			
Interest on bank loan and interest rate swap	(297)	(692)	(989)
	(297)	(692)	(989)
Return before taxation	3,096	(14,596)	(11,500)
Tax on ordinary activities	(340)	293	(47)
Return attributable to equity shareholders	2,756	(14,303)	(11,547)
Earnings per share	4 2.1p	(11.2p)	(9.1p)

The Company was incorporated on 15 January 2007 and commenced operations on 1 March 2007.


Period from incorporation on 15 January 2007 to 30 September 2007			Period from incorporation on 15 January 2007 to 31 March 2008*		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	3,301	3,301	–	(8,727)	(8,727)
–	60	60	–	(734)	(734)
4,860	186	5,046	8,314	554	8,868
(210)	(632)	(842)	(314)	(734)	(1,048)
–	(7)	(7)	–	–	–
(227)	–	(227)	(418)	–	(418)
4,423	2,908	7,331	7,582	(9,641)	(2,059)
(347)	(809)	(1,156)	(642)	(1,497)	(2,139)
(347)	(809)	(1,156)	(642)	(1,497)	(2,139)
4,076	2,099	6,175	6,940	(11,138)	(4,198)
(352)	352	–	(685)	670	(15)
3,724	2,451	6,175	6,255	(10,468)	(4,213)
2.7p	1.8p	4.5p	4.7p	(7.8p)	(3.1p)

*these figures are audited

Condensed Unaudited Consolidated Balance Sheet

	Notes	As at 30 September 2008 £'000	As at 30 September 2007 £'000	As at 31 March 2008* £'000
Non-current assets				
Investments held at fair value through profit or loss		105,742	147,675	119,368
Interest rate swap on bank loan		–	70	–
		105,742	147,745	119,368
Current assets				
Other receivables		1,276	2,860	3,207
Cash and cash equivalents		27,301	19,831	29,623
		28,577	22,691	32,830
Total assets		134,319	170,436	152,198
Current liabilities				
Other payables		(1,306)	(1,918)	(2,730)
		(1,306)	(1,918)	(2,730)
Non-current liabilities				
Bank loan		(33,472)	(33,466)	(33,469)
Interest rate swap on bank loan		(480)	–	(744)
		(33,952)	(33,466)	(34,213)
Total liabilities		(35,258)	(35,384)	(36,943)
Net assets		99,061	135,052	115,255
Capital and reserves				
Called-up share capital	7	138	139	138
Share premium	7	22	22	22
Capital redemption reserve		1	–	1
Buy back reserve	7	89,851	96,332	91,306
Special capital reserve		31,986	33,663	32,809
Capital reserves		(25,323)	2,521	(11,284)
Revenue reserve		2,386	2,375	2,263
Shareholders' funds		99,061	135,052	115,255
Net asset value per A share	8	78.1p	100.7p	89.6p
Net asset value per B share	8	78.1p	100.7p	89.6p

Approved by the Board, and authorised for issue, on 12 November 2008 and signed on its behalf by:



J Martin Haldane, Director

*these figures are audited

Condensed Unaudited Consolidated Statement of Changes in Equity

		Period from incorporation on 15 January 2007 to 30 September 2007 £'000	Period from incorporation on 15 January 2007 to 31 March 2008* £'000
	Notes	Six months to 30 September 2008 £'000	
Opening equity shareholders' funds		115,255	–
Issue of share capital, net of costs		–	135,225
Net (loss)/profit for the period		(11,547)	6,175
Shares bought back (including taxes)	7	(1,455)	(4,619)
Dividends paid on A shares	6	(2,633)	(1,349)
Capital distributions paid on B shares	6	(823)	(450)
Unrealised gain/(loss) on revaluation of interest rate swap		264	70
Closing equity shareholders' funds		99,061	135,052
			115,255

*these figures are audited

Condensed Unaudited Consolidated Cash Flow Statement

		Period from incorporation on 15 January 2007 to 30 September 2007 £'000	Period from incorporation on 15 January 2007 to 31 March 2008* £'000
		Six months to 30 September 2008 £'000	
Net cash flow from operating activities		3,872	(142,215)
Net cash flow from financing activities		(5,897)	161,909
Net (decrease)/increase in cash and cash equivalents		(2,025)	19,694
Currency gains/losses		(297)	137
Cash and cash equivalents at beginning of period		29,623	–
Cash and cash equivalents at end of period		27,301	19,831
			29,623

*these figures are audited

Notes to the Accounts (unaudited)

1. Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting* and the accounting policies set out in the statutory accounts of the Group for the period ending 31 March 2008.

2. Income for the period is derived from:	30 September	30 September	31 March
	2008	2007	2008
	£'000	£'000	£'000
Equity investments	1,883	2,902	4,658
Fixed interest investments	1,150	1,164	2,263
Deposit interest	685	794	1,393
Dividends of a capital nature	-	186	554
	3,718	5,046	8,868

3. The Company's investment manager is F&C Investment Business Limited. F&C Investment Business Limited receives an investment management fee comprising a base fee and a performance fee.

The base fee is a management fee at 0.9 per cent per annum of the net asset value of the Company payable quarterly in arrears, subject to being reduced to 0.75 per cent if the net asset value at the end of the financial year is less than £1 per share. The performance fee, full details of which are contained in the Annual Report for the period ended 31 March 2008, will, subject to achieving stated performance criteria, be payable every five years.

Other things being equal, had the Company's net asset value per share been in excess of £1, a performance fee accrual totalling £906,000, or 0.71p per share, would have been recognised at the balance sheet date.

4. The returns per share are based on 127,475,339 shares (period to 30 September 2007 – 136,799,064; period to 31 March 2008 – 133,738,535), being the weighted average shares in issue during the period.
5. Earnings for the six months to 30 September 2008 should not be taken as a guide to the results of the full year.

6. Dividends

	Six months to 30 September 2008 £'000	Period to 30 September 2007 £'000	Period to 31 March 2008 £'000
In respect of the previous period:			
Fourth interim dividend paid at 1.375p per A share	1,347	–	–
Fourth capital distribution paid at 1.375p per B share	421	–	–
In respect of the period under review:			
First interim dividend paid at 1.325p per A share	1,286	1,349	1,349
First capital distribution paid at 1.325p per B share	402	450	450
Second interim dividend paid at 1.325p per A share	–	–	1,332
Second capital distribution paid at 1.325p per B share	–	–	444
Third interim dividend paid at 1.325p per A share	–	–	1,311
Third capital distribution paid at 1.325p per B share	–	–	410
	3,456	1,799	5,296

A second interim dividend for the year to 31 March 2009, of 1.325p per A share, was paid on 7 November 2008 to A shareholders on the register on 3 October 2008. A second quarter capital distribution of 1.325p per B share was paid on the same date to B shareholders on the register on 3 October 2008.

Although these payments relate to the period ended 30 September 2008, under IFRS they will be accounted for in the six months to 31 March 2009, being the period during which they are paid.

7. Over the period the Company bought back to hold in treasury 1,305,000 A shares at a cost of £1,085,000 (period to 30 September 2007 – 3,567,296 A shares; period to 31 March 2008 – 7,671,296 A shares) and nil B shares (period to 30 September 2007 – 1,188,432 B shares; period to 31 March 2008 – 3,238,432 B shares). The Company bought back 435,000 B shares for cancellation at a cost of £363,000 (period to 30 September 2007 – nil; period to 31 March 2008 – 828,000 B shares). The Company did not resell any A shares or B shares out of treasury during the period (period to 30 September 2007 – nil, period to 31 March 2008 – 1,510,000 A shares).

At 30 September 2008 the Company held 7,466,296 A shares and 3,238,432 B shares in treasury (30 September 2007 – 3,567,296 A shares and 1,188,432 B shares; 31 March 2008 – 6,161,296 A shares and 3,238,432 B shares).

The Company did not issue any new shares during the period (period to 30 September 2007 and period to 31 March 2008 – 104,124,440 A shares and 34,708,135 B shares).

8. The net asset value per share is based on 96,658,144 A shares and 30,206,703 B shares, being the number of shares in issue at the period end (30 September 2007 – 100,557,144 A shares and 33,519,703 B shares; 31 March 2008 – 97,963,144 A shares and 30,641,703 B shares).
9. The Group results consolidate those of Investors Securities Company Limited, a wholly owned subsidiary which deals in securities.
10. These are not full statutory accounts in terms of Section 240 of the Companies Act 1985 and are unaudited. Statutory accounts for the period ended 31 March 2008, which received an unqualified audit report, have been lodged with the Register of Companies. No full statutory accounts in respect of any period after 31 March 2008 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

Independent Review Report to Investors Capital Trust plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises the Consolidated Income Statement, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Cash Flow Statement and the Notes to the Accounts. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Edinburgh

13 November 2008

Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related. Other risks faced by the Company include external, investment and strategic, regulatory, operational and financial risks. These risks, and the way in which they are managed, are described under the heading Principal Risks and Risk Management within the

Report of the Directors in the Group's Annual Report for the period ended 31 March 2008. 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 remaining six months of the Group's financial year.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting';
- the Chairman's Statement (constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and
- the Chairman's Statement together with the condensed set of consolidated financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

J Martin Haldane

Director

12 November 2008

How to Invest

As well as investing in Investors Capital Trust plc directly through a stockbroker, you can enjoy some additional benefits by investing through one of the savings plans run by F&C Management Limited.

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of our tax-efficient ISA wrappers, receive a simple statement every six months and let us automatically reinvest your dividends for you.

- **F&C Private Investor Plan**

A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.

- **F&C Investment Trust ISA**

Invest up to £7,200 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. You can also transfer any existing ISAs (including former PEPs).

- **F&C Child Trust Fund ('CTF')**

F&C is a leading provider of children's investment plans and is currently one of the few providers to offer an investment trust based CTF. Suitable for children born after 1 September 2002.

- **F&C Children's Investment Plan**

Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the original investor.

Low charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2%. Government stamp duty of 0.5% also applies on purchases. There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many tax years' ISAs you take out with F&C, or how many ISAs you transfer).

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to invest

For more information on any of these products, please contact F&C's Investor Services Team:

Call us on **0800 136 420**

email at **info@fandc.com**

invest online at **www.fandc.co.uk**

Existing plan holders' enquiry line

0845 600 3030

Calls may be recorded.



The information on this page has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated by the Financial Services Authority ('FSA').

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M L Ingall

H Post

K D Shand

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For further information contact F&C's Investor Services Team on 0800 136 420

*Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' cost may vary.

†Calls to this number are charged at £1 per minute from a BT landline. Other telephone providers' cost may vary.



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