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**Foreign & Colonial
Investment Trust PLC**

Report and accounts

for the half-year ended **30 June 2015**

Your Company in Today's World

Objective

To secure long-term growth in capital and income through a policy of investing primarily in an internationally diversified portfolio of publicly listed equities, as well as unlisted securities and private equity, with the use of gearing.

Heritage

Founded in 1868 as the first ever investment trust and continually evolving; keeping pace with new investment opportunities and maintaining its relevance in today's world.

Core investment

Conservatively managed and offering investors a globally diversified portfolio. Foreign & Colonial aims to be at the centre of an investor's portfolio alongside other assets creating a wider investment solution.

Long-term outperformance

In the ten years to 31 December 2014 Foreign & Colonial has turned a £1,000 investment, with dividends reinvested, into £2,728 compared with £2,332 from the market benchmark and a £1,000 investment over 20 years would have grown to £4,683.

Income

Well-positioned for future dividend growth with significant income reserves. The dividend has increased every year for the past 44 years and over the ten years to 31 December 2014 is up 121.4% or 8.3% compound compared with inflation of 35.6% or 3.1% compound. The dividend increase has outpaced inflation in all but one of the last 35 years.

Cost effective

With an Ongoing Charge ratio of 0.87% Foreign & Colonial compares favourably with open-ended investment companies and many other investment trusts. The cumulative benefits of low costs are very significant for long-term investors.

Stability and liquidity

The Board seeks to manage liquidity in the Company's shares by operating a discount control mechanism. This mechanism, and the ability to issue shares in the event of a share premium, is designed to minimise the volatility of the Company's share price relative to its Net Asset Value.

Suitable for retail distribution

Foreign & Colonial is suitable for retail investors in the UK, professionally advised private clients and institutional investors who seek growth in capital and income from investment in global markets and who understand and are willing to accept the risks, and rewards, of exposure to equities.

Visit our website at
www.foreignandcolonial.com

Registered in England with Company Registration Number: 12901

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.

Summary of Unaudited Results for the half-year ended 30 June 2015

Net asset value per share **472.3 pence**

Share price of **433.0 pence**

Net asset value per share total return **4.1%**

Share price total return **4.0%**

The total dividend for 2015 can be expected to be at least **9.6 pence** per share, an increase of **3.2%** on 2014 and the forty-fifth consecutive annual increase

Strong first half results building on the successful transition of Fund Manager responsibilities to Paul Niven a year ago

(Net asset value based on debt at market value)

Chairman's Statement

Dear Shareholder

Markets and performance

The Company's Net Asset Value total return per share was 4.1% and the share price total return was 4.0%. This compares favourably with a total return of 2.2% from the FTSE All World Index. A number of our underlying strategies performed well during the period and our Fund Manager's decision to allocate more capital to the highly performing European and Japanese markets benefited performance. These strong first half results for our shareholders builds on the successful transition of Fund Manager responsibilities to Paul Niven a year ago. Since that time the share price total return has outperformed its benchmark by almost 7% delivering a shareholder return of 17.1%.

Equity markets posted modest but positive returns during the first half of the year. Growth remained patchy in the global economy but, in the major regions, there were further signs of ongoing improvement, which led to a rise in bond yields.

Better growth prospects and tightening labour markets led investors to reappraise the outlook for interest rates in the US and UK – those regions where recovery is most advanced. While rate expectations hardened in those areas; in Europe, where growth has been lacklustre and deflation threatened, the European Central Bank (ECB) embarked on a program of quantitative easing to support future growth. This action led to a decline in the euro and a boost to European equity markets over the period and confirmed that the positive impetus from monetary policy

has shifted from the US and the UK to Europe and Japan.

During the first half the bellwether US S&P500 index traded in a relatively narrow range. Japan, by contrast, made good gains while, despite Greek-related stresses, Eurozone shares advanced, and the euro fell. China drew attention from investors and commentators alike as a local frenzy of activity propelled valuations upward, despite faltering corporate profitability.

Our private equity portfolio posted good returns during the six months (gaining 5.5%), and generated net cashflow of £68m, which was significantly above the £39m produced in the equivalent period last year.

Contributors to total return in first half of 2015

| | % |
|---|------|
| Benchmark total return | 2.2 |
| Active return | 1.3 |
| Effect of directly incurred management fees | -0.2 |
| Interest and other expenses | -0.1 |
| Buybacks | 0.0 |
| Gearing | 0.9 |
| Net asset value total return* | 4.1 |
| Effect of discount | -0.1 |
| Share price total return | 4.0 |

* Debt at market value.
Source: F&C Investment Business Limited

Chairman's Statement (continued)

Income and Dividends

Our total income rose modestly in the first half in comparison to the first six months of 2014 despite lower holdings in the relatively high yielding UK equity market.

We benefited from a material reduction of £5.5m in interest costs on our debt versus the period to 30 June 2014, largely as a result of the maturing of our twenty-five year 11.25% debenture at the end of 2014, and expect to continue to make similar savings going forward.

We paid an interim dividend of 2.2p per share in February 2015 and a final dividend of 2.7p in May in respect of 2014. The first interim dividend of 2.3p for 2015 will be paid on 3 August. Second and third interim dividends of 2.3p each will be paid

in November 2015 and February 2016 respectively. We anticipate payment of a final dividend of 2.7p in May 2016 bringing the total for 2015 to 9.6p; a 3.2% rise on 2014 and the forty-fifth consecutive rise in dividends.

Outlook

The prospect of a near term US rate rise, stresses in Greece and a Chinese equity market bubble represent three of the numerous risks which markets currently face, reinforcing our expectation that volatility in markets will likely move higher as the equity bull market matures. Despite these issues, our current view is that, with the prospect of synchronised growth across the major regions in the second half of 2015, markets will price in a better economic outlook in

coming quarters. This presents a challenge not only for highly valued fixed income markets, as the Fed prepares the way for its first rate rise, but also for equity markets, which have been buoyed by easy monetary policy and which no longer present a strong value proposition for investors. The recovery in US margins and corporate earnings has already been considerable and the tightening labour markets and rising wage pressure may impact profitability from here.

Despite the prospect of interest rates moving upwards from the emergency levels first reached in the Global Financial Crisis the longer-term backdrop for the global economy remains challenging. Growth is improving, but tepid, inflation has troughed but is low, and wage pressures are, so far, limited benefiting overall corporate profitability. The mantle for policy stimulus is shifting from the US towards Japan and the Eurozone and leadership of

equity markets has similarly moved on to these areas. It remains our view that a rise in interest rates by the US Federal Reserve will create renewed volatility but will not derail progress in equity markets, so long as the combination of reasonable growth and low inflation along with rising corporate profits is maintained.

Our portfolio, which is diversified across a number of different investment strategies, is well placed to perform. We remain focused on our objective of growing capital and income over the longer term for the benefit of our shareholders.



Simon Fraser
Chairman
29 July 2015

Weightings, stock selection and performance in each investment portfolio strategy and underlying geographic exposure versus index as at 30 June 2015

| Portfolio | Our portfolio strategy weighting % | Underlying geographic exposure* % | Benchmark weighting % | Our strategy performance in sterling % | Index performance in sterling % |
|----------------------|------------------------------------|-----------------------------------|-----------------------|--|---------------------------------|
| UK | 8.1 | 9.9 | 7.2 | 2.9 | 1.9 |
| North America | 31.8 | 44.2 | 53.5 | 3.1 | 0.2 |
| Europe ex UK | 15.9 | 22.5 | 15.2 | 7.1 | 4.4 |
| Japan | 7.3 | 9.2 | 8.7 | 14.4 | 13.6 |
| Emerging Markets | 7.7 | 10.6 | 11.0 | (3.1) | 2.2 |
| Developed Pacific | – | 3.6 | 4.4 | – | (0.5) |
| Private Equity | 10.9 | – | – | 5.5 | – |
| Global Income | 7.1 | – | – | (1.5) | – |
| Global Funds | 1.4 | – | – | 5.6 | – |
| Global Multi Manager | 9.8 | – | – | 4.1 | – |

*Represents the geographic exposure of the portfolio, including underlying exposures in private equity and fund holdings
Source: F&C Investment Business Limited

Forward-looking statements

This interim report may contain forward-looking statements with respect to the financial condition, results of operations and business of the company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this report. Nothing should be construed as a profit forecast.

Ten Largest Listed Company Holdings

| 30 Jun 2015 | 31 Dec 2014 | | Value £'000s | % of total investments |
|----------------|----------------|---------------------------------|-----------------|---------------------------|
| 1 | (1) | Novartis | 30,438 | 1.1 |
| 2 | (5) | Unitedhealth | 28,667 | 1.0 |
| 3 | (2) | Utilico Emerging Markets | 27,166 | 0.9 |
| 4 | (3) | Roche | 24,489 | 0.9 |
| 5 | (-) | Amazon | 21,499 | 0.8 |
| 6 | (6) | Medtronic | 21,046 | 0.7 |
| 7 | (-) | Microsoft | 19,383 | 0.7 |
| 8 | (7) | Google | 19,001 | 0.7 |
| 9 | (9) | Bayer | 18,288 | 0.6 |
| 10 | (10) | Pfizer | 17,278 | 0.6 |

The value of the ten largest listed securities represents 8.0% (31 December 2014: 7.5%) of the Company's total investments. The figures in brackets denote the position in the ten largest listed securities at the previous year end.

Ten Largest Fund Holdings

| 30 Jun 2015 | 31 Dec 2014 | | Value £'000s | % of total investments |
|----------------|----------------|---|-----------------|---------------------------|
| 1 | (1) | Pantheon Europe Fund V | 45,772 | 1.6 |
| 2 | (2) | HarbourVest V Direct Fund | 27,215 | 0.9 |
| 3 | (3) | Dover Street VII | 25,043 | 0.9 |
| 4 | (4) | HarbourVest Partners VIII Buyout Fund | 24,547 | 0.9 |
| 5 | (8) | Pantheon Asia Fund V | 23,872 | 0.8 |
| 6 | (9) | HarbourVest Partners VIII Venture Fund | 23,701 | 0.8 |
| 7 | (5) | Pantheon Europe Fund III | 22,855 | 0.8 |
| 8 | (6) | HarbourVest Partners VII Buyout Fund | 22,783 | 0.8 |
| 9 | (7) | Dover Street VI | 21,219 | 0.7 |
| 10 | (-) | Iridian US Equity IP USD | 16,888 | 0.6 |

The value of the ten largest fund holdings represents 8.8% (31 December 2014: 10.8%) of the Company's total investments. The figures in brackets denote the position in the ten largest fund holdings at the previous year end.

Unaudited Condensed Income Statement (incorporating the Revenue account)

| Notes | 6 months to 30 June 2015 | | | 6 months to 30 June 2014 | | | Year ended 31 December 2014 | | |
|-------|--------------------------|-------------------|-----------------|--------------------------|-------------------|-----------------|-----------------------------|-------------------|-----------------|
| | Revenue £'000s | Capital £'000s | Total £'000s | Revenue £'000s | Capital £'000s | Total £'000s | Revenue £'000s | Capital £'000s | Total £'000s |
| | – | 71,135 | 71,135 | – | 2,348 | 2,348 | – | 202,963 | 202,963 |
| | (219) | 9,871 | 9,652 | (145) | 1,503 | 1,358 | (106) | 2,998 | 2,892 |
| 3 | 35,868 | – | 35,868 | 35,686 | – | 35,686 | 57,132 | – | 57,132 |
| 4 | (2,710) | (4,422) | (7,132) | (3,502) | (2,708) | (6,210) | (7,371) | (5,638) | (13,009) |
| | 32,939 | 76,584 | 109,523 | 32,039 | 1,143 | 33,182 | 49,655 | 200,323 | 249,978 |
| 4 | (561) | (1,682) | (2,243) | (3,884) | (3,884) | (7,768) | (7,826) | (7,826) | (15,652) |
| | 32,378 | 74,902 | 107,280 | 28,155 | (2,741) | 25,414 | 41,829 | 192,497 | 234,326 |
| 5 | (2,364) | – | (2,364) | (2,395) | – | (2,395) | (3,972) | – | (3,972) |
| 6 | 30,014 | 74,902 | 104,916 | 25,760 | (2,741) | 23,019 | 37,857 | 192,497 | 230,354 |
| 6 | 5.34 | 13.33 | 18.67 | 4.53 | (0.48) | 4.05 | 6.69 | 34.00 | 40.69 |

The total column is the profit and loss account of the Company.
All revenue and capital items in the above statement derive from continuing operations.

Unaudited Condensed Statement of Changes in Equity

| Notes | Called-up share capital £'000s | Capital redemption reserve £'000s | Capital reserves £'000s | Revenue reserve £'000s | Total shareholders' funds £'000s |
|---|---|--|-------------------------------|------------------------------|---|
| Half-year ended 30 June 2015 | | | | | |
| | 140,573 | 122,189 | 2,230,361 | 84,390 | 2,577,513 |
| 10 Shares repurchased by the Company and cancelled | (118) | 118 | (2,121) | – | (2,121) |
| 10 Shares repurchased by the Company and held in Treasury | – | – | (4,812) | – | (4,812) |
| 11 Dividends paid | – | – | – | (27,538) | (27,538) |
| Return attributable to shareholders | – | – | 74,902 | 30,013 | 104,915 |
| Balance carried forward 30 June 2015 | 140,455 | 122,307 | 2,298,330 | 86,865 | 2,647,957 |
| Half-year ended 30 June 2014 | | | | | |
| | 142,590 | 120,172 | 2,068,847 | 98,713 | 2,430,322 |
| 10 Shares repurchased by the Company and cancelled | (921) | 921 | (13,902) | – | (13,902) |
| 11 Dividends paid | – | – | – | (27,337) | (27,337) |
| Return attributable to shareholders | – | – | (2,741) | 25,760 | 23,019 |
| Balance carried forward 30 June 2014 | 141,669 | 121,093 | 2,052,204 | 97,136 | 2,412,102 |
| Year ended 31 December 2014 | | | | | |
| | 142,590 | 120,172 | 2,068,847 | 98,713 | 2,430,322 |
| Shares repurchased by the Company and cancelled | (2,017) | 2,017 | (30,983) | – | (30,983) |
| 11 Dividends paid | – | – | – | (52,180) | (52,180) |
| Return attributable to shareholders | – | – | 192,497 | 37,857 | 230,354 |
| Balance carried forward 31 December 2014 | 140,573 | 122,189 | 2,230,361 | 84,390 | 2,577,513 |

Unaudited Condensed Balance Sheet

| Notes | 30 June 2015 £'000s | 30 June 2014 £'000s | 31 Dec 2014 £'000s |
|---|---------------------------|---------------------------|--------------------------|
| Fixed Assets | | | |
| 7 | 2,866,056 | 2,585,394 | 2,805,363 |
| Current assets | | | |
| Debtors | 9,376 | 11,611 | 4,495 |
| Cash and cash equivalents | 27,461 | 20,508 | 32,831 |
| | 36,837 | 32,119 | 37,326 |
| Creditors: amounts falling due within one year | | | |
| 8 | (147,888) | – | (173,405) |
| 8 | – | (110,000) | – |
| 9 | (21,309) | (9,946) | (4,585) |
| | (169,197) | (119,946) | (177,990) |
| Net current liabilities | | | |
| | (132,360) | (87,827) | (140,664) |
| Total assets less current liabilities | | | |
| | 2,733,696 | 2,497,567 | 2,664,699 |
| Creditors: amounts falling due after more than one year | | | |
| 8 | (85,164) | (84,890) | (86,611) |
| 8 | (575) | (575) | (575) |
| | (85,739) | (85,465) | (87,186) |
| Net assets | | | |
| | 2,647,957 | 2,412,102 | 2,577,513 |
| Capital and reserves | | | |
| 10 | 140,455 | 141,669 | 140,573 |
| Capital redemption reserve | 122,307 | 121,093 | 122,189 |
| Capital reserves | 2,298,330 | 2,052,204 | 2,230,361 |
| Revenue reserve | 86,865 | 97,136 | 84,390 |
| 12 | 2,647,957 | 2,412,102 | 2,577,513 |
| Net asset value per share – prior charges at nominal value (pence) | | | |
| | 472.22 | 425.66 | 458.39 |

Unaudited Condensed Statement of Cash Flows

| Notes | 6 months to 30 June 2015 £'000s | 6 months to 30 June 2014 (Restated*) £'000s | Year ended 31 Dec 2014 (Restated*) £'000s |
|---|--|---|---|
| 13 | 20,901 | 17,349 | 25,396 |
| Investing activities | | | |
| Purchases of Investments | (636,462) | (750,246) | (1,380,957) |
| Sales of Investments | 662,355 | 790,196 | 1,402,342 |
| Other capital charges and credits | (32) | (32) | (62) |
| Cash flows from investing activities | | | |
| | 25,861 | 39,918 | 21,323 |
| Cash flows before financing activities | | | |
| | 46,762 | 57,267 | 46,719 |
| Financing activities | | | |
| Equity dividends paid | (27,538) | (27,337) | (52,180) |
| Movement on loans | (17,150) | (30,000) | 145,637 |
| Repayment of debenture | – | – | (110,000) |
| Cash flow from share buybacks into treasury | (4,595) | – | – |
| Cash flow from share buybacks for cancellation | (2,121) | (12,087) | (30,983) |
| Cash flows from financing activities | | | |
| | (51,404) | (69,424) | (47,526) |
| Net decrease in cash and cash equivalents | | | |
| | (4,642) | (12,157) | (807) |
| Cash and cash equivalents at the beginning of the period | | | |
| | 32,831 | 32,477 | 32,477 |
| Effect of movement in foreign exchange | | | |
| | (728) | 188 | 1,161 |
| Cash and cash equivalents at the end of the period | | | |
| | 27,461 | 20,508 | 32,831 |
| Represented by: | | | |
| Cash at bank | 2,978 | 6,325 | 8,921 |
| Short term deposits | 24,483 | 14,183 | 23,910 |
| Cash and cash equivalents at the end of the period | | | |
| | 27,461 | 20,508 | 32,831 |

*Restated to comply with FRS 102 on Statements of Cash Flows

Unaudited Notes on the Condensed Accounts

1 Results

The results for the six months to 30 June 2015 and 30 June 2014 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 31 December 2014; the report of the Auditors thereon was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The condensed financial statements shown above for the year end 31 December 2014 are an extract from those accounts.

2 Accounting policies

For the period ended 30 June 2015 (and the year ending 31 December 2015), the Company is applying for the first time, Financial Reporting Standard (FRS 102) applicable in the UK and Republic of Ireland, which forms part of the revised Generally Accepted Accounting Practice (New UK GAAP) issued by the Financial Reporting Council (FRC) in 2012 and 2013.

These condensed financial statements have been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, FRS102, Interim Financial Reporting (FRS104) issued by the FRC in March 2015 and the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts"(SORP) issued by the AIC in November 2014.

As a result of the first time adoption of New UK GAAP and the revised SORP, comparative amounts and presentation formats have been amended where required. The net return attributable to ordinary shareholders and total shareholders' funds remain unchanged from under old UK GAAP basis, as reported in the preceding annual and interim reports. The Statement of Cash Flows has been restated to reflect presentational changes required under FRS 102 and does not include any other material changes.

The accounting policies applied for the condensed set of financial statements are set out in the Company's annual report for the year ended 31 December 2014. However, the references to prior individual FRSs should now be taken to reference FRS102.

With effect from 1 January 2015, 75% of Management fees (excluding those payable directly to private equity managers which are allocated 100% to capital) and finance costs are allocated to Capital Reserves in accordance with the Board's expectation of long term returns from the investment portfolio. Previously, 50% of Management fees (excluding private equity managers' fees) and finance costs were allocated to Capital Reserves.

3 Income

| | 6 months to 30 June 2015 £'000s | 6 months to 30 June 2014 £'000s | Year ended 31 Dec 2014 £'000s |
|--|--|--|--|
| Income comprises: | | | |
| UK dividends | 6,290 | 8,747 | 14,568 |
| Overseas dividends | 29,231 | 26,793 | 42,198 |
| Derivative income | – | 116 | 117 |
| Interest on short-term deposits and withholding tax reclaims | 109 | 22 | 121 |
| Underwriting Commission | 4 | 5 | 5 |
| Sundry income | 234 | 3 | 123 |
| Total income | 35,868 | 35,686 | 57,132 |

Unaudited Notes on the Condensed Accounts (continued)

4 Fees and other expenses and interest payable

| | 6 months to 30 June 2015 £'000s | 6 months to 30 June 2014 £'000s | Year ended 31 Dec 2014 £'000s |
|---|--|--|--|
| Fees and other expenses | 7,132 | 6,210 | 13,009 |
| Interest payable and similar charges | 2,243 | 7,768 | 15,652 |
| Total | 9,375 | 13,978 | 28,661 |
| Fees and other expenses comprise: | | | |
| Allocated to Revenue Account | | | |
| – Management fees payable directly to F&C** | 1,426 | 2,376 | 4,981 |
| – Other expenses | 1,284 | 1,126 | 2,390 |
| | 2,710 | 3,502 | 7,371 |
| Allocated to Capital Account | | | |
| – Management fees payable directly to F&C** | 4,276 | 2,376 | 4,981 |
| – Management fees payable directly to Private Equity Managers | 114 | 305 | 594 |
| – Other expenses | 32 | 27 | 63 |
| | 4,422 | 2,708 | 5,638 |
| Interest payable and similar charges comprise: | | | |
| Allocated to Revenue Account# | 561 | 3,884 | 7,826 |
| Allocated to Capital Account# | 1,682 | 3,884 | 7,826 |

*including reimbursement in respect of services provided by sub-managers.

Expense allocation basis changed (see note 2).

The primary related party transaction is with the Manager, F&C Investment Business Limited ("F&C"). The Manager, a subsidiary of the F&C Management Group, receives remuneration of 0.365% per annum of the market capitalisation of the Company, calculated at each month end date on a pro-rata basis. The fee is adjusted for fees earned by the Manager in respect of investment holdings managed or advised by the Manager. The services provided by F&C remain unchanged from those disclosed within the accounts for the year ended 31 December 2014. The level of variable fees payable in respect of third party sub-managers and private equity managers remain unchanged since the year end.

Fees payable directly to private equity managers, in respect of Pantheon Europe Fund III, were reduced in January 2015 from 0.64% to 0.33% per annum based on total commitments.

5 Taxation

The taxation charge of £2,364,000 (30 June 2014 – £2,395,000 and 31 December 2014 – £3,972,000) relates to irrecoverable overseas taxation. The charge for the current period is net of £424,000 of prior years' withholding tax recovered from France.

6 Net return

Net 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.

| | 6 months to 30 June 2015 £'000s | 6 months to 30 June 2014 £'000s | Year ended 31 Dec 2014 £'000s |
|---|--|--|-------------------------------------|
| Total Return | 104,916 | 23,019 | 230,354 |
| Revenue Return | 30,014 | 25,760 | 37,857 |
| Capital Return | 74,902 | (2,741) | 192,497 |
| Weighted average ordinary shares in issue, excluding treasury shares (see note 10) | 561,822,186 | 569,004,502 | 566,157,523 |
| | 6 months to 30 June 2015 pence | 6 months to 30 June 2014 pence | Year ended 31 Dec 2014 pence |
| Total Return | 18.67 | 4.05 | 40.69 |
| Revenue Return | 5.34 | 4.53 | 6.69 |
| Capital Return | 13.33 | (0.48) | 34.00 |

Unaudited Notes on the Condensed Accounts (continued)

7 Investments

Fair value hierarchy

The Company's Investments and derivative financial instruments as disclosed in the balance sheet are valued at fair value.

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (A) – Quoted prices for identical instruments in active markets

Level (B) – Prices of a recent transaction for identical instruments

Level (C) – Valuation techniques that use:

- (i) Observable market data; or
- (ii) Non-observable data.

The analysis of the valuation basis for financial instruments based on the hierarchy is as follows:

| | As at 30 June 2015* £'000s | As at 30 June 2014* £'000s | As at 31 Dec 2014* £'000s |
|---|-------------------------------------|-------------------------------------|------------------------------------|
| Level (A) | 2,550,730 | 2,208,323 | 2,439,487 |
| Level (C)(ii) (mainly private equity funds) | 315,326 | 377,071 | 365,876 |
| Total valuation of investments | 2,866,056 | 2,585,394 | 2,805,363 |

*There are no investments held which are valued in accordance with level (2) or level (3)(i).

8 Loans and debentures

| | 30 June 2015 £'000s | 30 June 2014 £'000s | 31 Dec 2014 £'000s |
|--|---------------------------|---------------------------|--------------------------|
| Loans falling due within one year | 147,888 | – | 173,405 |
| Debenture falling due within one year | – | 110,000 | – |
| Loans falling due after more than one year | 85,164 | 84,890 | 86,611 |
| Debenture falling due after more than one year | 575 | 575 | 575 |

Comprise:

| | | | |
|--|---------|---------|---------|
| – Sterling denominated loan, falling due within one year | – | – | £75m |
| – Euro denominated loan, falling due within one year | €140.8m | – | €94.7m |
| – Yen denominated loan, falling due within one year | ¥9.3bn | – | ¥4.7bn |
| – 11.25% debenture stock 2014, falling due within one year | – | £110m | – |
| – US dollar denominated loan, falling due after more than one year | \$80m | \$80m | \$80m |
| – Yen denominated loan, falling due after more than one year | ¥6.6bn | ¥6.6bn | ¥6.6bn |
| – 4.25% perpetual debenture stock | £0.575m | £0.575m | £0.575m |

9 Other creditors falling due within one year

| | 30 June 2015 £'000s | 30 June 2014 £'000s | 31 Dec 2014 £'000s |
|-------------------------------------|---------------------------|---------------------------|--------------------------|
| Cost of ordinary shares repurchased | 217 | 1,814 | – |
| Investment creditors | 18,792 | 6,022 | 1,795 |
| Management fees payable to F&C | 1,226 | 986 | 1,588 |
| Other accrued expenses | 1,074 | 1,124 | 1,202 |
| | 21,309 | 9,946 | 4,585 |

10 Share capital

| | Shares held in treasury Number | Shares entitled to dividend Number | Total shares in issue Number | Total shares in issue nominal £'000s |
|---|--------------------------------------|---|------------------------------------|---|
| Equity share capital | | | | |
| Ordinary shares of 25p each | | | | |
| Balance at 31 December 2014 | – | 562,292,016 | 562,292,016 | 140,573 |
| Shares repurchased by the Company and cancelled | – | (473,000) | (473,000) | (118) |
| Shares repurchased by the Company and held in treasury | 1,073,215 | (1,073,215) | – | – |
| Balance at 30 June 2015 | 1,073,215 | 560,745,801 | 561,819,016 | 140,455 |

During the period, 473,000 ordinary shares were repurchased and cancelled, and 1,073,215 shares were repurchased and held in treasury, at a total cost of £6,933,000. Since 30 June 2015 a further 287,000 ordinary shares have been repurchased and held in treasury at a cost of £1,279,000. Shares held in treasury have no voting rights and no right to dividend distributions and are excluded from the calculations of earnings per share and net asset value per share.

Unaudited Notes on the Condensed Accounts (continued)

11 Dividends

| Dividends paid on ordinary shares | Register date | Payment date | 6 months to | 6 months to | Year ended |
|-----------------------------------|---------------|--------------|-----------------------|-----------------------|-----------------------|
| | | | 30 Jun 2015 £'000s | 30 Jun 2014 £'000s | 31 Dec 2014 £'000s |
| 2013 Third interim of 2.10p | 3 Jan 14 | 3 Feb 14 | - | 11,978 | 11,978 |
| 2013 Final of 2.70p | 28 Mar 14 | 1 May 14 | - | 15,359 | 15,359 |
| 2014 First interim of 2.20p | 4 Jul 14 | 1 Aug 14 | - | - | 12,468 |
| 2014 Second interim of 2.20p | 3 Oct 14 | 3 Nov 14 | - | - | 12,375 |
| 2014 Third interim of 2.20p | 5 Jan 15 | 2 Feb 15 | 12,370 | - | - |
| 2014 Final of 2.70p | 27 Mar 15 | 1 May 15 | 15,168 | - | - |
| | | | 27,538 | 27,337 | 52,180 |

The first interim dividend for 2015 of 2.30p will be paid on 3 August 2015 to shareholders on the register on 3 July 2015.

The total cost of the first 2015 interim dividend, which has not been accrued, based on 560,695,801 shares in issue (not held in treasury) is £12,896,000.

12 Net asset value per ordinary share

| | 30 June 2015 | 30 June 2014 | 31 Dec 2014 |
|---|-----------------|-----------------|----------------|
| Net asset value per share (with debenture stocks at nominal value) – pence | 472.22 | 425.66 | 458.39 |
| Net assets attributable at end of period – £'000s | 2,647,957 | 2,412,102 | 2,577,513 |
| Ordinary shares of 25p in issue at end of year – number | 560,745,801 | 566,677,016 | 562,292,016 |

Net asset value per share (with debenture stocks at market value) at 30 June 2015 was 472.25p (30 June 2014 – 424.85p and 31 December 2014 – 458.37p). The market value of debenture stocks at 30 June 2015 was £429,000 (30 June 2014 – £115,126,000 and 31 December 2014 – £429,000).

13 Reconciliation of profit before tax to cash flows from operational activities

| | 6 months to 30 June 2015 £'000s | 6 months to 30 June 2014* £'000s | Year ended 31 Dec 2014* £'000s |
|---------------------------------------|---------------------------------------|--|--------------------------------------|
| Profit before taxation | 107,280 | 25,414 | 234,326 |
| Adjust for non-cash flow items: | | | |
| Gains on Investments | (71,135) | (2,348) | (202,963) |
| Exchange (gains)/losses | (9,652) | (1,358) | (2,892) |
| (Increase)/decrease in accrued income | (2,849) | (1,474) | 369 |
| Decrease/(increase) in other debtors | 39 | (40) | 54 |
| (Decrease)/increase in creditors | (445) | (135) | 618 |
| Tax on overseas income | (2,337) | (2,710) | (4,116) |
| | (86,379) | (8,065) | (208,930) |
| Cash flows from operating activities | 20,901 | 17,349 | 25,396 |

*Restated to comply with FRS102 on statements of cash flows.

14 Going concern

The Company's investment objective, strategy and policy are subject to a process of regular Board monitoring and are designed to ensure that the Company is invested mainly in readily realisable, listed securities and that the level of borrowings is restricted. The Company retains title to all assets held by the Custodian and agreements cover its borrowing facilities. Cash is held with banks approved and regularly reviewed by the Manager and the Board.

The Directors believe that: the Company's objective and policy continue to be relevant to investors; the Company operates within a robust regulatory environment; and the Company has sufficient resources and arrangements to continue operating within its stated policy for the 12 month period commencing from the date of this report. Accordingly, the financial statements have been drawn up on the basis that the Company is a going concern.

By order of the Board
F&C Investment Business Limited, Secretary
Exchange House
Primrose Street
London EC2A 2NY

29 July 2015

Directors' Statement of Principal Risks and Uncertainties

Most of the Company's principal risks and uncertainties are market related and no different from those of other investment trusts investing primarily in listed equities. They are described in more detail under the heading "Principal risks and changes in the year" within the strategic report in the Company's annual report for the year ended 31 December 2014 and have not changed materially since the date of that report.

The risks include: having an inappropriate strategy in relation to investor demands; failure on the part of the Manager to continue to operate effectively; inappropriate asset allocation, sector and stock selection, currency exposure and use of gearing and derivatives leading to investment underperformance; and administrative errors, control failures or IT weaknesses by or between other service providers.

Directors' Statement of Responsibilities in Respect of the Half-Yearly Financial Report

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 on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net 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;
 - the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.
- On behalf of the Board
Simon Fraser
Chairman
29 July 2015

How to invest

One of the most convenient ways to invest in Foreign & Colonial Investment Trust PLC is through one of the savings plans run by F&C Investments.

F&C Investment Trust ISA

Use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for the 2015/16 tax year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

Junior ISA ("JISA")

This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £4,080 for the 2015/16 tax year with all the tax benefits of the CTF. You can invest from £30 a month, or £500 lump sum, or a combination of both. CTF holders are able to transfer CTF to a JISA.

F&C Child Trust Fund ("CTF")

CTFs are closed to new investors; however, if your child has a CTF with another provider, it is easy to transfer it to F&C. The Registered Contact on a CTF is able to transfer a CTF to a Junior ISA. Additional contributions can be made to the shares account version of the CTF from as little as £25 per month or £100 lump sum – up to a maximum of £4,080 for birthdays in the 2015/16 tax year.

F&C Private Investor Plan ("PIP")

A flexible way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

F&C Children's Investment Plan ("CIP")

A flexible way to save for a child. With no maximum contributions, the plan can easily be set up under base trust (where the child is noted as the beneficial owner) to help reduce inheritance tax liability or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

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 individual. The CTF and JISA accounts are opened in the child's name. Money cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan.

Annual account charge

ISA: £60+VAT

PIP: £40+VAT

JISA/CIP/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits)

Dealing charge per holding

ISA: 0.2%

PIP/CIP/JISA: postal instructions £12, online instruction £8

The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends for the PIP/CIP/JISA or the investment of regular monthly savings.

There is no dealing charge on a CTF but a switching charge of £25 applies if more than two switches are carried out in one year.

Government stamp duty of 0.5% also applies on purchases (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing.

F&C Management Limited is authorised and regulated by the Financial Conduct Authority FRN: 119230 and is a member of the F&C Group. The ultimate parent company of the F&C Group is the Bank of Montreal.

How to Invest

You can invest in all our savings plans online.

New Customers:

Contact our Investor Services Team

Call: **0800 136 420***

Email: **info@fandc.com**

Investing online: **www.fandc.com/apply**

*8:30 am – 5:30 pm, weekdays

Calls may be recorded.

Existing Plan Holders:

Contact our Investor Services Team

Call: **0345 600 3030****

Email: **investor.enquiries@fandc.com**

By post: F&C Plan Administration Centre

PO Box 11114

Chelmsford

CM99 2DG

**9:00 am – 5:00 pm, weekdays.

Calls may be recorded.

Availability of report and accounts

The Company's report and accounts are available on the Internet at www.foreignandcolonial.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 0345 600 3030**.

