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**Foreign & Colonial  
Investment Trust PLC**

Report and accounts

for the half-year ended **30 June 2011**

## About your Company

### 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. Pioneered the concept of collective investment, by giving the small investor the same advantage as the large institution by reducing risk through a spread of investments.

### Today

One of the largest global growth trusts, with total assets of over £2.4 billion investing in over 500 listed companies in over 30 countries.

Some 110,000 shareholders, with over 90,000 investors through the F&C savings plans.

### Reputation

Well-known and respected brand, with a reputation for delivering its long-term objectives in a responsible, prudent and effective way.

### Management

Independent Board of Directors responsible for overall strategy and monitoring performance.

Management of the investments is carried out by F&C Management Limited (the “**Manager**” or “**F&C**”) under contract.

External third party sub-managers are used to enhance investment performance where appropriate.

No cross-directorships, no cross-holdings and no conflicts of interest exist between the Company and its Manager.

### Advantages of an investment trust

**The ability as a closed-end fund to take a long-term view and ride out difficult conditions** – we have ridden through two world wars and many market crashes.

**The flexibility to invest in a wide range of assets** – we have increased our exposure to private equity.

**The freedom to borrow money to improve returns to shareholders in rising markets** – we have borrowed in foreign currencies at low rates for many years and more recently in sterling.

**The ability to buy back shares to enhance net asset value and reduce discount volatility** – we have a buy back policy to keep the discount below 10% in normal market conditions.

**Low charges to investors, typically well below those for comparable unit trusts** – our total expense ratio for 2010 was 0.54%. The cumulative benefits of such low costs over many years are very significant for long-term investors.

Visit our website at [www.foreignandcolonial.com](http://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

Net asset value per share up **3.5%** to **358.25 pence**

Share price up **3.3%** to **319.8 pence**

Net asset value per share total return of **4.6%**

Share price total return **4.5%**

Interim dividend per share maintained at **3.00 pence** and total dividend for the year to be at least **6.75 pence**

(Net asset value based on debt at market value)

## Chairman's Statement

*Dear Shareholder*

We had a positive first half as a result of rising private equity valuations and strong dividend growth across the portfolio. The interim dividend of 3.00 pence per share will be paid on 9 September 2011 and we expect to pay at least the same total dividend for 2011 as we paid for 2010.

### Performance

There has been plenty for investors to worry about so far this year. The political turmoil in North Africa, the triple disaster of the Japanese earthquake, tsunami and nuclear reactor meltdown, and the continuing problems in the Eurozone have come on top of persistent concerns about anaemic economic growth and rising inflation. However, profits and dividend growth has

been robust and companies have generally been optimistic about the future.

There have been two very positive trends in our private equity portfolio. Strong growth from the underlying investments and the rise in stockmarkets in the last twelve months has led to an 11% increase in the value of this portfolio following the 19% increase in 2010. There has also been a sharp acceleration in the rate of cash distributions to £31.9m in the first half, compared with £24.9m in the whole of last year.

Stock market movements were smaller than in recent years with our own share price being a case in point. It moved between 297 pence and 320 pence compared with a range of 60 pence in 2010. Our listed portfolio did very well in North America, but struggled in Japan following the earthquake. We underperformed in the UK largely because of the write-down in the value of our holding in the unlisted oil exploration company,

### Weighting and stock selection in each market vs Index in period to 30 June 2011

Market	Our investment portfolio weighting	Benchmark weighting	Our portfolio performance in sterling	Local index performance in sterling
	%	%	%	%
UK	35.0	40.0	2.4	3.0
North America	21.6	32.8	5.4	3.0
Emerging markets	11.5	9.0	(2.3)	(1.5)
Europe ex UK	9.9	12.7	8.5	9.0
Japan	4.2	5.5	(9.4)	(6.7)
Private Equity	17.8	–	11.3	–

Source: F&C Management Limited

## Chairman's Statement (continued)

Caitness Petroleum, which has extensive interests in Morocco, after NATO's military intervention in Libya.

At the start of the year we were cautious about the prospects for commodity markets and made portfolio sales in Australia and some Asian markets. We spent £45.9m buying back 14,647,000 shares which added 1.0 pence to net asset value per share. The market value of our £110m

debenture fell by £7.8m, adding 1.3 pence to net asset value per share; the value will fall by a further £23.7m by 31 December 2014. Our effective gearing (taking debt at market value) rose slightly to 15.0%.

Overall our net asset value per share, measured with debt at market value, increased by 3.5% to 358.25p, which represents a total return of 4.6% for the period.

### Contributors to total return in first half of 2011

	%
Benchmark total return	2.7
Asset allocation	1.6
Stock selection	0.0
Effect of management fees	(0.2)
Other expenses	(0.1)
Interest expense	(0.4)
Effect of buybacks	0.2
Effect of change in debenture valuation	0.4
Other gearing	0.4
Net asset value total return*	4.6
Effect of increase in discount	(0.1)
Share price total return	4.5

\* Debt at market value.  
Source: F&C Management Limited

### Income and dividend

Income growth from the portfolio was strong across the board. All our top twenty income producers increased their dividends apart from Royal Dutch Shell, and BP resumed dividend payments. Interest costs were up as we had

more borrowings than in 2010 but expenses fell. The net effect of all these changes was an increase in earnings per share of 15.2% to 3.94 pence.

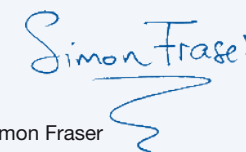
The interim dividend of 3.00 pence per share is the same as last year and will be

paid on 9 September. We expect the increase in income to continue in the second half, underpinning our confidence that we expect to pay at least the same total dividend of 6.75 pence per share for the year.

### Outlook

Global economic growth is likely to remain subdued by the standards of past recoveries, and profits and dividend growth will probably slow in the rest of this year and into 2012. If activity accelerates then concerns about inflation will return and interest rates will be expected to rise. If growth disappoints there will be more worries about deflation and the inability to cut interest rates from current levels. None of the problems that have worried investors have been resolved so stock markets are likely to remain nervous and directionless.

However, markets have absorbed a lot of bad news already, profits and dividends are still rising and the alternatives to equity investing look very unattractive. Foreign & Colonial is in a stronger position than it was six months ago. We are on the cusp of seeing significant cash returns from our private equity funds and our highly diversified listed portfolio gives us exposure to many growth opportunities. We remain confident in our ability to produce long term growth in income and capital.



Simon Fraser  
Chairman  
27 July 2011

### 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.

## Twenty Largest Holdings

30 Jun 2011	31 Dec 2010		Value £'000s	% of total investments
1	(1)	<b>Pantheon Europe Fund III*</b>	67,963	2.8%
2	(6)	<b>Pantheon Europe Fund V*</b>	55,760	2.3%
3	(5)	<b>Harbourvest V Direct Fund*</b>	54,469	2.2%
4	(2)	<b>Vodafone</b>	53,995	2.2%
5	(3)	<b>Rio Tinto</b>	47,957	2.0%
6	(4)	<b>HSBC</b>	46,953	1.9%
7	(8)	<b>GlaxoSmithKline</b>	45,890	1.9%
8	(7)	<b>BP</b>	38,493	1.6%
9	(9)	<b>Harbourvest Partners VII Buyout Fund*</b>	38,487	1.6%
10	(11)	<b>British American Tobacco</b>	35,503	1.5%

30 Jun 2011	31 Dec 2010		Value £'000s	% of total investments
11	(12)	<b>Dover Street Fund VI*</b>	34,630	1.4%
12	(17)	<b>Dover Street Fund VII*</b>	32,861	1.3%
13	(13)	<b>Utilico Emerging Markets</b>	31,128	1.3%
14	(14)	<b>Royal Dutch Shell</b>	29,324	1.2%
15	(18)	<b>Pantheon Asia Fund IV*</b>	27,193	1.1%
16	(15)	<b>Tesco</b>	24,640	1.0%
17	(16)	<b>Scottish &amp; Southern Energy</b>	23,124	0.9%
18	(-)	<b>Pantheon Asia Fund V*</b>	22,775	0.9%
19	(20)	<b>Harbourvest Partners VIII Buyout Fund*</b>	22,700	0.9%
20	(19)	<b>Pantheon Global Secondary Fund III*</b>	22,339	0.9%

The value of the twenty largest holdings represents 30.9% (31 December 2010: 30.4%) of the Company's total investments.

The figures in brackets denote the position in the twenty largest holdings at the previous year end.

\* Unlisted Private Equity Limited Partnership investment held at estimated fair value, with no fixed capital and no distributable income in the ordinary course of business.

## Unaudited Condensed Income Statement

Notes	6 months to 30 June 2011			6 months to 30 June 2010			Year ended 31 December 2010			
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
	Gains/(losses) on investments	–	64,336	64,336	–	(54,061)	(54,061)	–	270,308	270,308
	Exchange gains/(losses)	61	407	468	(19)	(2,834)	(2,853)	65	(5,148)	(5,083)
3	Income	32,681	–	32,681	29,820	–	29,820	51,123	–	51,123
4	Fees and other expenses	(3,605)	(2,349)	(5,954)	(3,854)	(2,454)	(6,308)	(7,348)	(4,572)	(11,920)
	<b>Net return before finance costs and taxation</b>	<b>29,137</b>	<b>62,394</b>	<b>91,531</b>	<b>25,947</b>	<b>(59,349)</b>	<b>(33,402)</b>	<b>43,840</b>	<b>260,588</b>	<b>304,428</b>
	Interest payable and similar charges	(3,817)	(3,817)	(7,634)	(3,397)	(3,397)	(6,794)	(7,102)	(7,102)	(14,204)
	<b>Net return on ordinary activities before taxation</b>	<b>25,320</b>	<b>58,577</b>	<b>83,897</b>	<b>22,550</b>	<b>(62,746)</b>	<b>(40,196)</b>	<b>36,738</b>	<b>253,486</b>	<b>290,224</b>
5	Taxation on ordinary activities	(1,595)	(137)	(1,732)	(1,293)	–	(1,293)	(2,084)	(156)	(2,240)
6	<b>Net return attributable to shareholders</b>	<b>23,725</b>	<b>58,440</b>	<b>82,165</b>	<b>21,257</b>	<b>(62,746)</b>	<b>(41,489)</b>	<b>34,654</b>	<b>253,330</b>	<b>287,984</b>
6	<b>Return per share – basic (pence)</b>	<b>3.94</b>	<b>9.70</b>	<b>13.64</b>	<b>3.42</b>	<b>(10.08)</b>	<b>(6.66)</b>	<b>5.61</b>	<b>41.01</b>	<b>46.62</b>

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.

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

	Share capital £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
<b>Half-year ended 30 June 2011</b>					
Balance brought forward at 31 December 2010	152,530	110,232	1,769,398	110,850	2,143,010
Shares repurchased by the Company	(3,662)	3,662	(45,893)	–	(45,893)
Dividends paid	–	–	–	(22,480)	(22,480)
Return attributable to shareholders	–	–	58,440	23,725	82,165
<b>Balance carried forward 30 June 2011</b>	<b>148,868</b>	<b>113,894</b>	<b>1,781,945</b>	<b>112,095</b>	<b>2,156,802</b>
<b>Half-year ended 30 June 2010</b>					
Balance brought forward at 31 December 2009	158,022	104,740	1,578,300	117,407	1,958,469
Shares repurchased by the Company	(4,316)	4,316	(48,461)	–	(48,461)
Dividends paid	–	–	–	(22,771)	(22,771)
Return attributable to shareholders	–	–	(62,746)	21,257	(41,489)
<b>Balance carried forward 30 June 2010</b>	<b>153,706</b>	<b>109,056</b>	<b>1,467,093</b>	<b>115,893</b>	<b>1,845,748</b>
<b>Year ended 31 December 2010</b>					
Balance brought forward 31 December 2009	158,022	104,740	1,578,300	117,407	1,958,469
Shares repurchased by the Company	(5,492)	5,492	(62,232)	–	(62,232)
Dividends paid	–	–	–	(41,211)	(41,211)
Return attributable to shareholders	–	–	253,330	34,654	287,984
<b>Balance carried forward 31 December 2010</b>	<b>152,530</b>	<b>110,232</b>	<b>1,769,398</b>	<b>110,850</b>	<b>2,143,010</b>

## Unaudited Condensed Balance Sheet

Notes	30 June 2011 £'000s	30 June 2010 £'000s	31 Dec 2010 £'000s
<b>Fixed assets</b>			
Investments	2,447,359	2,029,099	2,422,285
<b>Current assets</b>			
Debtors	11,620	11,914	6,443
Cash at bank and short term deposits	–	3,244	–
	<b>11,620</b>	15,158	6,443
<b>Creditors: amounts falling due within one year</b>			
7 Loans	(100,430)	(80,986)	(102,251)
8 Other	(91,172)	(6,948)	(72,892)
	<b>(191,602)</b>	(87,934)	(175,143)
<b>Net current liabilities</b>	<b>(179,982)</b>	(72,776)	(168,700)
<b>Total assets less current liabilities</b>	<b>2,267,377</b>	1,956,323	2,253,585
<b>Creditors: amounts falling due after more than one year</b>			
Debentures	(110,575)	(110,575)	(110,575)
<b>Net assets</b>	<b>2,156,802</b>	1,845,748	2,143,010
<b>Capital and reserves</b>			
9 Share capital	148,868	153,706	152,530
Capital redemption reserve	113,894	109,056	110,232
Capital reserves	1,781,945	1,467,093	1,769,398
Revenue reserve	112,095	115,893	110,850
<b>Total shareholders' funds</b>	<b>2,156,802</b>	1,845,748	2,143,010
11 <b>Net asset value per share</b>			
– prior charges at nominal value (pence)	<b>362.20</b>	300.21	351.24

## Unaudited Condensed Cash Flow Statement

Notes	6 months to 30 June 2011 £'000s	6 months to 30 June 2010 £'000s	Year ended 31 Dec 2010 £'000s
12 Net cash inflow from operating activities	23,661	18,194	34,290
Interest paid	(7,385)	(6,768)	(14,097)
Net cash inflow/(outflow) from financial investment	43,219	(11,544)	(80,197)
Equity dividends paid	(22,480)	(22,771)	(41,211)
<b>Net cash inflow/(outflow) before use of liquid resources and financing</b>	<b>37,015</b>	(22,889)	(101,215)
Net cash (outflow)/inflow from financing	(44,635)	28,666	34,502
<b>(Decrease)/increase in cash</b>	<b>(7,620)</b>	5,777	(66,713)
<b>Reconciliation of net cash movement to movement in net debt</b>			
Net cash movement	(7,620)	5,777	(66,713)
Increase in short term loans	(1,560)	(76,743)	(95,860)
Exchange movements	407	(2,834)	(5,148)
Movement in net debt in the period	(8,773)	(73,800)	(167,721)
Net debt brought forward	(282,238)	(114,517)	(114,517)
<b>Net debt carried forward</b>	<b>(291,011)</b>	(188,317)	(282,238)
<b>Represented by:</b>			
(Overdrafts)/cash at bank	(80,006)	1,827	(69,412)
Short term deposits	–	1,417	–
Loans	(100,430)	(80,986)	(102,251)
Debentures	(110,575)	(110,575)	(110,575)
<b>Net debt carried forward</b>	<b>(291,011)</b>	(188,317)	(282,238)



## Unaudited Notes on the Condensed Accounts

### 1 Results

The results for the six months to 30 June 2011 and 30 June 2010, which have been reviewed by the Auditors, 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 2010; 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 2010 are an extract from those accounts.

### 2 Accounting policies

The condensed set of financial statements for the six months to 30 June 2011 has been prepared on the basis of the accounting policies set out in the Company's financial statements at 31 December 2010. These accounting policies are expected to be followed throughout the year ending 31 December 2011.

### 3 Income

	6 months to 30 June 2011 £'000s	6 months to 30 June 2010 £'000s	Year ended 31 Dec 2010 £'000s
Income comprises:			
UK dividends	16,077	14,985	25,315
Overseas dividends	16,337	14,587	25,353
Stock lending fees	259	–	120
Scrip dividends	–	148	58
Interest on cash and short-term deposits	2	4	11
Underwriting commission	6	96	266
	<b>32,681</b>	29,820	51,123

### 4 Fees and other expenses

	6 months to 30 June 2011 £'000s	6 months to 30 June 2010 £'000s	Year ended 31 Dec 2010 £'000s
Fees and other expenses	<b>(5,954)</b>	(6,308)	(11,920)
Comprise:			
Allocated to Revenue Account			
– Management fees payable directly to F&C	<b>(1,986)</b>	(1,949)	(3,874)
– Other expenses	<b>(1,619)</b>	(1,905)	(3,474)
	<b>(3,605)</b>	(3,854)	(7,348)
Allocated to Capital Account			
– Management fees payable directly to F&C	<b>(1,986)</b>	(1,949)	(3,875)
– Management fees payable directly to Private Equity Managers	<b>(319)</b>	(330)	(638)
– Other expenses	<b>(44)</b>	(175)	(59)
	<b>(2,349)</b>	(2,454)	(4,572)

With effect from 1 January 2011, the Company revised the Manager's remuneration bases and rates. The fixed management fee was replaced with a fee 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. Variable fees payable in respect of third party sub-managers remain unchanged. Performance fees are no longer payable to the Manager. The services provided by F&C remain unchanged from those disclosed within the accounts for the year ended 31 December 2010. There has been no change to fee arrangements with the private equity managers since the year end.

### 5 Taxation

The taxation charge of £1,732,000 (30 June 2010 – £1,293,000 and 31 December 2010 – £2,240,000) relates to irrecoverable overseas taxation.

## Unaudited Notes on the Accounts (continued)

### 6 Total return

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>6 months to 30 June 2011</b>	6 months to 30 June 2010	Year ended 31 Dec 2010
	<b>£'000s</b>	£'000s	£'000s
Total Return	<b>82,165</b>	(41,489)	287,984
Revenue Return	<b>23,725</b>	21,257	34,654
Capital Return	<b>58,440</b>	(62,746)	253,330
Weighted average ordinary shares in issue	<b>602,218,690</b>	622,340,948	617,732,621

	<b>6 months to 30 June 2011</b>	6 months to 30 June 2010	Year ended 31 Dec 2010
	<b>pence</b>	pence	pence
Total Return	<b>13.64</b>	(6.66)	46.62
Revenue Return	<b>3.94</b>	3.42	5.61
Capital Return	<b>9.70</b>	(10.08)	41.01

### 7 Loans

	<b>30 June 2011</b>	30 June 2010	31 Dec 2010
	<b>£'000s</b>	£'000s	£'000s
Loans	<b>(100,430)</b>	(80,986)	(102,251)

Comprise:

– Sterling denominated	<b>£50m</b>	£30m	£50m
– Yen denominated	<b>¥6.54bn</b>	¥6.75bn	¥6.64bn

### 8 Other creditors falling due within one year

	<b>30 June 2011</b>	30 June 2010	31 Dec 2010
	<b>£'000s</b>	£'000s	£'000s
Cost of ordinary shares repurchased	<b>796</b>	536	1,101
Investment creditors	<b>8,252</b>	4,938	343
Bank overdraft	<b>80,006</b>	–	69,412
Management fees payable to F&C	<b>811</b>	851	815
Other accrued expenses	<b>1,307</b>	623	1,221
	<b>91,172</b>	6,948	72,892

### 9 Share capital

	Number	Authorised Nominal £'000s	Issued and fully paid Number	Nominal £'000s
Ordinary shares of 25p each				
Balance at 31 December 2010	1,103,600,000	275,900	610,119,016	152,530
Shares repurchased by the Company	–	–	(14,647,000)	(3,662)
Balance at 30 June 2011	<b>1,103,600,000</b>	<b>275,900</b>	<b>595,472,016</b>	<b>148,868</b>

14,647,000 ordinary shares were repurchased and cancelled during the period at a total cost of £45,893,000. Since 30 June 2011 a further 910,000 ordinary shares have been repurchased at a cost of £2,952,000.

## Unaudited Notes on the Accounts (continued)

### 10 Dividend

The final dividend of 3.75 pence in respect of the year ended 31 December 2010 was paid on 9 May 2011 to all shareholders on the register at close of business on 15 April 2011. The interim dividend of 3.00 pence per ordinary share will be paid on 9 September 2011 to shareholders on the register on 12 August 2011.

The total cost of the interim dividend, which has not been accrued, based on 594,562,016 shares in issue, is £17,837,000 (30 June 2010 interim dividend – £18,440,000 and 31 December 2010 final dividend – £22,480,000).

### 11 Net asset value per ordinary share

	30 June 2011	30 June 2010	31 Dec 2010
Net asset value per share			
(with debenture stocks at nominal value)	<b>362.20p</b>	300.21p	351.24p
Net assets attributable at end of period – £'000s	<b>2,156,802</b>	1,845,748	2,143,010
Ordinary shares of 25p each in issue at end of period – number	<b>595,472,016</b>	614,825,016	610,119,016

Net asset value per share (with debenture stocks at market value) at 30 June 2011 was 358.25p (30 June 2010 – 294.36p and 31 December 2010 – 346.11p). The market value of debenture stocks at 30 June 2011 was £134,094,000 (30 June 2010 – £146,539,000 and 31 December 2010 – £141,874,000).

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

	6 months to 30 June 2011 £'000s	6 months to 30 June 2010 £'000s	Year ended 31 Dec 2010 £'000s
Total return before finance costs and taxation	<b>91,531</b>	(33,402)	304,428
Adjust for returns from non-operating activities:			
– (Gains)/losses on investments	<b>(64,336)</b>	54,061	(270,308)
– Exchange (gains)/losses of a capital nature	<b>(407)</b>	2,834	5,148
– Non-operating expenses of a capital nature	<b>44</b>	175	59
Return from operating activities	<b>26,832</b>	23,668	39,327
Adjusted for non-cash flow items:			
– Exchange (gains)/losses of a revenue nature	<b>(61)</b>	19	(65)
– Increase in accrued income	<b>(1,460)</b>	(3,413)	(2,221)
– Decrease in prepayments	<b>213</b>	221	11
– Decrease in creditors	<b>(172)</b>	(796)	(315)
– Scrip dividends	<b>–</b>	(148)	(58)
– Overseas taxation	<b>(1,691)</b>	(1,357)	(2,389)
Net cash inflow from operating activities	<b>23,661</b>	18,194	34,290

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

27 July 2011

## Directors' Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities. Its principal risks, and its opportunities, are market related and no different to those of other investment trusts investing primarily in listed equities. More specific to the Company are those relating to private equity. Other key risks faced by the Company include those relating to investment objective and strategy, policy, gearing and currency, and service providers; most notably

impending changes in the provision of third party outsourced services. 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 business review in the Company's annual report for the year ended 31 December 2010. The Company's principal risks and uncertainties have not changed materially since the date of that report.

## Directors' Statement of Responsibilities in Respect of the 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; and
- in light of the controls and monitoring processes that are in place, the Company has adequate resources and arrangements to continue operating within its stated objective and policy for the foreseeable future. Accordingly, the accounts continue to be drawn up on the basis that the Company is a going concern.

On behalf of the Board  
Simon Fraser  
Chairman  
27 July 2011

## Independent Review Report to Foreign & Colonial Investment 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 June 2011, which comprises the income statement, the balance sheet, the cash flow statement, the reconciliation of movements in shareholders' funds and related notes. 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.

### 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 Company are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board.

### 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. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### 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 June 2011 is not prepared, in all material respects, in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP  
Chartered Accountants  
27 July 2011  
London

**Note:** The maintenance and integrity of Foreign & Colonial Investment Trust PLC's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## How to invest

As well as investing in Foreign & Colonial Investment Trust PLC directly through a stockbroker, there are some additional benefits of investing through one of the savings plans run by F&C Management Limited (“F&C”).

You can enjoy the convenience of making regular savings by direct debit, take advantage of our tax-efficient ISA wrapper, receive a simple statement every six months and let us automatically reinvest your dividends for you. You can also choose to phase in a lump sum investment, meaning that your money is invested in equal amounts over a three or six month period.

### 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. You can also make additional lump sum top-ups at anytime from £250.

### F&C Investment Trust ISA

Use your ISA allowance to invest up to £10,680 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at anytime from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

### F&C Child Trust Fund (“CTF”)

F&C is a leading provider of CTFs which can be opened for all children born between 1 September 2002 and 31 December 2010, using the government’s CTF voucher. The maximum that can be invested annually is £1,200 and, with an investment trust CTF, investments can start from as little as £25 a month.

### F&C Children’s Investment Plan

Aimed at 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. 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.

### 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 percent. Government stamp duty of 0.5 percent also applies on purchases (where applicable). There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many ISAs you take out annually with F&C, or how many ISAs you transfer). The CTF has no initial charges, dealing charges or annual management fee.

### How to invest

You can invest in all our savings plans online, except for the CTF. It’s simple to register and invest using your debit card. Alternatively, please contact us for application forms.

### New Customers:

Contact our Investor Services Team

Call: **0800 136 420**

Email: **info@fandc.com**

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

### Existing Plan Holders:

Contact our Investor Services Team

Call: **0845 600 3030**

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

By post: F&C Plan Administration Centre  
Block C, Western House  
Lynchwood Business Park  
Peterborough, PE2 6BP

Calls may be recorded.

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 22 and 23 has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated in the UK by the Financial Services Authority (FSA).

#### **Availability of report and accounts**

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