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**Foreign & Colonial  
Investment Trust PLC**

Report and accounts

for the half-year ended **30 June 2008**

## About your Company

### Objective

To secure long-term growth in capital and income through a policy of investing primarily in an international diversified portfolio of publicly listed equities, as well as unlisted securities and private equity with 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 £2.3 billion investing in over 690 companies in 35 countries.

Some 108,000 shareholders, with over 83,000 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 ("F&C") under contract.

Manager incentivised to produce superior performance.

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

No cross-directorships, no cross-holdings and no conflicts of interest 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.
- The freedom to borrow money to improve returns to shareholders in rising markets – we have borrowed prudently in foreign currencies at low rates for many years.
- The ability to buy back shares to enhance net asset value and reduce discount volatility – we have introduced 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 2007 was 0.71% (including performance fee accrued). 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 total return minus **10.7%** (debt at market value)

Share price down 10.7% to **284.75p**

Interim dividend per share up 11.1% to **3.00p**

## Chairman's Statement

*Dear Shareholder*

The first half of 2008 was the most difficult period for stock markets for six years.

- Our net asset value per share total return was minus 10.7% (taking debt at market value) and our share price total return minus 9.7%. We suffered from having borrowings in a falling market and from less successful stock selection in some areas but our private equity funds performed well.
- The net asset value performance was slightly behind our index benchmark total return of minus 10.5% and the size weighted average of our closest competitors of minus 9.9%.
- The interim dividend will increase by 11.1% to 3.00 pence per share and we intend to recommend a final dividend of 3.45 pence per share, an increase of 9.5%.

### Markets

All major stock markets fell. At the start of the year the most pressing concern was the credit crunch and its impact on the financial system. This reached a peak in mid March when rumours about the collapse of the large US investment bank Bear Stearns led to its takeover. By the end of June concerns about rising oil, food and commodity prices creating generally higher inflation had taken centre stage. Banks raised large sums to rebuild capital, which depressed their share prices. Many other shares suffered from worries that profit margins would be reduced by higher costs and lower economic activity. Oil and commodity related sectors were the rare exceptions to the difficult environment.

### Contributors to total return in first half of 2008

	%
Benchmark return	-10.5
Asset allocation	0.9
Stock selection	0.5
Effect of management fees and other costs	-0.3
Effect of interest cost	-0.4
Effect of share buy backs	0.1
Effect of gearing*	-1.0
Net asset value total return*	-10.7

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

### Performance and portfolio activity

Our private equity portfolio made a major positive contribution and now accounts for 10.7% of our assets. We invested a further £44m in private equity in the first six months of 2008 (30 June 2007 £66m) and received cash distributions from our managers of £8m (30 June 2007 £4m). We are cautious about the prospects for our private equity holdings in the second half of the year as we expect valuations to reflect the falls in public markets. Our UK portfolio had an excellent relative performance, largely as a result of its low exposure to banks. Elsewhere we had a relapse in US performance after a strong 2007 and our European portfolio did poorly. No performance fee was earned by the Manager.

At the start of the year we planned to increase our gearing to take advantage of the opportunities we expected to find in markets. We did this in the first two months and on the day Bear Stearns

### Weighting and stock selection in each market vs Index in period to 30 June 2008

Market	Our portfolio weighting	Benchmark weighting	Our portfolio performance in sterling	Local index performance in sterling
	%	%	%	%
UK	37.5	40.0	-8.2	-11.2
North America	19.2	31.6	-12.5	-10.6
Europe ex UK	10.1	14.7	-15.9	-12.2
Japan	5.3	5.9	-5.7	-5.0
Emerging Markets	12.3	5.4	-10.6	-11.6
Developed Asia	4.9	2.4	-15.7	-17.6
Private Equity	10.7	-	5.6	-

Source: F&C Management Limited

was rescued our gearing was higher than it had been when markets bottomed in March 2003. In May we became more cautious and raised £48.5m from our UK portfolio. At 30 June 2008 effective gearing, taking all our debt at market value, was 10.1% compared with 8.5% at 31 December 2007. For the first time since 1992 we took out short term loans in sterling as we expect the pound to be weak.

### Dividends

Revenue in the first half was stronger than we expected. Several of our largest holdings increased their dividends substantially and costs were lower than last year. The rest of 2008 and 2009 will be more difficult but we are in a very strong position to cope with this. Over the last decade we have more than doubled our revenue reserve and our diversified portfolio protects us from the impact of individual dividend cuts.

The interim dividend of 3.00 pence will be paid on 9 September 2008. We intend to recommend a final dividend of 3.45 pence per share, making a total for the year of 6.45 pence, 10.3% higher than the previous year. 2008 will be the 38th consecutive year of annual dividend increases and we expect another increase in 2009. We believe that a rising dividend is an important part of shareholder returns.

### Shareholders and buybacks

The number of shareholders increased in the first half of the year to 108,000. There was also a net inflow into the savings plans for the first time since 2003. Our marketing efforts remain focused on encouraging long term regular savings especially, but not exclusively, Child Trust Funds.

We continued to buy back shares to enhance net asset value per share and maintain the

## Chairman's Statement (continued)

discount at 10% in normal market conditions. We bought back 5,978,804 shares compared with 31,374,599 shares in the first six months of 2007. This was the lowest rate of buybacks since 2003.

### Outlook

Markets have been even more volatile than we expected at the start of the year. High oil, commodity and food prices are putting pressure on inflation and preventing central banks from cutting interest rates to ease problems in the financial system. This combination is a very difficult one for consumers, companies and share prices, which is why markets have been so weak this year.

Six months ago we thought the worst would be over by the summer, but we now expect markets to remain difficult and volatile for the rest of the year. However, it will also become clearer whether the biggest risk is

from rising oil and commodity prices or falling asset prices and knowing the worst will help stabilise markets. Your company has a very wide spread of investments in public and private equities, the ability to borrow to enhance returns and a large revenue reserve. This spread and financial flexibility means we are in a stronger position than most investors to cope with the risks we face. We also need to be alert to the opportunities that arise when economic and market conditions are tough. Our current intention is to increase our gearing by buying into strong companies at low valuations in the second half of the year.



Mark Loveday  
30 July 2008

## Directors' Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related. The Company invests in leading overseas companies and so is exposed to currency risk in respect of these investments. Other key risks faced by the Company include investment strategy, management resources, regulatory, operational and financial risks. These

risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and their control" within the business review in the Company's annual report for the year ended 31 December 2007. 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

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with the statement "Half-yearly financial reports" issued by the UK Accounting Standards Board and gives a true and fair view of the assets, liabilities, financial position and net return of the Company as required by the Disclosure and Transparency Rules ("DTR") 4.2.4R;
- the Chairman's Statement (constituting the interim management statement) includes a fair review of the information required by 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 financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the financial statements include a fair review of the information required by DTR 4.2.8R regarding related party transactions.

On behalf of the Board  
Mark Loveday  
Chairman  
30 July 2008

### 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

## Twenty Largest Holdings

30 Jun 2008	31 Dec 2007	Company	Value £'000s	% of total investments
1	(2)	<b>BP</b>	70,556	3.0%
2	(1)	<b>Royal Dutch Shell</b>	69,790	3.0%
3	(5)	<b>Pantheon Europe Fund III LP</b>	64,232	2.7%
4	(3)	<b>Rio Tinto</b>	55,989	2.4%
5	(4)	<b>Vodafone</b>	47,865	2.0%
6	(7)	<b>GlaxoSmithKline</b>	41,119	1.7%
7	(6)	<b>HSBC</b>	39,138	1.7%
8	(16)	<b>HarbourVest Partners V Direct Fund LP</b>	35,144	1.5%
9	(14)	<b>Dover Street VI LP</b>	31,144	1.3%
10	(13)	<b>HarbourVest Partners VII Buyout Fund LP</b>	30,876	1.3%

30 Jun 2008	31 Dec 2007	Company	Value £'000s	% of total investments
11	(8)	<b>Utilico Emerging Markets</b>	30,398	1.3%
12	(9)	<b>Scottish &amp; Southern Energy</b>	30,269	1.3%
13	(12)	<b>Utilico</b>	29,491	1.3%
14	(18)	<b>Anglo American</b>	27,690	1.2%
15	(17)	<b>Blackrock Latin American</b>	24,378	1.0%
16	(11)	<b>Tesco</b>	24,353	1.0%
17	(10)	<b>British American Tobacco</b>	24,346	1.0%
18	(15)	<b>Royal Bank of Scotland</b>	21,382	0.9%
19	(-)	<b>Petrobras</b>	20,491	0.9%
20	(-)	<b>AstraZeneca</b>	19,215	0.8%

The value of the twenty largest holdings represents 31.3% (31 December 2007: 29.6%) of the Company's total investments.

## Unaudited Income Statement

Notes	6 months to 30 June 2008			6 months to 30 June 2007			Year ended 31 December 2007			
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	
	(Losses)/gains on investments	–	(290,177)	(290,177)	–	194,158	194,158	–	288,498	288,498
	Exchange (losses)/gains	(20)	(3,227)	(3,247)	(27)	2,260	2,233	22	(725)	(703)
2	Income	37,934	–	37,934	38,130	–	38,130	63,253	–	63,253
3	Fees and other expenses	(3,633)	(2,508)	(6,141)	(3,803)	(7,256)	(11,059)	(4,194)	(9,665)	(13,859)
	<b>Net return before finance costs and taxation</b>	<b>34,281</b>	<b>(295,912)</b>	<b>(261,631)</b>	<b>34,300</b>	<b>189,162</b>	<b>223,462</b>	<b>59,081</b>	<b>278,108</b>	<b>337,189</b>
	Interest payable and similar charges	(4,100)	(4,100)	(8,200)	(3,371)	(3,371)	(6,742)	(7,364)	(7,364)	(14,728)
	<b>Net return on ordinary activities before taxation</b>	<b>30,181</b>	<b>(300,012)</b>	<b>(269,831)</b>	<b>30,929</b>	<b>185,791</b>	<b>216,720</b>	<b>51,717</b>	<b>270,744</b>	<b>322,461</b>
4	Taxation on ordinary activities	(3,443)	1,511	(1,932)	(3,444)	1,607	(1,837)	(5,808)	2,801	(3,007)
	<b>Net return attributable to equity shareholders</b>	<b>26,738</b>	<b>(298,501)</b>	<b>(271,763)</b>	<b>27,485</b>	<b>187,398</b>	<b>214,883</b>	<b>45,909</b>	<b>273,545</b>	<b>319,454</b>
5	<b>Return per share – basic (pence)</b>	<b>3.92</b>	<b>(43.75)</b>	<b>(39.83)</b>	<b>3.73</b>	<b>25.46</b>	<b>29.19</b>	<b>6.40</b>	<b>38.10</b>	<b>44.50</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 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 2008</b>					
<b>Balance brought forward 31 December 2007</b>	171,330	91,432	2,107,691	120,497	2,490,950
Shares repurchased by the Company	(1,495)	1,495	(17,773)	–	(17,773)
Dividends paid	–	–	–	(21,525)	(21,525)
Return attributable to equity shareholders	–	–	(298,501)	26,738	(271,763)
<b>Balance carried forward 30 June 2008</b>	<b>169,835</b>	<b>92,927</b>	<b>1,791,417</b>	<b>125,710</b>	<b>2,179,889</b>
<b>Half-year ended 30 June 2007</b>					
Balance brought forward 31 December 2007	187,494	75,268	2,030,568	114,810	2,408,140
Shares repurchased by the Company	(7,843)	7,843	(93,061)	–	(93,061)
Dividends paid	–	–	–	(21,081)	(21,081)
Return attributable to equity shareholders	–	–	187,398	27,485	214,883
<b>Balance carried forward 30 June 2007</b>	<b>179,651</b>	<b>83,111</b>	<b>2,124,905</b>	<b>121,214</b>	<b>2,508,881</b>
<b>Year ended 31 December 2007</b>					
Balance brought forward 31 December 2006	187,494	75,268	2,030,568	114,810	2,408,140
Shares repurchased by the Company	(16,164)	16,164	(196,422)	–	(196,422)
Dividends paid	–	–	–	(40,222)	(40,222)
Return attributable to equity shareholders	–	–	273,545	45,909	319,454
Balance carried forward 31 December 2007	171,330	91,432	2,107,691	120,497	2,490,950

## Unaudited Balance Sheet

Notes	30 June 08 £'000s	30 June 07 £'000s	31 Dec 07 £'000s
<b>Fixed Assets</b>			
Investments	2,360,109	2,615,606	2,664,514
<b>Current assets</b>			
Debtors	26,528	29,649	10,641
Cash at bank	20,034	–	32,910
	<b>46,562</b>	29,649	43,551
<b>Creditors: amounts falling due within one year</b>			
Bank overdraft	–	(14,453)	–
6 Loans	(97,906)	–	(92,220)
Other	(18,301)	(11,346)	(14,320)
	<b>(116,207)</b>	(25,799)	(106,540)
<b>Net current assets/(liabilities)</b>	<b>(69,645)</b>	3,850	(62,989)
<b>Total assets less current liabilities</b>	<b>2,290,464</b>	2,619,456	2,601,525
<b>Creditors: amounts falling due after more than one year</b>			
Debentures	(110,575)	(110,575)	(110,575)
<b>Net assets</b>	<b>2,179,889</b>	2,508,881	2,490,950
<b>Capital and reserves</b>			
7 Share capital	169,835	179,651	171,330
Capital redemption reserve	92,927	83,111	91,432
Capital reserves	1,791,417	2,124,905	2,107,691
Revenue reserve	125,710	121,214	120,497
<b>Total shareholders' funds – equity</b>	<b>2,179,889</b>	2,508,881	2,490,950
<b>Net asset value per share –</b>			
9 <b>prior charges at nominal value (pence)</b>	<b>320.88</b>	349.13	363.47

## Unaudited Summary Cash Flow Statement

Notes	6 months to 30 June 08 £'000s	6 months to 30 June 07 £'000s	Year ended 31 Dec 07 £'000s
10 Net cash inflow from operating activities	20,656	22,962	44,115
Interest paid	(8,351)	(6,849)	(14,553)
Net cash inflow from financial investment	16,587	138,686	204,401
Equity dividends paid	(21,525)	(21,081)	(40,222)
<b>Net cash inflow before use of liquid resources and financing</b>	<b>7,367</b>	133,718	193,741
Net cash outflow from financing	(20,579)	(175,696)	(188,942)
(Decrease)/increase in cash	<b>(13,212)</b>	(41,978)	4,799
<b>Reconciliation of net cash movement to movement in net debt</b>			
Net cash movement	(13,212)	(41,978)	4,799
(Increase)/decrease in short term loans	(2,123)	65,112	(23,537)
Exchange movements	(3,227)	2,260	(725)
Movement in net debt in the period	<b>(18,562)</b>	25,394	(19,463)
Net debt brought forward	(169,885)	(150,422)	(150,422)
<b>Net debt carried forward</b>	<b>(188,447)</b>	(125,028)	(169,885)
<b>Represented by:</b>			
Cash at bank/(overdraft)	20,034	(14,453)	32,910
Loans	(97,906)	–	(92,220)
Debentures	(110,575)	(110,575)	(110,575)
<b>Net debt carried forward</b>	<b>(188,447)</b>	(125,028)	(169,885)

# Unaudited Notes on the Accounts

## 1 Accounting policies

The interim financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements at 31 December 2007.

## 2 Income

	<b>6 months to 30 June 08 £'000s</b>	6 months to 30 June 07 £'000s	Year ended 31 Dec 07 £'000s
Income comprises			
UK dividends	<b>18,932</b>	19,860	33,007
UK fixed interest	–	92	71
Overseas dividends	<b>18,316</b>	17,592	28,618
Scrip dividends	<b>13</b>	11	214
Interest on cash and short-term deposits	<b>314</b>	433	1,002
Stock lending fees and other revenue*	<b>359</b>	142	341
	<b>37,934</b>	38,130	63,253

\* F&C Management Limited received £86,000 (30 June 2007 – £40,000 and 31 December 2007 – £82,000) for managing the company's stock lending activities.

## 3 Fees and other expenses

	<b>6 months to 30 June 08 £'000s</b>	6 months to 30 June 07 £'000s	Year ended 31 Dec 07 £'000s
Fees and other expenses	<b>(6,141)</b>	(11,059)	(13,859)
Comprise:			
Allocated to Revenue Account			
– Management fees	<b>(2,185)</b>	(2,358)	(4,477)
– Other expenses	<b>(1,448)</b>	(1,445)	(3,128)
Recoverable VAT	–	–	3,411
	<b>(3,633)</b>	(3,803)	(4,194)
Allocated to Capital Account			
– Management fees	<b>(2,468)</b>	(2,609)	(4,981)
– Performance fee provision	–	(4,610)	(6,170)
Other expenses	<b>(40)</b>	(37)	(103)
Recoverable VAT	–	–	1,589
	<b>(2,508)</b>	(7,256)	(9,665)

## 4 Taxation

The taxation charge of £1,932,000 (30 June 2007 – £1,837,000 and 31 December 2007 – £3,007,000) relates to irrecoverable overseas taxation.

## 5 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 08 £'000s</b>	6 months to 30 June 07 £'000s	Year ended 31 Dec 07 £'000s
Total Return	<b>(271,763)</b>	214,883	319,454
Revenue Return	<b>26,738</b>	27,485	45,909
Capital Return	<b>(298,501)</b>	187,398	273,545
Weighted average ordinary shares in issue	<b>682,218,709</b>	736,167,192	717,944,021
	<b>6 months to 30 June 08 pence</b>	6 months to 30 June 07 pence	Year ended 31 Dec 07 pence
Total Return	<b>(39.83)</b>	29.19	44.50
Revenue Return	<b>3.92</b>	3.73	6.40
Capital Return	<b>(43.75)</b>	25.46	38.10

## 6 Loans

	<b>30 June 08</b>	30 June 07	31 Dec 07
Loans	<b>£98m</b>	–	£92m
Comprise:			
– Euro denominated	<b>€35m</b>	–	–
– Japanese yen denominated	–	–	¥5,985m
– Sterling denominated	<b>£30m</b>	–	–
– US dollar denominated	<b>US\$80m</b>	–	US\$130m

## Unaudited Notes on the Accounts (continued)

### 7 Share capital

Equity share capital	Number	Authorised Nominal £'000s	Issued and fully paid Number	Nominal £'000s
Equity share capital ordinary shares of 25p each				
Balance at 31 December 2007	1,103,600,000	275,900	685,318,592	171,330
Shares repurchased by the Company	–	–	(5,978,804)	(1,495)
<b>Balance at 30 June 2008</b>	<b>1,103,600,000</b>	<b>275,900</b>	<b>679,339,788</b>	<b>169,835</b>

5,978,804 ordinary shares were repurchased and cancelled during the period at a total cost of £17.8m. Since 30 June 2008 no ordinary shares have been repurchased.

### 8 Dividend

The final dividend of 3.15 pence in respect of the year ended 31 December 2007 was paid on 8 May 2008 to all shareholders on the register at close of business on 25 March 2008. The interim dividend of 3.00 pence per ordinary share will be paid on 9 September 2008 to shareholders on the register at 8 August 2008.

The total cost of the interim dividend, which has not been accrued, based on 679,339,788 shares in issue, is £20,380,000 (30 June 2007 interim dividend – £19,149,000 and 31 December 2007 final dividend – £21,525,000).

### 9 Net asset value per ordinary share

	6 months to 30 June 08	6 months to 30 June 07	Year ended 31 Dec 07
Net asset value per share (with debenture stocks at nominal value)	<b>320.88p</b>	349.13p	363.47p
Net assets attributable at end of period – £000s	<b>2,179,889</b>	2,508,881	2,490,950
Ordinary shares of 25p each in issue at end of period	<b>679,339,788</b>	718,602,016	685,318,592

Net asset value per share (with debenture stocks at market value) at 30 June 2008 was 316.93p (30 June 2007 344.50p and 31 December 2007 358.63p). The market value of debenture stocks at 30 June 2008 was £137,404,000 (30 June 2007 – £143,791,000 and 31 December 2007 – £143,772,000).

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

	6 months to 30 June 08 £'000s	6 months to 30 June 07 £'000s	Year ended 31 Dec 07 £'000s
Total return before finance costs and taxation	<b>(261,631)</b>	223,462	337,189
Adjust for returns from non-operating activities:			
– Gains and losses on investments	<b>290,177</b>	(194,158)	(288,499)
– Exchange gains and losses of a capital nature	<b>3,227</b>	(2,260)	725
– Non-operating expenses of a capital nature	<b>40</b>	37	103
Return from operating activities	<b>31,813</b>	27,081	49,518
Adjusted for non-cash flow items:			
– Exchange gains and losses of a revenue nature	<b>20</b>	27	(22)
– (Increase)/decrease in accrued income	<b>(2,322)</b>	(2,803)	287
– (Increase)/decrease in prepayments	<b>(142)</b>	58	(4,963)
– (Decrease)/increase in creditors	<b>(6,853)</b>	273	2,453
– Scrip dividends	<b>(13)</b>	(11)	(214)
– Overseas taxation	<b>(1,847)</b>	(1,633)	(2,914)
– Effective yield adjustment	<b>–</b>	(30)	(30)
Net cash inflow from operating activities	<b>20,656</b>	22,962	44,115

### 11 Results

The results for the six months to 30 June 2008 and 30 June 2007, which are unaudited, constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 31 December 2007; the report of the auditors thereon was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The abridged financial statements shown above for the year end 31 December 2007 are an extract from those accounts.

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

30 July 2008

## How to invest

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

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

### Private Investor Plan (“PIP”)

It only costs 0.2% (plus 0.5% Government Stamp Duty) to invest in Foreign & Colonial Investment Trust via this simple savings scheme and there are no ongoing charges. You can invest from £50 each month via a Direct Debit (£25 on behalf of a child) or from £500 as a lump sum. The minimum for top-up investments is £250. Investments in the PIP can now be made online.

### Pension Savings Plan (“PSP”)

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

can invest on behalf of non-working spouses or partners and children.

### Child Trust Fund (“CTF”)

F&C has launched a CTF so that parents can invest the Government voucher issued to all children born since 1 September 2002. There are no initial or annual plan charges, only 0.5% Government Stamp Duty on any purchases. Parents and grandparents (or other relatives) can add contributions totalling £1,200 a year. You can invest from £25 each month via Direct Debit or from £300 for lump sums once you have invested your voucher.

### Individual Savings Account (“ISA”)

From 6 April 2008, there is no longer any distinction between the maxi and mini ISAs and the investment limit applying has risen to £7,200 per annum. From the same date, all existing Personal Equity Plans have been reclassified as ISAs. The minimum monthly Direct Debit is £50, minimum lump sum investment is £500 and the minimum top-up is £250. Investments in the ISA can be made online.

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

F&C charges £60 + VAT a year to cover any ISAs held, no matter how many tax years' ISAs have been taken out with them, or how many ISAs have been transferred to them.

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

For further details on the savings schemes and application forms, please contact:

Investor Services on  
**0800 136 420**  
[info@fandc.com](mailto:info@fandc.com)

or Broker Support on  
**08457 992 299**  
[adviser.enquiries@fandc.com](mailto:adviser.enquiries@fandc.com)  
(UK calls charged at the local rate)

Fax **0131 243 1315**

You can also find more information on the website:  
[www.fandc.com](http://www.fandc.com)

If you wish to write to us, the address is:  
Investor Services Team,  
F&C Management Limited,  
80 George Street,  
Edinburgh  
EH2 3BU

The information on pages 18 and 19 has been issued and approved by F&C Management Limited, authorised and regulated in the UK by the Financial Services Authority (FSA).

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.

## Notes