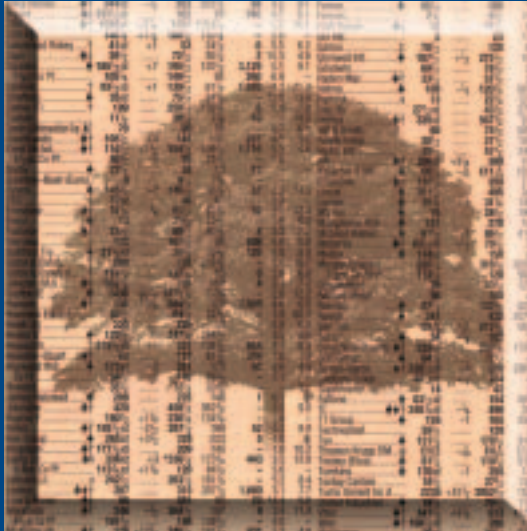


FINSBURY GROWTH TRUST PLC



Interim Report

For the six months to 31 March 2003



CLOSE FINSBURY
DIFFERENT BY DESIGN

Company Summary

Key Statistics

	31 March 2003	30 September 2002	% Change
Shareholders' funds	£55.1m	£57.0m	-3.3
Net Asset Value per share	141.9p	146.7p	-3.3
Share price	121.0p	124.5p	-2.8
Discount	14.7%	15.1%	N/A
Market capitalisation	£47.0m	£48.4m	-2.9
FTSE All-Share Index total return	1,786.6	1,821.6	-1.9

Investment Objective

Finsbury Growth Trust PLC invests in the shares of larger UK companies with the objective of achieving capital growth and providing a total return in excess of that of the FTSE All-Share Index.

Benchmark

Performance is measured against the FTSE All-Share Index total return.

Interim Dividend

An interim dividend of 1.8p per share (2002: 1.2p) will be paid on 25 July 2003 to shareholders registered at the close of business on 27 June 2003.

Capital Structure

At 31 March 2003 the Company had 38,856,430 25p Ordinary shares in issue.



Chairman's Statement

In recent weeks the UK stock market has shown some signs of recovery and at the time of writing the market price of your company's shares has increased by some 20% since 31 March 2003, the end of the six months period under review.

During the six months to 31 March 2003 the net asset value and the market price of your company's shares declined by 3.3% and 2.8% respectively compared with a reduction in the FTSE All Share Index of 1.9%. There was a small reduction in the discount to net asset value during the period from 15.1% to 14.7%. Nevertheless in the twelve months to 31 March 2003 the Company's net asset value per share outperformed the FTSE All Share index by some 2%.

Return and Dividends

The Statement of Total Return is set out in the Interim Report on page 10 and shows a diminution in the period of £1.19m as a result of a revenue return of £0.87m for the period, offset by a reduction of £2.06m in the value of the investment portfolio.

An interim dividend of 1.8p per share is being declared which will be paid on 25 July 2003 to shareholders registered at the close of business on 27 June 2003. This increase is intended to reduce the disparity between the size of the interim and final dividends.

Investments

The investment adviser's review of investments which is set out on page 4 gives further details of the investment portfolio's performance.

During the period there was no change in the weighting of the portfolio between sectors. The portfolio continues to be overweight in banks (26.1%), beverages (15.9%), leisure and hotels (15.6%) and media and entertainment (12.4%) compared with weightings in the FTSE All share index of 18.8%, 3.0%, 2.1% and 3.6% respectively. It is underweight in oil and gas (7.7%), and telecommunication services (4.6%) compared with the FTSE All share Index weightings of 13.6% and 9.6%.

In the light of these weightings it is coincidental that net asset value performance net of all costs closely tracked the benchmark index over the period under review. Given the concentration of the investment portfolio we would not expect this to continue.

Full details of the investment portfolio are set out on page 6.

Borrowings

In my interim statement last year I referred to the fact that we had arranged a £10m revolving credit facility and a £10m term loan facility both of which were for a fixed term expiring in December 2008 and in respect of which the interest rate can be fixed if we so wish. We have now renegotiated these arrangements as a result of which we have one facility, a £15m revolving credit facility, which expires at the same date and provides the same ability to fix interest rates but is subject to more favourable covenants. As at 31 March 2003 £7.7m was outstanding under this facility.



Chairman's Statement *(continued)*

Outlook

A year ago I wrote that the outlook must be uncertain. Since then the UK stock market sank to further lows before recovering following the Iraq war. Hitherto the UK economy has stood up well but there are signs of a slow down now. As always much depends on what happens in the United States where many believe equities continue to be overvalued. We think the most likely scenario in the UK is for a gradual recovery in equity prices with one or two hiccups along the way. Your board continues to believe that the strategy we have adopted of maintaining a moderately geared concentrated portfolio of larger UK companies exhibiting durability, a high prospective return on equity and low capital intensity/high free cash generation will achieve the returns we seek in the long term.

Michael Reeve *Chairman*

16 June 2003



Review of Investments

Peter Lynch, the former investment manager of the world's largest mutual fund, Fidelity Magellan, has two memorable pieces of advice for investors. First, he says, and we paraphrase, "No one can predict the economy, interest rates or the stock market. Dismiss all such forecasts". Next, he asserts, "In the long run there is a 100% correlation between a company's share price and its business performance". We write this report with these dicta very much in mind. Today we find we have even less than usual of use to say about the economy or stock market. On the other hand, we have a lot to say about the business performance of the major investment positions in your Company's portfolio, which are essentially unchanged over the past six months. What we have to report leaves us optimistic about their prospects.

We review the top 15 positions, accounting for over 82% of gross assets.

The **Halifax Preference shares** have predictably paid their dividends for the period, for a gross annual yield on book cost of 7.3%. We continue to believe this is one of the safest yields available to a UK equity investor. This confidence is strengthened by the favourable developments at **HBOS** itself, the issuer of the preference shares and another major holding in the Trust, as reflected in its full year results, announced in February. Crucially the bank increased its ordinary dividend by 5.0%, while improving its earnings by over 20.0%, thus raising dividend cover to 1.7x. We expect lending growth to slow for HBOS through 2003 and for **Bradford & Bingley** too, our other significant exposure to UK consumer lending franchises. However, we believe that the security of their mortgage books – the mortgage is the last loan you default on – and the cushion in their dividend covers, 1.7x for **Bradford & Bingley** too, makes these two banks less risky than many investors fear. **Bradford & Bingley** increased its final dividend by nearly 14.0% and yields 5.0%.

Cadbury Schweppes has been a disappointing investment for the Trust over the past six months, as investors have responded cautiously to the company's acquisition of US chewing gum manufacturer, Adams. We note the underlying progress in earnings and dividends at Cadbury in the year prior to this transaction was running at 7.0% and 5.0% respectively. This growth rate appeared sustainable to us and, in our view, this sustainability of growth was not recognized in the share rating of Cadbury. Now the Adams deal looks likely to accelerate the growth rate, by opening new markets and creating economies of scale. All these future benefits will rebound to ordinary shareholders, like us, because the deal has been financed wholly with debt. We expect Cadbury to pay this debt down soon enough and for shareholders to be left with a business with both improved earnings power and quality of earnings. We do not find it hard to conceive of our holding in Cadbury doubling in value over the next few years and with 8.0% of the Trust committed to the company, this is an alluring prospect.

Cadbury's reluctance to issue new shares, so often dilutive to existing holders, is a characteristic of another major holding, **Wolverhampton & Dudley**. The management of this brewer has an enviable record of increasing dividends, by 10.0% at the final results and of buying back shares. We find it difficult to identify another higher dividend yielding share in the UK stock market, at 4.7% today, with a comparably predictable business. Another top 15 holding in the same sector is **Fuller, Smith and Turner**, the family controlled London brewer. Unlike Wolverhampton & Dudley, Fuller's business is harder pressed, as it copes with the recession in London, however, the company is buying back its shares and has the scope to push dividends forward.

We remain very encouraged by the progress reported by our two Scottish companies, **A G Barr** and **Glenmorangie**. In addition, we judge both companies' shares to be very materially undervalued in the stock market. It may be that the ownership structures of each company, they are both family dominated, mean



Review of Investments *(continued)*

that the value we identify will be slow to be realized, or never be so. However, we benefit from the long-term perspective that the ownership arrangements bring and the fact is that volumes of the key brands, IRN-BRU and Glenmorangie itself, are growing and this growth is value-creating for all owners.

BP and **Shell** increased dividends somewhat ahead of the rate of UK inflation. We do not expect their rate of income growth to accelerate in the interim, unless the companies improve their performance in prospecting new reserves, which is unpredictable. We retain the holdings primarily against political risk.

Vodafone remains an enigma to us. The shares could be very cheap or unsustainably overpriced, dependent on its emergence, or not, as the leading global wireless network. So far the company is making rational strides towards this objective and we hold our position until the value, or lack of it, becomes more apparent.

In media, our major commitments have made moderate business progress in tough circumstances. These three positions are **Reed Elsevier**, **Pearson** and **Manchester United** and recent dividend increases for each were, respectively, 8.0%, 5.0% and 4.6%. For each we expect further value to be realized for investors from the exploitation of the copyrights they own or create. Reed's scientific and legal publishing assets and Manchester United's games are recognized as unique, world-class properties. By contrast, we feel investors are too despondent about the value of Pearson's Financial Times franchise and worry unnecessarily about its academic publishing division, which is affected by US spending on education. Here there are cyclical pressures related to state budgets, but the trend of spend on education is clearly going up long-term, in our view.

Schroders' shares behave just as they ought, offering geared exposure to the equity market. Meanwhile, specific business risk is relatively low, given the cash-rich state of the balance sheet. The dividend was maintained at the finals, though uncovered by earnings. The recent rally in the stock, from below £4 to over £6 illustrates the attraction of maintaining a long-term exposure to a sound equity market proxy.

The balance of the investment portfolio comprises investments of smaller size, some where we are accumulating shares, others which are being dismantled. As a general rule we prefer to maintain investment positions of at least 1%.

Conclusion

We find we have placed great emphasis in this report on the dividend yield and dividend paying potential of the investments. This is always a sensible focus, dividends being the most tangible signifier of the true progress being made by a business and is especially so after the traumas of the past three years, during which so many expectations have been disappointed. It is also relevant given that, today, UK equities as an asset class offer a historic yield after tax comfortably in excess of UK inflation. We began by casting doubt about the value of market forecasting, but we allow ourselves the observation that, so long as UK inflation does not accelerate markedly and for as long as dividends are not further pressurized, then UK shares offer decent value. We expect that your company's NAV will participate in further gains and look forward to a gap widening between its performance and that of the FTSE All-Share benchmark.

Nick Train

Lindsell Train Limited, *Investment Adviser*

Close Finsbury Asset Management Limited, *Investment Manager*

16 June 2003



Investment Portfolio

as at 31 March 2003

Investment	Market Value £'000	% of Investments
Halifax (non-cum preference)	5,527	9.0
Cadbury Schweppes	5,276	8.6
HBOS	5,196	8.5
Wolverhampton & Dudley Brewery	4,424	7.2
Glenmorangie	4,380	7.1
Bradford & Bingley	4,249	6.9
Barr (A.G.)	4,082	6.6
Shell Transport & Trading	3,024	4.9
Vodafone	2,839	4.6
Reed Elsevier	2,712	4.5
Top 10 investments	41,709	67.9
Manchester United	2,401	3.9
Schroders	2,055	3.3
BP	1,705	2.8
Fuller Smith & Turner	1,525	2.5
Pearson	1,307	2.1
Diageo	1,298	2.1
Young & Co Brewery	1,199	2.0
Halma	1,090	1.8
Lloyds TSB	1,077	1.8
Lindsell Train Investment Trust	955	1.5
Top 20 investments	56,321	91.7
Euromoney Inst Investor	829	1.3
Reuters	774	1.3
Daily Mail & General	740	1.2
Sage	736	1.2
London Stock Exchange	560	0.9
Metal Bulletin	504	0.8
EMI	446	0.7
Capital Radio	291	0.5
Instinet	206	0.4
Total investments	61,407	100.0



Sector Analysis of Portfolio

as at 31 March 2003

Comparison of sector weightings with the FTSE All-Share Index

	Finsbury Growth %	FTSE All-Share Index %	Finsbury Growth (Under)/over weight %
Resources			
Mining	0.0	3.6	(3.6)
Oil & gas	7.7	13.6	(5.9)
	7.7	17.2	(9.5)
Basic Industries			
Chemicals	0.0	0.8	(0.8)
Construction & building materials	0.0	2.2	(2.2)
Forest & paper	0.0	0.0	0.0
Steel & other materials	0.0	0.0	0.0
	0.0	3.0	(3.0)
General Industrials			
Aerospace & defence	0.0	1.0	(1.0)
Diversified industrials	0.0	0.0	0.0
Electronic & electrical equipment	0.0	0.2	(0.2)
Engineering & machinery	1.8	0.6	1.2
	1.8	1.8	0.0
Cyclical Consumer Goods			
Automobiles	0.0	0.2	(0.2)
Household goods & textiles	0.0	0.1	(0.1)
	0.0	0.3	(0.3)
Non-cyclical Consumer Goods			
Beverages	15.9	3.0	12.9
Food producers & processors	8.6	2.9	5.7
Health	0.0	0.9	(0.9)
Personal care & household products	0.0	0.7	(0.7)
Pharmaceuticals	0.0	10.8	(10.8)
Tobacco	0.0	2.1	(2.1)
	24.5	20.4	4.1



Sector Analysis of Portfolio *(continued)*

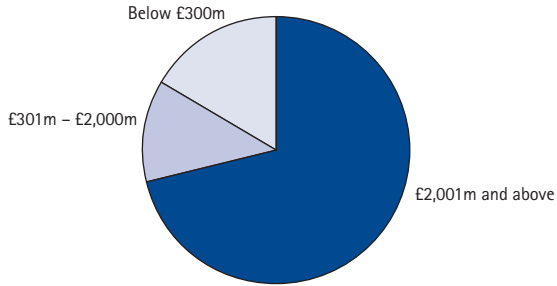
Comparison of sector weightings with the FTSE All-Share Index

	Finsbury Growth %	FTSE All-Share Index %	Finsbury Growth (Under)/over weight %
Cyclical Services			
General retailers	0.0	3.5	(3.5)
Leisure & hotels	15.6	2.1	13.5
Media & entertainment	12.4	3.6	8.8
Support services	0.0	2.8	(2.8)
Transport	0.0	1.7	(1.7)
	28.0	13.7	14.3
Non-cyclical Services			
Food & drug retailers	0.0	2.2	(2.2)
Telecommunications & services	4.6	9.6	(5.0)
	4.6	11.8	(7.2)
Utilities			
Electricity	0.0	1.4	(1.4)
Utilities – other	0.0	2.7	(2.7)
	0.0	4.1	(4.1)
Financials			
Banks	26.1	18.8	7.3
Insurance	0.0	0.5	(0.5)
Life Assurance	0.0	2.3	(2.3)
Investment companies	1.5	2.3	(0.8)
Real estate	0.0	1.6	(1.6)
Speciality & other finance	4.6	1.5	3.1
	32.2	27.0	5.2
Information Technology			
Information technology hardware	0.0	0.1	(0.1)
Software & computer services	1.2	0.6	0.6
	1.2	0.7	0.5

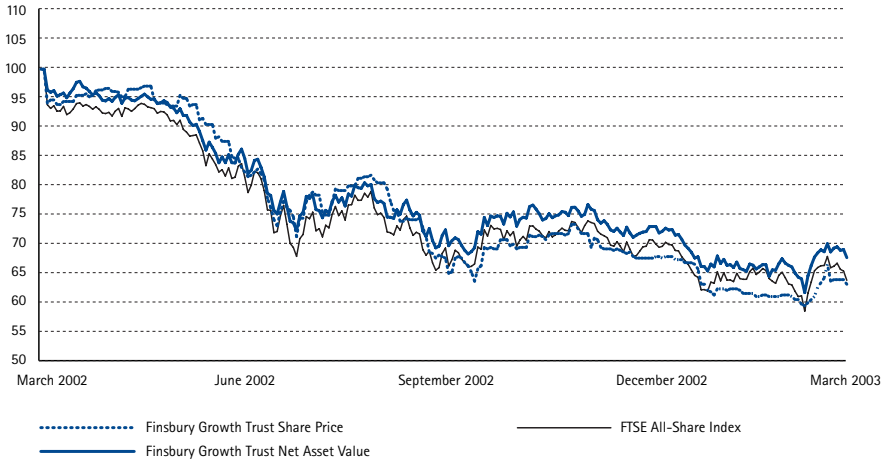


Portfolio Distribution by Market Capitalisation

as at 31 March 2003



Performance Graph



All figures are rebased to 100 as at 31 March 2002
Source: Close Finsbury Asset Management Limited



Consolidated Statement of Total Return

Incorporating the revenue account for the six months ended 31 March 2003

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended 31 March 2003			Six months ended 31 March 2002			Year ended 30 September 2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses/(gains) on investments	-	(1,794)	(1,794)	-	9,605	9,605	-	(11,939)	(11,939)
Income (note 2)	1,226	-	1,226	1,410	-	1,410	2,733	-	2,733
Exchange (losses)/gains on currency balances	-	(1)	(1)	-	-	-	-	1	1
Investment management fees (note 3)	(62)	(126)	(188)	(85)	(173)	(258)	(165)	(335)	(500)
Other expenses	(221)	-	(221)	(215)	-	(215)	(447)	-	(447)
Net return/(loss) before finance costs and taxation	943	(1,921)	(978)	1,110	9,432	10,542	2,121	(12,273)	(10,152)
Interest payable and similar charges (note 4)	(69)	(140)	(209)	(311)	(631)	(942)	(399)	(810)	(1,209)
Return/(loss) on ordinary activities before taxation	874	(2,061)	(1,187)	799	8,801	9,600	1,722	(13,083)	(11,361)
Taxation on ordinary activities	-	-	-	-	-	-	(9)	-	(9)
Return/(loss) on ordinary activities after tax for the financial year	874	(2,061)	(1,187)	799	8,801	9,600	1,713	(13,083)	(11,370)
Dividends in respect of equity shares	(699)	-	(699)	(466)	-	(466)	(1,457)	-	(1,457)
Transfer to/(from) reserves	175	(2,061)	(1,886)	333	8,801	9,134	256	(13,083)	(12,827)
Return/(loss) per Ordinary share (note 5)	2.25p	(5.30p)	(3.05p)	2.06p	22.65p	24.71p	4.41p	(33.67p)	(29.26p)



Consolidated Balance Sheet

as at 31 March 2003

	(Unaudited) 31 March 2003 £'000	(Unaudited) 31 March 2002 £'000	(Audited) 30 September 2002 £'000
Fixed asset investments	61,407	86,368	66,922
Current assets			
Debtors	589	820	467
Cash at bank	1,697	369	227
	2,286	1,189	694
Creditors			
Amounts falling due within one year	(8,575)	(8,592)	(10,612)
Net current (liabilities)/assets	(6,289)	(7,403)	(9,918)
Net assets	55,118	78,965	57,004
Capital and reserves			
Called up share capital	9,714	9,714	9,714
Share premium account	–	13,160	–
Special reserve	13,160	–	13,160
Capital redemption reserve	3,353	3,353	3,353
Capital reserve – realised	40,013	48,871	49,653
Capital reserve – unrealised	(12,949)	2,138	(20,528)
Revenue reserve	1,827	1,729	1,652
Total shareholders' funds	55,118	78,965	57,004
Net asset value per Ordinary share	141.9p	203.2p	146.7p



Consolidated Cash Flow Statement

For the six months ended 31 March 2003

	(Unaudited) Six months ended 31 March 2003 £'000	(Unaudited) Six months ended 31 March 2002 £'000	(Audited) Year ended 30 September 2002 £'000
Net cash inflow from operating activities	656	666	1,646
Servicing of finance			
Loan and bank overdraft interest paid	(149)	(1,439)	(1,654)
Taxation			
Income tax recovered	–	8	13
Financial investment			
Purchase of investments	(4,199)	(13,211)	(18,195)
Sale of investments	7,920	13,423	16,533
Net cash inflow/(outflow) from financial investment	3,721	212	(1,662)
Equity dividends paid	(991)	(777)	(1,243)
Financing			
Repayment of bank loan/loan notes	(9,466)	(11,961)	(20,000)
Drawdown of loans	7,700	–	9,466
Increase/(decrease) in cash	1,471	(13,291)	(13,434)



Notes to the Interim Financial Statements

1. Revenue Account

The revenue column of the Consolidated Statement of Total Return represents the revenue account of the Group.

2. Income

	Six months ended 31 March 2003 £'000	Six months ended 31 March 2002 £'000	Year ended 30 September 2002 £'000
Investment income	1,219	1,317	2,636
Bank interest	7	93	97
Total	1,226	1,410	2,733

3. Investment management fees

	Six months ended 31 March 2003 £'000	Six months ended 31 March 2002 £'000	Year ended 30 September 2002 £'000
Investment management fee	160	220	425
Irrecoverable VAT thereon	28	38	75
Total	188	258	500

4. Interest payable and similar charges

	Six months ended 31 March 2003 £'000	Six months ended 31 March 2002 £'000	Year ended 30 September 2002 £'000
Interest payable on £20m 7.95% Senior Loan Notes	–	355	355
Early redemption fee on £20m 7.95% Senior Loan Notes	–	409	409
Amortisation of issue expenses of Senior Loan Notes	–	39	39
Interest payable on AIB revolving credit facility	182	108	333
Arrangement fee for AIB facilities	26	30	69
Other bank interest	1	1	4
Total	209	942	1,209



Notes to the Interim Financial Statements *(continued)*

5. Return per Ordinary share

The revenue return per Ordinary share is calculated by dividing the net revenue return of £874,000 (six months ended 31 March 2002: return of £799,000, year ended 30 September 2002: return of £1,713,000) by 38,856,430 (six months ended 31 March 2002: 38,856,430, year ended 30 September 2002: 38,856,430), being the weighted average number of Ordinary shares in issue. The capital deficit per Ordinary share is calculated by dividing the net capital loss available for Ordinary shareholders of £2,061,000 (six months ended 31 March 2002: £8,801,000 gain, year ended 30 September 2002: £13,083,000 deficit) by the weighted average number of Ordinary shares in issue, as above.

6. Comparative information

The figures and financial information for the year ended 30 September 2002 are an extract from the latest published financial statements and do not constitute statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985. The interim financial statements have been neither audited nor reviewed by the Company's auditors. They have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30 September 2002.



Company Information

Directors

Michael Reeve, *Chairman*
John Allard
Vanessa Renwick
Anthony Townsend
Giles Warman

Secretary

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Telephone: 020 7426 4000

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Company Number

SC13958 (Registered in Scotland)

Investment Manager

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Professional Advisers Helpline: 020 7426 4372
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Website: www.closefinsbury.com

Please contact Close Finsbury to obtain information and literature concerning the Company or the other Close Finsbury investment trusts.

Investment Adviser

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Registrars

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The Registry
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Telephone: 0870 162 3100
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

Close Finsbury ISA, Savings Scheme and PEP

Close Finsbury Asset Management Limited
3 Finsbury Avenue
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Investor Helpline: 0800 169 6968
Please contact Close Finsbury Asset Management Limited if you have any query concerning a Close Finsbury ISA, Savings Scheme or PEP account.

Financial Calendar

Company year end	30 September
Preliminary full year announcement	November 2003
Annual Report sent to shareholders	December 2003
Annual General Meeting held	January 2004
Announcement of interim results	May 2004
Interim Report sent to shareholders	May 2004

Internet Addresses

Close Finsbury	www.closefinsbury.com
TrustNet	www.trustnet.com

The Company's net asset value per share is announced daily and is available on the Close Finsbury website.

Share Price Listings

The price of your shares can be found in the Financial Times under the heading Investment Companies and in The Daily Telegraph under the heading Investment Trusts.

The daily price can also be found on the Close Finsbury website.

In addition, share price information can be found under the following:

	Code
Reuters	FGT.L
Bloomberg	FGT LN
SEAQ	FGT



The Close Finsbury Range

Close Finsbury Asset Management Limited a member of the Close Brothers Group plc, is a specialist investment house managing the following investment trusts:

Finsbury Growth Trust PLC invests in the shares of larger UK companies with the objective of achieving capital growth and providing a total return in excess of that of the FTSE All-Share Index.

Finsbury Worldwide Pharmaceutical Trust PLC invests worldwide in pharmaceutical and biotechnology companies with the aim of achieving a high level of capital growth.

Finsbury Technology Trust PLC invests principally in equity securities of quoted technology companies on a worldwide basis with the aim of achieving long term capital growth.

Finsbury Life Sciences Investment Trust PLC invests in life science companies based in the UK, Western Europe (including Scandinavia) and Israel, with particular emphasis on biotechnology, with the aim of achieving long term capital growth.

Close Finsbury EuroTech Trust PLC invests primarily in the equity securities of quoted European technology companies with the aim of achieving long term capital growth.

Private Investor Plans

Finsbury Growth Trust PLC and all the Close Finsbury investment trusts participate in the **Close Finsbury Individual Savings Account (ISA)**, the **Close Finsbury Savings Scheme** and the **Close Finsbury PEP**. For full details of these investment schemes please contact our Investor Helpline on 0800 169 6968 or visit www.closefinsbury.com.

Close Finsbury now offers online dealing and account management at www.closefinsbury.com

Should you require copies of any Close Finsbury literature, please call our
Investor Helpline: 0800 169 6968 or email info@closefinsbury.com
Website: www.closefinsbury.com

This page has been approved for the purposes of the Financial Services and Markets Act 2000 by Close Finsbury Asset Management Limited which is authorised and regulated by The Financial Services Authority.





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