

Finsbury Growth & Income Trust PLC

Interim Report

for the six months to 31 March 2008



COMPANY SUMMARY

Key Statistics

	As at 31 March 2008	As at 31 March 2007	As at 30 September 2007	Six months to 31 March 2008 % Change
Share price	246.0p	331.5p	307.5p	-20.0
Net asset value per share	259.3p	330.7p	315.4p	-17.8
(Discount)/premium of share price to net asset value per share	(5.1)%	0.2%	(2.5)%	n/a
Shareholders' funds	£136.6m	£170.5m	£166.1m	-17.8
Market capitalisation	£129.6m	£170.9m	£161.9m	-20.0
	Six months to 31 March 2008	Six months to 31 March 2007	One year to 30 September 2007	
Share price (total return)#	-20.0%	+10.4%	+5.3%	
Net asset value per share (total return)#	-17.8%	+9.6%	+6.9%	
FTSE All-Share Index (total return)	-10.2%	+9.2%	+12.2%	

#Source – Fundamental Data for the AIC

Dividends	Year ending 30 September 2008	Year ending 30 September 2007
First interim dividend	4.4p per share	4.2p per share
Second interim dividend	Yet to be declared	4.8p per share

Investment Objective

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

Investment Policy

The Company invests only in the shares of UK listed companies. Where possible, a minimum position size of 1.0% of the Company's gross assets is held unless the holding concerned is being built or disposed of.

The investment portfolio is managed by Lindsell Train Limited and comprises approximately thirty stocks. Unless driven by market movements, FTSE 100 companies, including preference shares issued by such companies, represent between 50.0% and 100.0% of the investment portfolio; at least 70.0% of the investment portfolio is invested in companies within the FTSE 350. The Company does not and will not invest more than 15.0% of its gross assets in other listed investment companies (including listed investment trusts).

Benchmark

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

First Interim Dividend

A first interim dividend of 4.4p per share (2007: 4.2p) was paid on 6 May 2008 to shareholders registered at the close of business on 4 April 2008. The associated ex-dividend date was 2 April 2008.

Capital Structure

At 31 March 2008 the Company had 52,674,423 shares of 25p each in issue excluding 123,000 shares repurchased by the Company and held as treasury shares (31 March 2007: 51,547,423 (treasury shares nil)). Since the end of the half-year a further 395,750 shares have been repurchased and are being held in treasury. As at 20 May 2008, the Company had 52,278,673 shares in issue (excluding 518,750 shares held in treasury).

CHAIRMAN'S STATEMENT

I would like to take this opportunity to place on record the Company's gratitude to Michael Reeve for 17 years of outstanding leadership during which the Company has grown from a size of approximately £20m to £132m (as at 16 May 2008). On behalf of the Board and shareholders alike I would like to wish him a long and happy retirement.

Performance

The period under review has been a challenging one for stock markets as a whole and in my first Chairman's Statement since taking over in January, I am disappointed to have to report that in the six months to 31 March 2008 your Company's net asset value per share declined by 17.8%, on a total return basis. This compares to a fall of 10.2% in the Company's benchmark, the FTSE All-Share Index, measured on a total return basis.

The market price of your Company's shares decreased by 20.0% over the six month period leading to a widening in the discount of the Company's share price to the net asset value per share from 2.5% to 5.1%.

The six months under review have been dominated by much publicised difficult credit markets, exposure to sub-prime debt and the state of the banking sector generally. The Company's exposure to the banking sector and the lack of exposure to commodity companies have undoubtedly hindered investment performance, together with the fact that, in part, the Company's investment portfolio is invested in currently 'out of favour' sectors of the market. Your Board remains supportive of the Investment Manager's strategy and continues to believe that the strategy will deliver superior investment returns over the longer term.

Share Capital

The Company has been active in buying back shares for treasury where they were offered at a discount greater than 5.0% to the net asset value per share. A total of 642,396 shares were repurchased for treasury in late 2007 and early 2008 in accordance with the Company's stated policy. These shares were then reissued to new shareholders in early 2008 at a price representing a narrower discount to net asset value per share than that at which they had been bought into treasury. At 31 March 2008 a further 123,000 shares had been repurchased to be held as treasury shares and as at the date of this report a total of 518,750 shares are held in treasury.

Return and Dividend

The Income Statement shows a total loss per share of 51.33p made up of a revenue return per share of 4.11p and a capital loss per share of 55.44p.

Your Board has declared an interim dividend of 4.4p per share (2007: 4.2p) which was paid on 6 May 2008 to shareholders on the register at the close of business on 4 April 2008.

Borrowings

Your Company has two fixed term committed revolving credit facilities: one of £20m and a further one of £10m. These are subject to a variable rate of interest but can be fixed at any time. As at 31 March 2008, a total of £14m was drawn down under these facilities.

CHAIRMAN'S STATEMENT (continued)

VAT

As mentioned in the Company's annual report, the Company is taking steps to recover VAT paid to its previous and current investment managers, Close Investments Limited (formerly Close Finsbury Asset Management Limited) and Lindsell Train Limited respectively. Given the volume of claims HMR&C have to process, it is likely to be a significant period of time before any amounts are refunded. The amounts involved are not expected to have a material impact on the Company's net asset value. The Company will take credit for VAT recovered when any such recovery can be assessed with reasonable certainty.

Savings Plans

The investment plans managed by Close Investments Limited on behalf of the Company have, subject to FSA rules, recently been transferred to Alliance Trust Savings Limited. Existing plan members should have received confirmation of the transfer including their new account details. Contact details for Alliance Trust Savings Limited can be found on page 19. It is our hope that being included in the much larger, market-wide scheme run by Alliance Trust Savings Limited will lead to increased private investor interest in the Company.

Outlook

The economic outlook remains uncertain and, against a backdrop of poor liquidity in the banking sector and high inter-bank borrowing costs, stock market conditions will continue to be difficult, although interestingly the recent announcement of enormous rights issues by leading banks has given the market some measure of reassurance. Your Company remains fully invested and provides shareholders with a geared exposure to a recovery in equity markets. Dividend growth has generally been strong across the investment portfolio and your Board remains confident as to the long term outlook for equity markets.

Anthony Townsend

Chairman

20 May 2008

INVESTMENT MANAGER'S REVIEW

We are disappointed with our investment performance for the past six months.

Below we analyse the investment portfolio in the context of this disappointment, highlighting areas where shareholders may reasonably be concerned.

At outset we regret to report one permanent loss of capital value – arising from the disposal of our longstanding investment in **Bradford & Bingley (B&B)**, at a loss to book cost of some 30.0%. We had thought B&B a conservative lender, with a trusted and valuable brand. We exited the shares because we were unable to square our original analysis with the bank's revelations of its significant investments in "sub-prime" debt. B&B shares have fallen 40.0% since we sold, but this is thin comfort.

Staying with banks, we are also disappointed that we failed to foresee the extent to which fears about a systemic financial crisis would hit the value of the bank preference shares in which we are invested. We hold three such stocks, **HBOS 9.25%**, **HBOS 9.75%** and **NatWest 9.0%**, amounting to 8.1% of the investment portfolio. We look for two benefits from owning this paper. First, delivery of a stream of high and safe dividends. Next, we hope the preference shares will provide security or "defensiveness" into any economic downturn – that they might even go up in value during a period of pressure on corporate profits and falling interest rates. In fact, while investors are concerned about not so much the dividend-paying capacity of a given financial institution, but its very survival, our hopes have proven irrelevant and all bank paper, both ordinary and preference, has fallen. Only once these fears abate will preference shares recover, perhaps after a round of rights issues. Issuance of new ordinary shares is not dilutive to the interests of preference shareholders, indeed it enhances the security of the preference dividends.

Separately, our investment in bank ordinary shares amounts to 9.1% of the investment portfolio, via **Lloyds** and **HBOS** and here we think investors may underestimate the support to profits that will be provided by their savings divisions. Companies that may benefit from a prolonged pick-up in the UK savings ratio are an important theme for our strategy – including not only Halifax and Scottish Widows (owned by Lloyds), but **Hargreaves Lansdown**, **Rathbone** and **Schroders**.

Away from financials the key investment issue for the Company has been our longstanding lack of exposure to mining companies. This is for reasons of investment principle. These principles deter us from investing in companies with unpredictable and cyclical profits, because bitter experience suggests that the turning points are hard to spot. Miners certainly exhibit highly volatile returns on their capital. This is because during any upturn both the volumes and prices of the commodities they sell rise in tandem, delivering extraordinary gearing to the Profit and Loss account. In a downturn the opposite applies. Some bulls argue that mining companies are a buy because basic commodities are actually running out. The poor recent share price performance of BP and **Shell**, despite soaring oil prices, is a warning that this argument is flawed. If the miners really are running down their reserves, they should be valued as annuities, like the UK oil majors, rather than, as now, growth stocks. The reality is though, that every day new mining projects are being announced. Today these capacity increases are rewarded with rising share prices, just as the telephone companies were applauded for putting down ever more fibre-optic capacity in 2000. Sooner or later the increased supply will cause returns to plummet – look at British Telecom.

INVESTMENT MANAGER'S REVIEW (continued)

Considered dispassionately, our reluctance to invest in commodity companies has disadvantaged shareholders. In the end our job is to beat the market and pursuing this objective while not owning miners has tied one hand behind our backs. On the other hand, adhering to the house philosophy that has worked for us is important for the integrity of Lindsell Train Limited and for our clients. We conclude that shareholders may choose to sell their investment if they disapprove of the investment portfolio which results from the application of our philosophy, but that they should definitely sell if they see us capitulating and buying "hot" commodity shares, in an effort to recover underperformance!

Another question that has exercised us over the period is the appropriate level of your Company's borrowings. With the FTSE All-Share down over the last six months and some of our investments falling by more, it is all too easy to see in hindsight that any gearing has worked against shareholders' interests. Indeed, we reacted, cutting borrowings from £24.9m at 30 September 2007 to £14.0m by the end of March and to £13.3m as at the date of this report. Much of the reduction came from the sale of 35.0% of the investment in the **London Stock Exchange**, at prices close to its all-time high. Gearing now stands at 9.5% of the Company's net asset value. It is our intention to maintain the gearing at c.10.0% of the Company's net asset value. This we regard as a "reasonable" level of leverage, offering shareholders geared exposure to the eventual recovery in equity markets. We work on the assumption that the investment portfolio will generate a return well in excess of the cost of sterling debt in the medium term, particularly if interest rates continue to decline, as seems possible.

In conclusion, we have two observations:

First, the biggest disappointment for us today is that so much of the investment portfolio is so evidently out of favour. In this circumstance, we can do little better than hunker down and wait for fashion to change. We assure you we will not be bumped out of an underperforming strategy at the bottom – a cardinal sin in our opinion;

Next, we are bullish about the markets and the strategy. In part this is simply our temperamental optimism and we draw comfort from the proposition – "the worse it feels, the greater the scope for positive surprises". The Bear Stearns collapse certainly made us feel as bad as we can remember in 25 years. So far as shareholders are concerned, what is important is not so much whether this optimism is misplaced for the next quarter or so, but the fact that the investment portfolio remains fully invested across a range of securities, some of which have fallen markedly and are very unloved.

For instance, nearly 30.0% of the investment portfolio is invested in three shares – **Cadbury**, **Diageo** and **Unilever**. Each offers exposure to the strongest investment idea we have today. Each is materially undervalued, in our opinion. The theme is consumption growth in the Emerging Markets, where billions of new consumers offer a multi-decade growth opportunity to these companies. Each is advantaged in that they already own resonant brands and have established distribution in these regions. As to valuation, we monitor transactions between branded goods owners and note that the multiples paid to acquire genuine global brands continue to escalate. Scottish & Newcastle commanded a takeout price of 3.0x annual sales and 22x EV/EBITDA (Enterprise Value/Earnings before Interest, Tax, Depreciation and

INVESTMENT MANAGER'S REVIEW (continued)

Amortisation). Pernod has just paid 5.25x sales and an EV/EBITDA multiple of 21x for Absolut Vodka. By contrast, the comparable ratings for our holdings are as follows – Cadbury 1.9x and 11.5x, Diageo 4.0x and 13.0x and Unilever 1.8x and 10.8x.

In addition, dividend growth across the investment portfolio has been strong – relative to our expectations and to current inflation. Last year over 60.0% of the companies by value increased their dividends by at least 10.0% (including over a quarter by 20.0%). Meanwhile, over 95.0% of the ordinary shares increased dividends by at least 5.0%, double the rate of UK inflation. These increases are historic and we already know that the HBOS distribution will be lower in the current year, however, with the investment portfolio already offering a dividend yield higher than the market average, the majority of the companies are building up significant latent share value.

In confirmation of that assertion, we note that our in-house valuation work generates a weighted target upside for the investment portfolio of some 65.0% higher than current prices. For instance, we agree with Nelson Peltz' target price for Cadbury of c. £10 per share (he is the US raider who has built a stake in Cadbury, possibly with aggressive intentions). For us these target prices are not short term objectives, but they do demonstrate substantial opportunity for the strategy.

Nick Train, Lindsell Train Limited
Investment Manager

20 May 2008

INVESTMENT PORTFOLIO

as at 31 March 2008

Company	ICB Sub-Sector [^]	Fair Value £'000	% of Investments
Diageo	Beverages	14,829	10.0
Cadbury Schweppes	Food Producers	12,538	8.5
Unilever	Food Producers	12,441	8.4
Barr (A.G.)	Beverages	10,013	6.7
Pearson	Media	7,873	5.3
Lloyds TSB	Banks	7,765	5.2
Reed Elsevier	Media	7,135	4.8
Reuters	Media	7,085	4.8
HBOS 9.25% (non cum preference) #	Banks	6,993	4.7
Rathbone Brothers	General Financial	6,545	4.4
Top 10 Investments		93,217	62.8
Marston's	Travel & Leisure	6,437	4.3
HBOS	Banks	5,815	3.9
Sage	Software & Computer Services	5,745	3.9
Fidessa	Software & Computer Services	4,739	3.2
Schroders	General Financial	4,545	3.1
Fuller Smith & Turner	Travel & Leisure	3,983	2.7
Royal Dutch Shell	Oil & Gas Producers	3,812	2.6
London Stock Exchange	General Financial	3,783	2.6
NatWest 9.0% (non cum preference) #	Banks	3,633	2.4
Young & Co's Brewery	Travel & Leisure	3,118	2.1
Top 20 Investments		138,827	93.6
Euromoney Institutional Investor	Media	3,041	2.1
Lindsell Train Investment Trust	General Financial	1,600	1.1
HBOS 9.75% (non cum preference) #	Banks	1,525	1.0
Consolidated 2.5% 05/04/23 *	General Financial	1,058	0.7
Celtic	Travel & Leisure	948	0.6
Halma	Electronic & Electrical Equipment	793	0.6
Daily Mail Trust	Media	303	0.2
Frostrow Capital LLP +	General Financial	150	0.1
Celtic 6.0% (cum preference) #	Travel & Leisure	51	-
Hargreaves Lansdown	General Financial	48	-
Total Investments		148,344	100.0

All of the above investments are equities listed in the UK, unless otherwise stated

[^] Industry classification benchmark (ICB)

ICB is the joint sector classification system of the Dow Jones Index and the FTSE Group

Non-equity – Preference shares * Non equity – Fixed interest investment + Unquoted investment

COMPARISON OF SECTOR WEIGHTINGS WITH THE FTSE ALL-SHARE INDEX

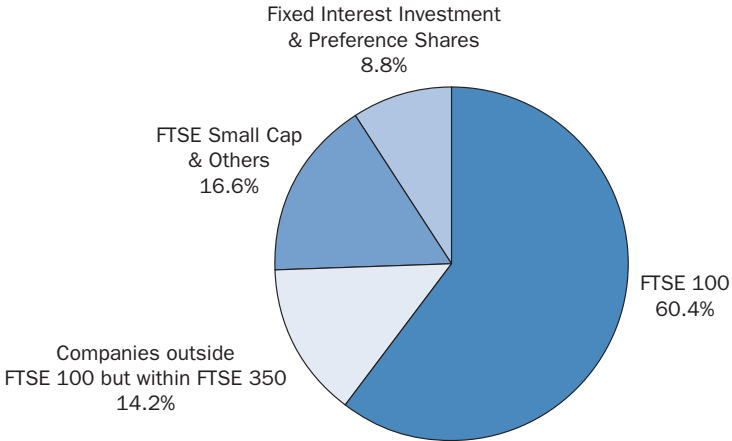
as at 31 March 2008

The following table demonstrates the investment portfolio against sector weightings.

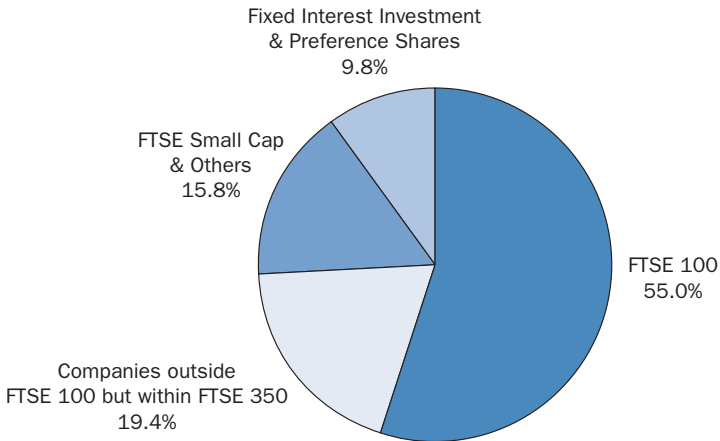
Sector	2008 Finsbury Growth & Income Trust %	FTSE All-Share Index %	2008 Finsbury Growth & Income Trust (under)/overweight %
Oil & Gas	2.6	16.8	(14.2)
Basic Materials	–	11.5	(11.5)
Industrials	0.6	7.3	(6.7)
Consumer Goods	33.6	10.5	23.1
Health Care	–	6.4	(6.4)
Consumer Services	26.9	9.9	17.0
Telecommunications	–	6.4	(6.4)
Utilities	–	4.2	(4.2)
Financials (excluding fixed interest investments and preference shares)	20.4	26.2	(5.8)
Technology	7.1	0.8	6.3
Total Excluding Fixed Interest Investments and Preference Shares	91.2	100.0	(8.8)
Fixed Interest Investments	0.7	–	0.7
Preference Shares	8.1	–	8.1
Total Including Fixed Interest Investments and Preference Shares	100.0	100.0	–

PORTFOLIO DISTRIBUTION

as at 31 March 2008

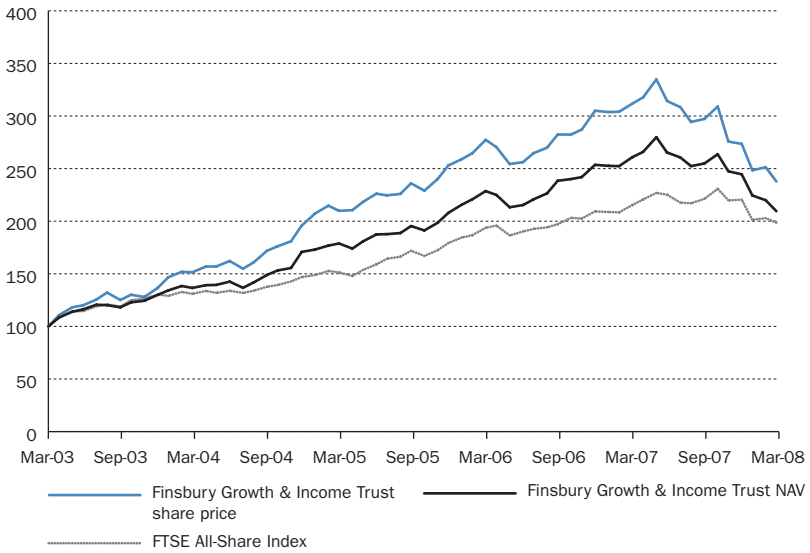


as at 30 September 2007



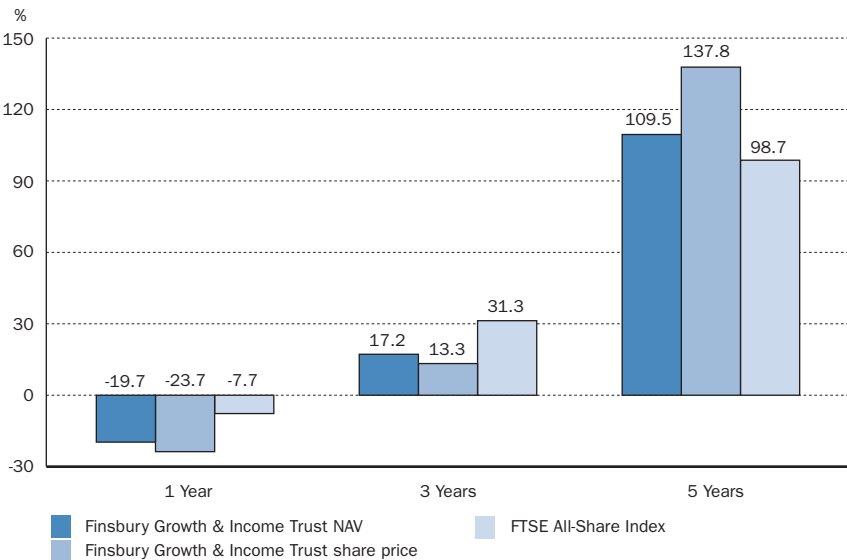
PERFORMANCE GRAPHS

Five year total return performance to 31 March 2008



Rebased to 100 at 31 March 2003
Source: Fundamental Data

Performance to 31 March 2008



Source: Fundamental Data, all figures are total return

INCOME STATEMENT

For the six months ended 31 March 2008

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended 31 March 2008			Six months ended 31 March 2007			Year ended 30 September 2007		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(Losses)/gains on investments held at fair value through profit or loss	–	(28,432)	(28,432)	–	15,253	15,253	–	7,401	7,401
Income (note 2)	2,776	–	2,776	2,591	–	2,591	6,253	–	6,253
Investment management, management and performance fees (note 3)	(162)	(330)	(492)	(203)	(412)	(615)	(415)	(895)	(1,310)
Other expenses	(233)	–	(233)	(244)	–	(244)	(513)	–	(513)
Return/(loss) on ordinary activities before finance charges and taxation	2,381	(28,762)	(26,381)	2,144	14,841	16,985	5,325	6,506	11,831
Finance charges	(217)	(441)	(658)	(210)	(427)	(637)	(470)	(954)	(1,424)
Return/(loss) on ordinary activities before taxation	2,164	(29,203)	(27,039)	1,934	14,414	16,348	4,855	5,552	10,407
Taxation on ordinary activities	–	–	–	–	–	–	–	–	–
Return/(loss) on ordinary activities after taxation	2,164	(29,203)	(27,039)	1,934	14,414	16,348	4,855	5,552	10,407
Return/(loss) per share (note 4)	4.11p	(55.44)p	(51.33)p	3.82p	28.44p	32.26p	9.44p	10.79p	20.23p

The total column of this statement represents the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those declared in the Income Statement.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Six months ended 31 March 2008							
At 30 September 2007	13,162	35,482	12,424	3,453	97,023	4,511	166,055
Net (loss)/return from ordinary activities	-	-	-	-	(29,203)	2,164	(27,039)
Second interim dividend (4.8p per share) for the year ended 30 September 2007	-	-	-	-	-	(2,527)	(2,527)
Shares issued net of issue expenses	37	432	-	-	-	-	469
Repurchase of shares into treasury	-	-	-	-	(2,055)	-	(2,055)
Sale of shares from treasury	-	-	-	-	1,677	-	1,677
At 31 March 2008	13,199	35,914	12,424	3,453	67,442	4,148	136,580

Six months ended 31 March 2007

At 30 September 2006	12,309	25,414	12,424	3,453	91,471	3,907	148,978
Net return from ordinary activities	-	-	-	-	14,414	1,934	16,348
Second interim dividend (4.2p per share) for the year ended 30 September 2006	-	-	-	-	-	(2,068)	(2,068)
Shares issued net of issue expenses	578	6,658	-	-	-	-	7,236
At 31 March 2007	12,887	32,072	12,424	3,453	105,885	3,773	170,494

Year ended 30 September 2007

At 30 September 2006	12,309	25,414	12,424	3,453	91,471	3,907	148,978
Net return from ordinary activities	-	-	-	-	5,552	4,855	10,407
Second interim dividend (4.2p per share) for the year ended 30 September 2006	-	-	-	-	-	(2,068)	(2,068)
First interim dividend (4.2p per share) for the year ended 30 September 2007	-	-	-	-	-	(2,183)	(2,183)
Shares issued net of issue expenses	853	10,068	-	-	-	-	10,921
At 30 September 2007	13,162	35,482	12,424	3,453	97,023	4,511	166,055

BALANCE SHEET

as at 31 March 2008

	(Unaudited) 31 March 2008 £'000	(Unaudited) 31 March 2007 £'000	(Audited) 30 September 2007 £'000
Fixed assets			
Investments held at fair value through profit or loss	148,344	193,127	189,042
Current assets			
Debtors	1,691	1,789	1,753
Bank balances and short term deposits	741	140	507
	2,432	1,929	2,260
Current liabilities			
Creditors	(196)	(212)	(397)
Bank loans	(14,000)	(24,350)	(24,850)
	(14,196)	(24,562)	(25,247)
Net current liabilities	(11,764)	(22,633)	(22,987)
Total net assets	136,580	170,494	166,055
Capital and reserves			
Called up share capital	13,199	12,887	13,162
Share premium account	35,914	32,072	35,482
Special reserve	12,424	12,424	12,424
Capital redemption reserve	3,453	3,453	3,453
Capital reserve – realised	46,753	44,810	43,800
Capital reserve – unrealised	20,689	61,075	53,223
Revenue reserve	4,148	3,773	4,511
Equity shareholders' funds	136,580	170,494	166,055
Net asset value per share (note 5)	259.3p	330.7p	315.4p

CASH FLOW STATEMENT

for the six months ended 31 March 2008

	(Unaudited) 31 March 2008 £'000	(Unaudited) 31 March 2007 £'000	(Audited) 30 September 2007 £'000
Net cash inflow from operating activities	2,078	1,319	4,083
Servicing of finance			
Loan and bank overdraft interest paid	(795)	(714)	(1,376)
Financial investment			
Purchase of investments	(1,869)	(12,153)	(15,890)
Sale of investments	14,106	71	71
Net cash inflow/(outflow) from financial investment	12,237	(12,082)	(15,819)
Equity dividends paid	(2,527)	(2,068)	(4,251)
Net cash inflow/(outflow) before financing	10,993	(13,545)	(17,363)
Financing			
Issue of new shares	469	7,236	10,921
Repurchase of shares into treasury	(2,055)	-	-
Sale of shares from treasury	1,677	-	-
(Repayment)/drawdown of loans	(10,850)	4,350	4,850
Net cash (outflow)/inflow from financing	(10,759)	11,586	15,771
Increase/(decrease) in cash	234	(1,959)	(1,592)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash resulting from cashflows	234	(1,959)	(1,592)
Decrease/(increase) in debt	10,850	(4,350)	(4,850)
Movement in debt	11,084	(6,309)	(6,442)
Net debt at start of period/year	(24,343)	(17,901)	(17,901)
Net debt at end of period/year	(13,259)	(24,210)	(24,343)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the measurement of investments which are valued at fair value, and in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' dated December 2005.

The same accounting policies used for the year ended 30 September 2007 have been applied.

2. Income

	(Unaudited) Six months ended 31 March 2008 £'000	(Unaudited) Six months ended 31 March 2007 £'000	(Audited) Year ended 30 September 2007 £'000
Franked investment income	2,697	2,507	6,074
Fixed interest income	47	72	145
Money market dividend	28	–	25
Bank interest	4	12	9
Total	2,776	2,591	6,253

3. Investment management, management and performance fees

	(Unaudited) Six months ended 31 March 2008 £'000	(Unaudited) Six months ended 31 March 2007 £'000	(Audited) Year ended 30 September 2007 £'000
Investment management fee	331	262	594
Management fee	137	261	477
Performance fee	–	–	44
VAT thereon*	24	92	195
Total	492	615	1,310

* With effect from 1 October 2007 no VAT has been charged on investment management fees.

4. Return/(loss) per share

The total return per share is based on the total loss attributable to equity shareholders of £27,039,000 (six months ended 31 March 2007: return of £16,348,000; year ended 30 September 2007: return of £10,407,000) and on 52,671,134 shares (six months ended 31 March 2007: 50,677,895; year ended 30 September 2007: 51,438,470), being the weighted average number of shares in issue.

The revenue return per share is calculated by dividing the net revenue return of £2,164,000 (six months ended 31 March 2007: return of £1,934,000; year ended 30 September 2007: return of £4,855,000) and on 52,671,134 shares (six months ended 31 March 2007: 50,677,895; year ended 30 September 2007: 51,438,470), being the weighted average number of shares in issue.

The capital loss per share is calculated by dividing the net capital loss attributable to shareholders of £29,203,000, (six months ended 31 March 2007: return of £14,414,000; year ended 30 September 2007: return of £5,552,000) by the weighted average number of shares in issue as above.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

5. Net asset value per share

The net asset value per share is based on net assets attributable to shares of £136,580,000 (31 March 2007: £170,494,000 and 30 September 2007: £166,055,000) and on 52,674,423 shares in issue (excluding treasury shares) (31 March 2007: 51,547,423 and 30 September 2007: 52,647,423).

6. Transaction costs

Purchase transaction costs for the six months ended 31 March 2008 were £22,000 (six months ended 31 March 2007: £80,000; year ended 30 September 2007: £108,000).

Sales transaction costs for the six months ended 31 March 2008 were £31,000 (six months ended 31 March 2007: £nil; year ended 30 September 2007: £nil).

7. Reconciliation of net total (loss)/return before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months to 31 March 2008 £'000	(Unaudited) Six months to 31 March 2007 £'000	(Audited) Year to 30 September 2007 £'000
Total (loss)/return before finance charges and taxation	(26,381)	16,985	11,831
Capital loss/(return) before finance charges and taxation	28,762	(14,841)	(6,506)
Net revenue before finance costs and taxation	2,381	2,144	5,325
Increase in accrued income and prepayments	(182)	(433)	(162)
Decrease/(increase) in debtors	244	(10)	(245)
(Decrease)/increase in creditors	(35)	30	60
Investment management, management and performance fees charged to capital	(330)	(412)	(895)
Net cash inflow from operating activities	2,078	1,319	4,083

8. 2007 accounts

The figures and financial information for the year to 30 September 2007 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for the year.

Those accounts have been delivered to the Registrar of Companies and included the Report of the Auditors which was unqualified and did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985.

INTERIM MANAGEMENT REPORT

Details of important events that affected the Company during the half year ended 31 March 2008 can be found in the Chairman's Statement and the Investment Manager's Review beginning on page 3.

Risks and Uncertainties

Gearing, liquidity, interest rate and market risk are the major risks associated with the Company. The Company has established parameters for managing these risks which are reviewed regularly. The Board has provided the Investment Manager with guidelines and limits for the management of market risk, gearing and financial assets and liabilities. Other key risks identified by the Board that could affect the Company's performance are as follows:

- Performance risk: The performance of the investment portfolio, delivered by the Investment Manager's strategy, relative to the benchmark (FTSE All-Share Index (total return)) is monitored closely by the Board.
- Discount volatility: The Company's share price can trade at a discount to the underlying net asset value per share. The Company operates a discount protection policy and associated share buyback programme.
- Regulatory risk: The Company operates in a complicated regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 842 of the Income and Corporation Taxes Act 1988, the UKLA Listing Rules and the Companies Act, could lead to a number of serious outcomes and reputational damage. The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager and Investment Manager.

Directors' Responsibilities

The Directors are responsible for preparing the interim report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge the interim financial statements, within the interim report, give a true and fair view of the assets, liabilities, financial position and loss for the period, and have been prepared in accordance with the Accounting Standards Board's Statement 'Half Yearly Financial Reports'. The Directors further confirm that the Chairman's Statement and the Interim Management Report include a fair review of the information required by 4.2.7R and 4.2.8R of the FSA's Disclosure and Transparency Rules.

The interim report has not been reviewed or audited by the Company's auditors.

The interim report was approved by the Board on 20 May 2008 and the above responsibility statement was signed on its behalf by:

Anthony Townsend

Chairman

COMPANY INFORMATION

Directors

Anthony Townsend, (*Chairman*)
John Allard
Neil Collins (appointed 30 January 2008)
David Hunt, FCA
Vanessa Renwick
Giles Warman

Registered Office

50 Lothian Road, Festival Square,
Edinburgh EH3 9BY

Website

www.finsburygt.com

Company Registration Number

13958 (Registered in Scotland)

Manager, Administrator and Company Secretary

Frostrow Capital LLP
25 Southampton Buildings,
London WC2A 1AL
Telephone: 0203 008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com

Authorised and regulated by the Financial Services Authority

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

Investment Manager

Lindsell Train Limited
2 Queen Anne's Gate Buildings,
Dartmouth Street, London SW1H 9BP
Telephone: 0207 227 8200
Website: www.lindselltrain.com

Authorised and regulated by the Financial Services Authority

Stockbrokers

Winterflood Investment Trusts
The Atrium Building, Cannon Bridge,
25 Downgate Hill, London EC4R 2GA

Registrars

Capita Registrars
Northern House, Woodsome Park,
Fenay Bridge, Huddersfield,
West Yorkshire HD8 0LA
Telephone (in UK): 0871 664 0300†
Telephone (from overseas): +44 208 639 3399
Facsimile: + 44 (0) 1484 600911
E-Mail: ssd@capitaregistrars.com
Website: www.capitashareportal.com

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

† *Calls cost 10p per minute plus network charges and may be recorded for training purposes.*

Auditors

Grant Thornton UK LLP,
30 Finsbury Square, London EC2P 2YU

Alliance Trust Savings Limited

PO Box 164,
Meadow House, 64 Reform Street,
Dundee DD1 9YP

Customer Services: 01382 573737*
E-mail: contact@alliancetrust.co.uk

Please contact Alliance Trust Savings Limited if you have a query concerning an Alliance Trust Savings Scheme, First Steps Plan or ISA account.

* *Calls to this number are recorded for monitoring purposes and will be charged at local rates, non-BT line charges may vary.*

Share Price Listings

The price of your shares can be found in various publications including the Financial Times, The Daily Telegraph, The Times, The Scotsman and The Herald.

The Company's net asset value per share is announced daily on the TrustNet website at www.trustnet.com

Identification Codes

Shares:
SEDOL : 0781606
ISIN : GB0007816068
BLOOMBERG: FGT LN
EPIC : FGT

Disability Act

Copies of this interim report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Capita Registrars, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.



FINSBURY GROWTH & INCOME TRUST PLC

25 Southampton Buildings, London WC2A 1AL www.finsburygt.com