Finsbury Growth & Income Trust PLC

Half Year Report & Accounts for the six months ended 31 March 2014

Frostrow Capital

Lindsell Train

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Finsbury Growth & Income Trust PLC

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Company Summary

Investment Objective
The Company's investment objective is to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index.

Investment Policy
The Company invests principally in the securities of UK listed companies, whilst up to a maximum of 20% of the Company's portfolio, at the time of acquisition, can be invested in quoted companies worldwide. Where possible, a minimum position size of 1% of the Company's gross assets is held unless the holding concerned is being built or disposed of.

The portfolio will normally comprise approximately 30 investments. Unless driven by market movements, securities in FTSE 100 companies and comparable companies listed on overseas stock exchanges will normally represent between 50% and 100% of the portfolio; securities in FTSE 350 companies and comparable companies listed on overseas stock exchanges, will normally represent at least 70% of the portfolio.

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

Dividends
A first interim dividend of 5.1p per share (2013: 4.8p) was paid on 6 May 2014 to shareholders registered at the close of business on 4 April 2014. The associated ex-dividend date was 2 April 2014.

It is expected that a second interim dividend will be declared in September 2014 and will be paid in November 2014.

Capital Structure
At 31 March 2014 the Company had 91,310,212 shares of 25p each in issue (31 March 2013: 75,986,219). No shares have been held in treasury by the Company since 26 May 2010. During the six months under review 8,173,655 new shares were issued raising £41.0 million. Since the end of the half-year, to the date of this report, a further 1,460,000 new shares have been issued raising £7.4 million. As at 30 April 2014, the Company had 92,770,212 shares in issue.

Gearing
As at 31 March 2014 the Company is in the first year of its three-year secured fixed term committed revolving credit facility of £30 million with Scotiabank Europe PLC. As at this date a total of £20.8 million was drawn down from this facility (30 September 2013: £20.2 million was drawn down from this facility).

Financial Summary and Key Data

	As at 31 March 2014	As at 30 September 2013	% Change
Share price	515.5p	479.0p	+7.6
Net asset value per share	513.5p	476.1p	+7.9
Premium of share price to net asset value per share (excluding income)	0.4%	0.6%	–
Gearing*	3.8%	3.6%	–
Shareholders' funds	£468.9m	£395.8m	+18.5
Number of shares in issue	91,310,212	83,136,557	+9.8

	Six months to 31 March 2014	One year to 30 September 2013
Share price (total return)#	+9.0%	+30.5%
Net asset value per share (total return)#	+9.9%	+31.6%
FTSE All-Share Index (total return) (Company benchmark)#†	+4.8%	+18.9%

Dividends per share	Year ending 30 September 2014	Year ended 30 September 2013
First interim dividend	5.1p	4.8p
Second interim dividend	Yet to be declared	5.7p

Source – Morningstar

* See glossary on pages 21 and 22

† Source – FTSE International Limited ("FTSE") © FTSE 2013*

Chairman's Statement

"I am pleased to report that the Company's net asset value per share total return of 9.9% and the share price total return of 9.0% have again both substantially outperformed the Company's benchmark.."

Performance

Markets continued rising over the six month period to 31 March 2014 and the Company's net asset value per share and share price have again both substantially outperformed the Company's benchmark, the FTSE All-Share Index (all measured over the period on a total return basis) as shown below:

- Growth in net asset value per share 9.9%
- Increase in share price 9.0%
- Increase in FTSE All-Share Index 4.8%

The principal contributors to the Company's net asset value performance were Hargreaves Lansdown, London Stock Exchange and Fidessa. Further information on the Company's portfolio can be found in our Investment Manager's Review beginning on page 5.

During the period, the Company's shares have consistently traded close to net asset value, beginning the period at a 0.6% premium to the Company's ex-income net asset value per share and ending on a 0.4% premium.

Share Capital

As I reported at the year-end, due to the constant demand for your Company's shares, we took the following actions:

- Three new block listing authorities were obtained from the UK Listing Authority to enable shares to be issued as cost effectively as possible;
- a Prospectus was also published in order that the Company can continue to issue shares in accordance with the Prospectus Directive; and
- shareholder authority to issue further shares equal to 10% of the Company's issued share capital on a non-pre-emptive basis was renewed at the Company's Annual General Meeting held in January 2014.

As at 31 March 2014 the Company had 91,310,212 shares of 25p each in issue (31 March 2013: 75,986,219). No shares had been held in treasury by the Company since 26 May 2010. During the six months under review 8,173,655 new shares were issued raising £41.0 million. Since the end of the half-year, to the date of this report, a further 1,460,000 new shares have been issued raising £7.4 million. As at 30 April 2014, the Company had 92,770,212 shares in issue.

The Directors believe that the issuance of those new shares continues to yield the following principal benefits:

- Improvement of liquidity in the market for the Company's shares;
- Maintenance of the Company's ability to issue shares tactically, so as to manage the premium to net asset value per share at which the shares trade;

Chairman's Statement - continued

- Increase in the size of the Company, thereby spreading operating costs over a larger capital base with a consequent reduction in the ongoing charges ratio; and
- Enhancement of the net asset value per share of existing shares through new share issuance at a premium to the cum income net asset value per share;

Dividend

The Board has declared a first interim dividend of 5.1p per share, compared to last year's first interim dividend of 4.8p per share, an increase of 6.3%. The dividend will be paid on Tuesday, 6 May 2014 to shareholders who were on the register on Friday, 4 April 2014. The associated ex dividend date was Wednesday, 2 April 2014.

Regulatory Matters

As stated in the Company's Annual Report and Accounts the Board, together with its advisors is currently working to achieve compliance with the Alternative Investment Fund Managers Directive (the 'Directive') which is due to come into force on 22 July 2014. In accordance with the Directive it is intended that the Bank of New York Mellon will be appointed as the Company's Depository and the Company's Manager, Frostrow Capital LLP, will undertake the role of the Company's Alternative Investment Fund Manager.

Outlook

The FTSE All Share Index is barely changed in the year so far. Since our half-year end technology companies have been among the worst performing stocks, while the exposure of many companies in the portfolio to emerging markets has also eroded their profits due to the strength of sterling.

However, your Board continues to believe that our Investment Manager's strategy of investing for the long-term in durable cash generative franchises capable of sustained dividend growth will continue to deliver superior investment returns to shareholders.

Anthony Townsend
Chairman

30 April 2014

Investment Manager's Review

"Your Company has had a great run of absolute and relative performance over the last few years and this continued through the recent half-year…"

Of course we are delighted by the return the strategy has delivered for shareholders (including me as an ongoing buyer of shares) and remain enthusiastic about its prospects – nonetheless we hope shareholders will keep their expectations in check.

Perhaps the best corrective for any excessive optimism about Finsbury's prospects – if such exists – is a review of the dividend growth being delivered by the portfolio constituents. Not surprisingly we pay a lot of attention to dividend announcements made by each company and look at the effects of these announcements at portfolio level too. To us the decision any board takes twice a year (in the UK at least) about what to do with its next dividend payment is full of valuable information for a long-term investor. This valuable information relates to a company's sustainable long term growth rate, or the sustainable growth rate its board believes the company can deliver. Profits and earnings are volatile from period to period, but boards are usually concerned that dividends be a lot less volatile. For this reason they tend to set dividend increases no higher than their expectation for long term growth in cash flow (because dividends have to be paid out of cash) – all other things being equal. This is an informative number.

Turning to our most recent experience, here are the bald statistics for your portfolio. Measuring the last dividend declared by each company and comparing it to the comparable payment 12 months previous – 12.5% of our holdings by value have left their dividends unchanged; another 12.5% have increased by up to 5%; 48% have increased by between 5% and 10% and the remainder, 27% by value, have increased dividends by 10% or more. At portfolio level, with a lot of errors and omissions excepted, it looks as though current weighted dividend growth is around 7.5% per annum.

There are three observations we make about that 7.5%. The first, bluntly, is that it is not likely that your Company's NAV and share price will rise at high teen rates or more year after year if the underlying rate of dividend growth – dividends being, after all, what end up in shareholders' hands – is half that. Here is the basis for my attempt at expectations management in the opening paragraph.

Next, though, I don't want shareholders to get downcast – because in truth we regard dividend growth of c.7.5% as a satisfactory outcome, if it really does represent a credible estimate of long-term growth. Think about it this way – the underlying dividend yield of your portfolio, before all expenses, is roughly 3% and growing at that 7.5%pa. So, the strategy offers a starting cash return that is nearly double the current rate of UK inflation (1.7% in February 2014), growing at more than four times the rate of inflation. This is the sort of investment proposition – a growing return in excess of inflation – that makes you a great deal of money over time.

Finally and again accentuating the positive, closer analysis of the dividend policies of individual holdings gives us hope that aggregate dividend growth for the portfolio is more likely to tick up, rather than down, over the next few years. For instance, we are, candidly, somewhat taken aback that as much as 25% of our portfolio is increasing its dividends by less than 5% in 2013/14. Growth in dividends, or the potential for it, is one of our key selection criteria and sub 5% is not what we are looking for. But we are prepared to cut some slack for offending companies. For instance, there are extenuating circumstances for the two major holdings where dividends are static in 2013/14. These are Fidessa and Heineken, combined over 12.0% of NAV. Fidessa has been operating against unusually straightened commercial conditions for its major

Investment Manager's Review - continued

customers – it sells software services to global investment banks – and, in addition, investing heavily in new products and its ordinary dividend is unchanged since 2011. However, like most successful software companies, Fidessa generates a great deal of cash which it has shared with its owners via a substantial special dividend, paid over each of the last four years. Meanwhile, Heineken and the London Stock Exchange, whose most recent dividend increase was "only" 4%, are both digesting recent substantial acquisitions made for cash and can be excused for stinginess with their dividends while they pay down the resultant debt.

Another dividend we watch especially closely at the moment is Pearson's. The most recent payment was up 7%, maintaining the company's record of 25 years of consecutive increases ahead of UK inflation. In this case we really do hope that Pearson's board is signalling a realistic expectation for its long term cash flows, because there is no doubt investors are sceptical. The shares have done poorly over the last six months, being the biggest detractor from the performance of your Company over that period and now stand on a historic dividend yield of 4.6%, some 35% higher than for the average for the FT All-share Index. We continue to add to the holding and do so, when it comes right down to it, because we are impressed by the relationships that Pearson has built and maintains with technology leaders such as Apple and Microsoft. Technology is changing the delivery of education; technology companies clearly sense a major profit opportunity from this change and, to date at least, big tech companies appear to value Pearson educational content and know-how highly and want to work with, rather than against, the company. There are not so many UK-quoted companies that can lay credible claim to being at the heart of a technology-driven productivity revolution, but Pearson is definitely one and is as a result very valuable, in our opinion.

In conclusion to this report and somewhat in the spirit of provocation I attach a piece written earlier in 2014 for a client with a very long term time horizon. A piece that outlines our strategic thinking about equity markets:

Think about the implications of the following recent advertising copy, for Cisco's smart routers and widgets:

"Homes know when to turn up the heat. Pill bottles are ordering their own refills. Shopping carts are handling checkout. Crops are telling farmers when to harvest. Street lights will prevent crime. Clothing will detect fevers. Factories will react to markets in real time. Cities will adjust to changes in the weather."

We know from our own day-to-day experience that this is not pie-in-the-sky futurology. It's happening now. McKinsey calculates that the productivity gains from the "Internet of Everything" will boost global output by c$23 trillion (not billion!) by 2025. UBS predicts global GDP will accelerate by c0.6% pa – so a 20% increase on a 3% non-tech enhanced rate – and that inflation will be 1% per annum lower than it would have been otherwise. A spokesman for British tech leader ARM, which designs these increasingly ubiquitous chips confirmed:

"There's enormous scope for making many things more efficient. Low-cost sensors can be deployed in large numbers and there are many applications."

This stuff is of critical importance for those of us charged with allocating and preserving client capital. History teaches that what really drives wealth creation for humanity are the productivity gains that result from the widespread adoption of new technology – from the railways, the telegraph and through to the Internet. Everything else is pretty much noise – inflation, interest rates, government deficits or currency fluctuation. People have always worried about these "macro" factors, but I ask you to look back at long term charts of stock market performance, at least stock markets in nations that respect individual property rights, and acknowledge that you can't see those macro worries in the charts. They go up and they go up because

Investment Manager's Review - continued

human ingenuity discovers new ways to meet needs and wants and that ingenuity is rewarded with profit. The S&P 500 is within 0.5% of its all-time high today – show me the malign impact of the US budget deficit, or the debauch of the Dollar. No, can't see them? But I can show you 500 of the most innovative, productive, rational companies on the planet. Natural selection makes S&P 500 constituents pretty "fit".

I'm not pretending there aren't losers. It's fascinating to read that even US coffee shops are feeling the pinch of the digital revolution. Howard Schultz, CEO of Starbucks, had this to say about last Christmas:

"I firmly believe that the month of December will go down as a turning point in the overall way in which people are shopping...people spent much more time on the Web...there were clearly less people out shopping.... There will be a real sea change for many, many retailers, who are going to have a hard time navigating through what I believe will not (just) be a December problem."

Or consider the "lost" $32.5billion of texting revenues for telephony companies in 2013. Instead of texting over the phone networks people are doing it for free via the Internet, using applications like WhatsApp. In Mexico WhatsApp has already captured 90% of all instant messaging. That's painful for the incumbent telephone companies, but great for people who need to communicate.

Throw this into the mix – the US drilled another 30,000 shale gas wells in 2013, further accelerating the point at which the world's most innovative and dynamic economy becomes energy self-sufficient. Surely the price of energy is going to plummet in years to come, in response to this new, unlooked for supply of cheap gas? That's another huge wealth and productivity boost for corporations and people around the world.

Market strategists fret that equity valuations are "high", whatever that means. But they're often valuing industries and companies of the past, not the future. We say Equity valuations look high because – whether they know it consciously or not – investors are beginning to discount a massive increase in global profitability, derived from the factors I've scratched the surface of above.

For investors knowing how to participate is tough. Some of the biggest gains of the next 20 years will arise from companies and probably industries that don't even exist yet. But those that follow us – our children or future officers of the institutions we are responsible for today – will not thank us if we sit out on this next, probably unprecedented, wave of wealth creation.

Nick Train
Director
Lindsell Train Limited
Investment Manager

30 April 2014

Investments

as at 31 March 2014

Investment	Sector	Fair Value £'000	% of Investments
Unilever	Food Producers	43,627	9.0
Diageo	Beverages	41,163	8.4
Heineken Holdings (A Shares) *	Beverages	32,174	6.6
Pearson	Media	31,478	6.5
Reed Elsevier	Media	29,981	6.1
London Stock Exchange	Financial Services	29,053	6.0
Fidessa	Software & Computer Services	28,044	5.8
Schroders	Financial Services	26,655	5.5
Daily Mail & General Trust (A Shares)	Media	26,580	5.4
A.G. Barr	Beverages	26,505	5.4
Top 10 investments		**315,260**	**64.7**
Sage Group	Software & Computer Services	25,510	5.2
Hargreaves Lansdown	Financial Services	24,942	5.1
Rathbone Brothers	Financial Services	21,562	4.5
Greene King	Travel & Leisure	16,594	3.4
Burberry Group	Personal Goods	14,299	3.0
Mondelez ^	Food Producers	11,771	2.4
Euromoney Institutional Investor	Media	11,128	2.3
Dr.Pepper Snapple ^	Beverages	10,678	2.2
Thomson Reuters ~	Media	8,328	1.7
Kraft Foods ^	Food Producers	7,385	1.5
Top 20 investments		**467,457**	**96.0**
Young & Co's Brewery (non-voting)	Travel & Leisure	7,062	1.5
Fuller Smith & Turner	Travel & Leisure	6,335	1.3
Lindsell Train Investment Trust	Financial Services	3,410	0.7
Celtic	Travel & Leisure	1,872	0.4
Frostrow Capital +	Financial Services	650	0.1
Celtic Convertible Preferred **	Travel & Leisure	103	–
Celtic 6% (cum preference) **	Travel & Leisure	69	–
Total investments		**486,958**	**100.0**

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

* Listed in the Netherlands
^ Listed in the United States
~ Listed in Canada
\+ Unquoted partnership interest
** Non-equity - Preference Shares

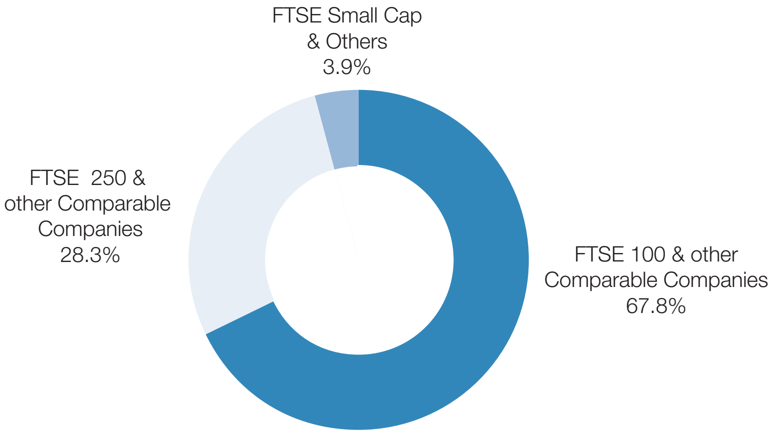
Comparison of Sector Weightings with the FTSE All-Share Index

as at 31 March 2014

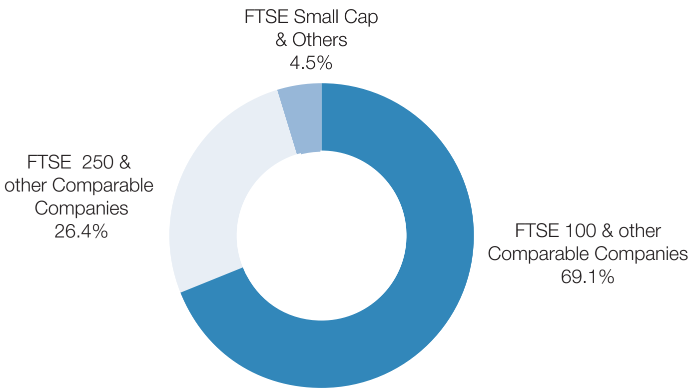
Sector	Finsbury Growth & Income %	FTSE All-Share Index %	Finsbury Growth & Income (under)/overweight %
Oil & Gas	–	14.6	(14.6)
Basic Materials	–	8.2	(8.2)
Industrials	–	10.5	(10.5)
Consumer Goods	38.6	13.8	24.8
Health care	–	7.8	(7.8)
Consumer Services	28.6	11.0	17.6
Telecommunications	–	4.7	(4.7)
Utilities	–	3.8	(3.8)
Financials	21.8	24.1	(2.3)
Technology	11.0	1.5	9.5
Total	**100.0**	**100.0**	**–**

Portfolio Distribution

as at 31 March 2014

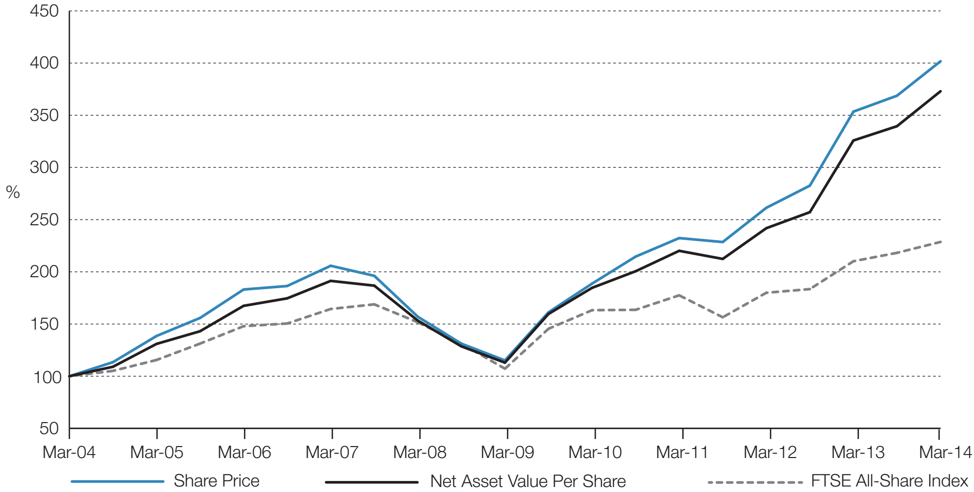


as at 30 September 2013



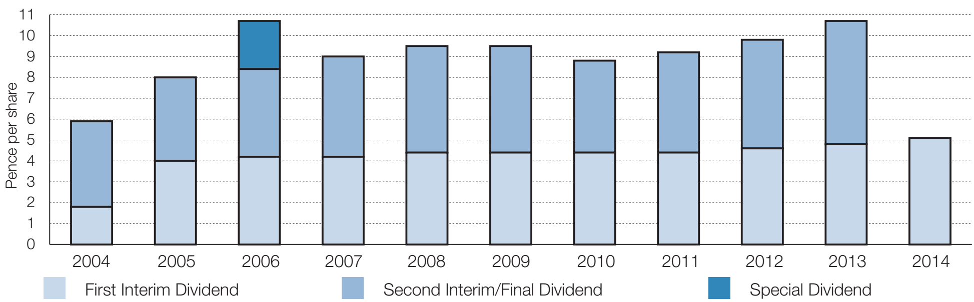
Performance

Ten year total return performance to 31 March 2014



Source: Morningstar
Rebased to 100 at 31 March 2004

Dividend record



Source: Frostrow Capital LLP

Income Statement
For the six months ended 31 March 2014

	(Unaudited) Six months ended 31 March 2014 Revenue £'000	(Unaudited) Six months ended 31 March 2014 Capital £'000	(Unaudited) Six months ended 31 March 2014 Total £'000	(Unaudited) Six months ended 31 March 2013 Revenue £'000	(Unaudited) Six months ended 31 March 2013 Capital £'000	(Unaudited) Six months ended 31 March 2013 Total £'000	(Audited) Year ended 30 September 2013 Revenue £'000	(Audited) Year ended 30 September 2013 Capital £'000	(Audited) Year ended 30 September 2013 Total £'000
Gains on investments held at fair value through profit or loss	–	35,256	35,256	–	66,685	66,685	–	77,323	77,323
Exchange differences	–	(11)	(11)	–	(15)	(15)	–	(36)	(36)
Income (note 2)	3,809	–	3,809	3,311	–	3,311	11,300	–	11,300
Investment management and management fees (note 3)	(473)	(961)	(1,434)	(323)	(656)	(979)	(735)	(1,493)	(2,228)
Other expenses	(351)	(19)	(370)	(261)	–	(261)	(603)	–	(603)
Return on ordinary activities before finance charges and taxation	2,985	34,265	37,250	2,727	66,014	68,741	9,962	75,794	85,756
Finance charges	(77)	(157)	(234)	(57)	(116)	(173)	(121)	(244)	(365)
Return on ordinary activities before taxation	2,908	34,108	37,016	2,670	65,898	68,568	9,841	75,550	85,391
Taxation on ordinary activities	(80)	–	(80)	(60)	–	(60)	(184)	–	(184)
Return on ordinary activities after taxation	2,828	34,108	36,936	2,610	65,898	68,508	9,657	75,550	85,207
Return per share (note 4)	3.2	39.1	42.3	3.6p	91.3p	94.9p	12.7p	99.4p	112.1p

The "Total" column of this statement represents the Income Statement of the Company. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies (AIC).

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

(Unaudited) Six months ended 31 March 2014	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2013	20,784	146,465	3,453	12,424	204,235	8,478	395,839
Net return from ordinary activities	–	–	–	–	34,108	2,828	36,936
Second interim dividend (5.7p per share) for the year ended 30 September 2013	–	–	–	–	–	(4,748)	(4,748)
Issue of shares	2,043	38,952	–	–	–	–	40,995
Cost of share issuance	–	(110)	–	–	–	–	(110)
At 31 March 2014	22,827	185,307	3,453	12,424	238,343	6,558	468,912

(Unaudited) Six months ended 31 March 2013	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2012	17,142	86,458	3,453	12,424	128,685	6,047	254,209
Net return from ordinary activities	–	–	–	–	65,898	2,610	68,508
Second interim dividend (5.2p per share) for the year ended 30 September 2012	–	–	–	–	–	(3,579)	(3,579)
Issue of shares	1,854	28,367	–	–	–	–	30,221
Cost of share issuance	–	(114)	–	–	–	–	(114)
At 31 March 2013	18,996	114,711	3,453	12,424	194,583	5,078	349,245

(Audited) Year ended 30 September 2013	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2012	17,142	86,458	3,453	12,424	128,685	6,047	254,209
Net return from ordinary activities	–	–	–	–	75,550	9,657	85,207
Second interim dividend (5.2p per share) for the year ended 30 September 2012	–	–	–	–	–	(3,579)	(3,579)
First interim dividend (4.8p per share) for the year ended 30 September 2013	–	–	–	–	–	(3,647)	(3,647)
Issue of shares	3,642	60,121	–	–	–	–	63,763
Cost of share issuance	–	(114)	–	–	–	–	(114)
Year ended 30 September 2013	20,784	146,465	3,453	12,424	204,235	8,478	395,839

Balance Sheet
as at 31 March 2014

	(Unaudited) 31 March 2014 £'000	(Unaudited) 31 March 2013 £'000	(Audited) 30 September 2013 £'000
Fixed assets			
Investments designated at fair value through profit or loss	486,958	365,197	409,997
Current assets			
Debtors	1,215	2,211	1,348
Cash at bank	1,972	1,264	5,943
	3,187	3,475	7,291
Current liabilities			
Creditors	(433)	(2,227)	(1,249)
Bank loan	(20,800)	(17,200)	(20,200)
	(21,233)	(19,427)	(21,449)
Net current liabilities	(18,046)	(15,952)	(14,158)
Total net assets	468,912	349,245	395,839
Capital and reserves			
Share capital	22,827	18,996	20,784
Share premium account	185,307	114,711	146,465
Capital redemption reserve	3,453	3,453	3,453
Special reserve	12,424	12,424	12,424
Capital reserve	238,343	194,583	204,235
Revenue reserve	6,558	5,078	8,478
Equity shareholders' funds	468,912	349,245	395,839
Net asset value per share (note 5)	513.5p	459.6p	476.1p

Cash Flow Statement

for the six months ended 31 March 2014

	(Unaudited) 31 March 2014 £'000	(Unaudited) 31 March 2013 £'000	(Audited) 30 September 2013 £'000
Net cash inflow from operating activities (note 7)	1,707	1,953	8,262
Net cash outflow from servicing of finance	(328)	(180)	(359)
Financial investment			
Purchase of investments	(42,457)	(31,420)	(76,004)
Sale of investments	26	–	9,368
Net cash outflow from financial investment	(42,431)	(31,420)	(66,636)
Equity dividends paid	(4,748)	(3,579)	(7,226)
Net cash outflow before financing	(45,800)	(33,226)	(65,959)
Financing			
Shares issued	41,350	30,445	64,878
Drawdown of loans	600	1,950	4,950
Cost of share issuance	(110)	(114)	(114)
Net cash inflow from financing	41,840	32,281	69,714
(Decrease)/increase in cash	(3,960)	(945)	3,755
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash resulting from cashflows	(3,960)	(945)	3,755
Increase in debt	(600)	(1,950)	(4,950)
Exchange movements	(11)	(15)	(36)
Movement in net debt	(4,571)	(2,910)	(1,231)
Net debt at start of period/year	(14,257)	(13,026)	(13,026)
Net debt at end of period/year	(18,828)	(15,936)	(14,257)

Notes to the Accounts

1. Basis of preparation

The condensed financial statements have been prepared under the historical cost convention, except for the measurement at fair value of investments, and in accordance with UK Generally Accepted Accounting Practice (GAAP) and the Statement of Recommended Practice (SORP) for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies dated January 2009.

The same accounting policies used for the year ended 30 September 2013 have been applied.

2. Income

	(Unaudited) Six months ended 31 March 2014 £'000	(Unaudited) Six months ended 31 March 2013 £'000	(Audited) Year ended 30 September 2013 £'000
Income from investments			
Franked investment income			
– dividends	3,274	2,911	9,739
Unfranked investment income			
– limited liability partnership profit-share	–	–	138
– overseas dividends	535	400	1,423
Total income	3,809	3,311	11,300

3. Investment management and management fees

	(Unaudited) Six months ended 31 March 2014 £'000	(Unaudited) Six months ended 31 March 2013 £'000	(Audited) Year ended 30 September 2013 £'000
Investment management fee	994	670	1,531
Management fee	367	258	581
VAT on management fees	73	51	116
Total fees	1,434	979	2,228

Notes to the Accounts - continued

4. Return per share

The total return per share is based on the total return attributable to equity shareholders of £36,936,000 (six months ended 31 March 2013: return of £68,508,000; year ended 30 September 2013: return of £85,207,000) and on 87,264,241 shares (six months ended 31 March 2013: 72,182,311; year ended 30 September 2013: 75,974,098), being the weighted average number of shares in issue.

The revenue return per share is calculated by dividing the net revenue return of £2,828,000 (six months ended 31 March 2013: return of £2,610,000; year ended 30 September 2013: return of £9,657,000) by the weighted average number of shares in issue as above.

The capital return per share is calculated by dividing the net capital return attributable to shareholders of £34,108,000, (six months ended 31 March 2013: return of £65,898,000; year ended 30 September 2013: return of £75,550,000) by the weighted average number of shares in issue as above.

5. Net asset value per share

The net asset value per share is based on net assets attributable to shares of £468,912,000 (31 March 2013: £349,245,000 and 30 September 2013: £395,839,000) and on 91,310,212 shares in issue (31 March 2013: 75,986,219 and 30 September 2013: 83,136,557).

6. Transaction costs

Purchase transaction costs for the six months ended 31 March 2014 were £251,000 (six months ended 31 March 2013: £184,000; year ended 30 September 2013: £448,000).

Sales transaction costs for the six months ended 31 March 2014 were £nil (six months ended 31 March 2013: £nil; year ended 30 September 2013: £19,000).

Notes to the Accounts - continued

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

	(Unaudited) Six months ended 31 March 2014 £'000	(Unaudited) Six months ended 31 March 2013 £'000	(Audited) Year ended 30 September 2013 £'000
Total return before finance charges and taxation	37,250	68,741	85,756
Less capital return before finance charges and taxation	(34,265)	(66,014)	(75,794)
Net revenue before finance costs and taxation	2,985	2,727	9,962
Increase in accrued income and prepayments	(236)	(108)	(129)
Increase in creditors	4	34	96
Taxation – irrecoverable overseas tax paid	(66)	(44)	(174)
Investment management and management fees charged to capital	(961)	(656)	(1,493)
Other expenses charged to capital	(19)	–	–
Net cash inflow from operating activities	1,707	1,953	8,262

8. 2013 accounts

The figures and financial information for the year to 30 September 2013 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 section 498 of the Companies Act 2006.

Interim Management Report

Principal Risks and Uncertainties

A review of the half year, including reference to the risks and uncertainties that existed during the period, and the outlook for the Company can be found in the Chairman's Statement beginning on page 3 and in the Investment Manager's Review beginning on page 5. The principal risks faced by the Company fall into the following broad categories: market price risk; interest rate risk; portfolio performance; operational and regulatory risk; credit risk; liquidity risk; investment management key person risk; availability of bank finance; inability to maintain a progressive dividend policy. Information on each of these areas, with the exception of the availability of bank finance and the Board's ability to maintain a progressive dividend policy, is given in the Report of the Directors within the Annual Report and Accounts for the year ended 30 September 2013. The risk associated with the availability of bank finance is that the provider or any other lender may no longer be prepared to lend to the Company. Copies of the monthly loan covenant compliance certificates, provided for the lender, are circulated to the Board and both the Board and the Investment Manager are kept fully informed of any likelihood of the withdrawal of the loan facility so that repayment can be effected in an orderly fashion if necessary. With regard to the Company's dividend policy, the Board regularly reviews the Company's portfolio and also income forecasts prepared by the Manager; regular reports on the Company's income position are also made by the Company's Investment Manager at each Board meeting. The Company also maintains a distributable revenue reserve which can be used to help make up any shortfall in income received by the Company.

In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

Related Party Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going Concern

The Directors, having made relevant enquiries, are satisfied that it is appropriate to prepare financial statements on the going concern basis as the net assets of the Company consist of liquid securities, all of which, with the exception of the partnership interest in Frostrow Capital LLP, are traded on recognised stock exchanges.

Interim Management Report - continued

Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

(i) the condensed set of financial statements contained within the Half Year Report has been prepared in accordance with applicable accounting standards; and

(ii) the interim management report includes a true and fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority and Transparency Rules.

The Half Year Report has not been reviewed or audited by the Company's auditors.

The Half Year Report was approved by the Board on 30 April 2014 and the above responsibility statement was signed on its behalf by:

Anthony Townsend
Chairman

Glossary of Terms

AIFM
The Alternative Investment Fund Manager Directive (the "Directive") is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts). There is a one-year transition period within which alternative funds must comply with the provisions of the Directive.

Discount or Premium
A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

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Gearing
Gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.

Net Asset Value (NAV)
The value of the Company's assets, principally investments made in other companies and cash being held, less any liabilities. The NAV is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

Net Asset Value Total Return
The theoretical total return on an investment over a specified period assuming dividends paid to shareholders were reinvested at net asset value per share at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment trusts which is not affected by movements in discounts or premiums.

Glossary of Terms - continued

Ongoing Charges
Ongoing charges are calculated by taking the Company's annualised expenses, excluding performance fees and exceptional items, and dividing by the average net asset value of the Company over the year.

Share Price Total Return
The change in capital value of a company's shares over a given period, plus dividends received, expressed as a percentage of the opening value.

Treasury Shares
Shares previously issued by a company that have been bought back from shareholders to be held by the Company for potential sale or cancellation at a later date. Such shares are not capable of being voted and carry no rights to dividends.

How to Invest

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

Alliance Trust Savings	http://www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	https://www.barclaysstockbrokers.co.uk/Pages/index.aspx
Club Finance	http://www.clubfinance.co.uk/
Fast Trade	http://www.fastrade.co.uk/wps/portal
FundsDirect	http://www.fundsdirect.co.uk/Default.asp
Halifax Share Dealing	http://www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://investments.hsbc.co.uk/
iDealing	http://www.idealing.com/
IG Index	http://www.igindex.co.uk/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
James Brearley	http://www.jbrearley.co.uk/Marketing/index.aspx
Natwest Stockbrokers	http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.ashx
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Sippdeal	http://www.sippdeal.co.uk/
Saxo Capital Markets	http://uk.saxomarkets.com/
TD Direct Investing	http://www.tddirectinvesting.co.uk/

Capita Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Capita Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

Type of trade	Online	Telephone
Share certificates	1% of the value of the deal	1.5% of the value of the deal
Costs	(Minimum £21.00, max £125.00)	(Minimum £28.50, max £175.00)

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your share certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

How to Invest - continued

For further information on this service please contact: www.capitadeal.com (online dealing) or 0871 664 0364† (telephone dealing)

If calling from outside of the UK please dial +44 (0) 203 367 2686

† Calls cost 10p per minute plus network extras and may be recorded for training purposes. Lines are open from 8.00 a.m. to 4.30 p.m. Monday to Friday.

Risk Warnings

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

Company Information

Directors
Anthony Townsend, (Chairman)
John Allard
Neil Collins
David Hunt, FCA
Vanessa Renwick

Registered Office
50 Lothian Road,
Festival Square,
Edinburgh EH3 9WJ

Website
www.finsburygt.com

Company Registration Number
13958 (Registered in Scotland)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Investment Manager
Lindsell Train Limited
Cayzer House,
30 Buckingham Gate,
London SW1E 6NN
Telephone: 0207 802 4700
Website: www.lindselltrain.com

Authorised and regulated by the Financial Conduct Authority.

Manager, Company Secretary and Administrator
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 Conduct 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.

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

Registrars
Capita Asset Services
The Registry,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU
Telephone (in UK): 0871 664 0300†

Telephone (from overseas): +44 208 639 3399

Facsimile: + 44 (0) 1484 600911

E-Mail: shareholderenquiries@capita.co.uk

Website: www.capitaassetservices.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.Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday.

Custodian and Banker
Bank of New York Mellon
160 Queen Victoria Street,
London EC4V 4LA

Lending Banker
Scotiabank Europe PLC
201 Bishopsgate, 6th Floor
London EC2M 3NS

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

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

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- Money Week, Investment Trust of the Year 2011, UK Growth & Income Category
- Moneywise, Investment Trust of the Year 2011 and 2014, UK Growth & Income Category
- FE Trustnet FE Alpha Manager Rating 2014 (Nick Train)

Finsbury Growth & Income Trust PLC
25 Southampton Buildings, London WC2A 1AL
www.finsburygt.com