

Highlights

- Net asset value per share total return of minus 10.1 per cent compares favourably to the FTSE All-Share Capped 5% Index total return of minus 14.0 per cent.
- Distribution yield of 6.9 per cent at 30 September 2008
- Distributions paid quarterly

Interim Results

The Board of Investors Capital Trust plc announces the unaudited interim results of the Company for the six month period to 30 September 2008.

Introduction

The past six months have seen a global financial crisis of extraordinary proportions. This is now having serious implications for the wider economy and corporate sector. Investor concerns have resulted in sharp falls in stock markets around the world. It is against this background that I report on the Company's results for the six month period to 30 September 2008.

Investment Objective and Policy

The Company's investment objective is to provide an attractive return to shareholders in the form of dividends and/or capital distributions together with prospects for capital growth.

The Company's investment portfolio is managed in two parts. The first part comprises investments in UK equities and equity-related securities (the Equities Portfolio) and the second part comprises investments in fixed interest and other higher yielding stocks and securities (the Higher Yield Portfolio). This allocation will vary as a result of market movements and circumstances.

At 30 September 2008 the Company's total assets (less current liabilities) were £133.0m. 55.9 per cent of total assets was allocated to the Equities Portfolio, 23.6 per cent to the Higher Yield Portfolio and, reflecting the Manager's cautious investment views, the remaining 20.5 per cent was held as cash.

Investment Performance

The Company's net asset value per A share and per B share at 30 September 2008 was 78.1p and per unit was 312.3p. This capital performance, together with dividends and capital distributions added back, resulted in a net asset value total return of minus 10.1 per cent for share and unit holders over the six month period to 30 September 2008. This compares favourably to the return from the FTSE All-Share Capped 5% Index of minus 14.0 per cent on a comparable basis. Based on share price performance, the Company was the best performer within the AIC UK High Income Sector for the period.

The equity market started the reporting period on a firm footing; however, this was to prove short-lived, as a combination of deteriorating economic news together with concerns over the ongoing dislocation in global credit markets began to weigh on investor confidence. The market mood improved somewhat in August on the back of easing commodity prices and a flurry of merger and acquisition speculation. However, the financial crisis began to deepen in early September when the US government was forced to seize control of the two government-sponsored enterprises - commonly referred to as Fannie Mae & Freddie Mac - whose role is to provide liquidity to the US mortgage market. It was hoped this move would arrest the vicious downward cycle in credit markets and prevent further damage to the US

economy. However, in the following weeks the “credit crunch”, which had cast a shadow over financial markets since late 2007, mutated into a global financial crisis of extraordinary proportions.

With fears mounting of a systemic collapse in global financial markets the US government, in an unprecedented move, sought authority to spend around \$700 billion of tax-payers' money to purchase directly the illiquid assets which were choking the flow of credit. The Troubled Asset Relief Program became part of a broader legislative package which was approved by the US Congress in early October. A week later the UK government announced the historic decision to part nationalise three of the country's largest banks, Royal Bank of Scotland, HBOS and Lloyds TSB, as part of a £350 billion recapitalisation and support package for the UK banking sector. At the same time six of the world's key central banks, including the Bank of England, the US Federal Reserve and the European Central Bank, announced simultaneous emergency interest rate cuts in the hope of restoring confidence and jolting credit markets back to life. Other governments around the world soon followed the UK lead by announcing similar rescue plans for their own banking sectors.

During the reporting period the Company's Equities Portfolio produced a total return of minus 10.9 per cent, which was ahead of the minus 14.0 per cent total return from the FTSE All-Share Capped 5% Index. The equity out-performance was driven by strong stock selection. The Higher Yield Portfolio returned minus 2.6 per cent. However, faced with the worst financial crisis for decades, equity markets continued to fall sharply following the end of the reporting period.

Earnings

The Company achieved total revenue income of £3.7m for the six month period to 30 September 2008. The yield on the Equities Portfolio was 5.2 per cent at 30 September 2008, equivalent to a yield relative to the FTSE All-Share Index of 112 per cent.

The growth in dividends from the Company's Equities Portfolio as a whole, while slowing, remained broadly encouraging throughout the period under review. However, as the financial crisis unfolded it became evident that the revenue from financial holdings, in particular banks, within the Equities and Higher Yield Portfolios was increasingly at risk. As a result of a deteriorating economic backdrop we expect both corporate earnings and dividends to come under pressure during the second half of the Company's year. Against an increasingly uncertain market backdrop the Company held a high level of liquidity throughout the period: £27.3m in cash at 30 September 2008. Consequently deposit income was higher than will ordinarily be the case. Income from the Higher Yield Portfolio, which comprised predominantly investment grade corporate bonds, was at the level anticipated.

After providing for the second quarter dividend, the Company had revenue reserves of £0.7m at 30 September 2008.

Dividends and Capital Returns

Dividends to A shareholders and capital distributions to B shareholders are paid quarterly in August, November, February and May each year. In respect of the Company's first and second quarters, the dividends declared on the A shares and capital distributions on the B shares were 1.325p per share for each quarter. The Board believes that the outlook for corporate earnings and dividends has deteriorated significantly in recent months and is closely monitoring market developments. However it still expects, barring unforeseen

circumstances, that the Company will pay dividends to A shareholders and capital distributions to B shareholders of 1.325p per share for the third quarter and 1.375p per share in respect of the fourth quarter.

The distribution yield for A and B shareholders was 6.9 per cent based on the share price of 77.5p as at 30 September 2008 and this compares favourably with the yield on the FTSE All-Share Index of 4.6 per cent at that date. For shareholders who hold units, the distribution yield was also 6.9 per cent based on a unit price of 309p as at 30 September 2008.

The Company operates a distribution reinvestment scheme to enable B shareholders to reinvest their capital distributions in further B shares if they wish; details are available from the Company's Registrars.

Discount and buy backs

The share price of the Company's A shares and B shares traded over the six month period at an average discount to net asset value per share of 5.1 per cent and 5.3 per cent respectively. The Company has a stated buyback policy and, in accordance with this policy, the Company bought back 1.3m A shares to be held in treasury and 0.4m B shares for cancellation during the period at an average discount of five per cent to net asset value, thereby adding value for remaining shareholders.

Outlook

The co-ordinated moves by global policymakers in recent weeks should help alleviate the stresses in credit markets. While financial markets remain extremely fragile, investor concerns are now shifting to the wider economy and what is likely to be the worst downturn in decades for both the US and European economies. We believe that the vicious sell-off in equity markets partly reflects the more difficult outlook for the corporate sector in the year ahead.

J Martin Haldane
Chairman

**Unaudited Consolidated Income Statement
For the six month period to 30 September 2008**

Six months to 30 September 2008

	Revenue £'000	Capital £'000	Total £'000
Losses on investments held at fair value	-	(13,348)	(13,348)
Exchange differences	-	(200)	(200)
Investment income	3,718	-	3,718
Investment management fee			
Basic	(119)	(356)	(475)
Performance related	-	-	-
Other expenses	(206)	-	(206)
Profit/(loss) before finance costs and taxation	3,393	(13,904)	(10,511)
Net finance costs			
Interest on bank loan and interest rate swap	(297)	(692)	(989)
	(297)	(692)	(989)
Return before taxation	3,096	(14,596)	(11,500)
Tax on ordinary activities	(340)	293	(47)
Return attributable to equity shareholders	2,756	(14,303)	(11,547)
Earnings per share	2.1p	(11.2p)	(9.1p)

Unaudited Consolidated Income Statement
For the period from incorporation on 15 January 2007 to 30 September 2007

**Period from incorporation on
15 January 2007 to 30 September 2007**

	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value	-	3,301	3,301
Exchange differences	-	60	60
Investment income	4,860	186	5,046
Investment management fee			
Basic	(210)	(632)	(842)
Performance related	-	(7)	(7)
Other expenses	(227)	-	(227)
Profit before finance costs and taxation	4,423	2,908	7,331
Net finance costs			
Interest on bank loan and interest rate swap	(347)	(809)	(1,156)
	(347)	(809)	(1,156)
Return on before taxation	4,076	2,099	6,175
Tax on ordinary activities	(352)	352	-
Return attributable to equity shareholders	3,724	2,451	6,175
Earnings per share	2.7p	1.8p	4.5p

The Company was incorporated on 15 January 2007 and commenced operations on 1 March 2007.

Unaudited Consolidated Income Statement
For the period from incorporation on 15 January 2007 to 31 March 2008

**Period from incorporation on
15 January 2007 to 31 March 2008***

	Revenue £'000	Capital £'000	Total £'000
Losses on investments held at fair value	-	(8,727)	(8,727)
Exchange differences	-	(734)	(734)
Investment income	8,314	554	8,868
Investment management fee			
Basic	(314)	(734)	(1,048)
Performance related	-	-	-
Other expenses	(418)	-	(418)
Profit/(loss) before finance costs and taxation	7,582	(9,641)	(2,059)
Net finance costs			
Interest on bank loan and interest rate swap	(642)	(1,497)	(2,139)
	<u>(642)</u>	<u>(1,497)</u>	<u>(2,139)</u>
Return before taxation	6,940	(11,138)	(4,198)
Tax on ordinary activities	(685)	670	(15)
Return attributable to equity shareholders	6,255	(10,468)	(4,213)
Earnings per share	4.7p	(7.8p)	(3.1p)

The Company was incorporated on 15 January 2007 and commenced operations on 1 March 2007.

*These figures are audited

Condensed Unaudited Consolidated Balance Sheet

	As at 30 Sept 2008 £'000	As at 30 Sept 2007 £'000	As at 31 March 2008* £'000
Non-current assets			
Investments held at fair value through profit or loss	105,742	147,675	119,368
Interest rate swap on bank loan	-	70	-
	<u>105,742</u>	<u>147,745</u>	<u>119,368</u>
Current assets			
Other receivables	1,276	2,860	3,207
Cash and cash equivalents	27,301	19,831	29,623
	<u>28,577</u>	<u>22,691</u>	<u>32,830</u>
Total assets	<u>134,319</u>	<u>170,436</u>	<u>152,198</u>
Current liabilities			
Other payables	(1,306)	(1,918)	(2,730)
	<u>(1,306)</u>	<u>(1,918)</u>	<u>(2,730)</u>
Non-current liabilities			
Bank loan	(33,472)	(33,466)	(33,469)
Interest rate swap on bank loan	(480)	-	(744)
	<u>(33,952)</u>	<u>(33,466)</u>	<u>(34,213)</u>
Total liabilities	<u>(35,258)</u>	<u>(35,384)</u>	<u>(36,943)</u>
Net assets	<u>99,061</u>	<u>135,052</u>	<u>115,255</u>
Capital and reserves			
Called-up share capital	138	139	138
Share premium	22	22	22
Capital redemption reserve	1	-	1
Buy back reserve	89,851	96,332	91,306
Special capital reserve	31,986	33,663	32,809
Capital reserves	(25,323)	2,521	(11,284)
Revenue reserve	2,386	2,375	2,263
Shareholders' funds	<u>99,061</u>	<u>135,052</u>	<u>115,255</u>
Net asset value per A share	78.1p	100.7p	89.6p
Net asset value per B share	78.1p	100.7p	89.6p

*These figures are audited

**Condensed Unaudited Consolidated
Statement of Changes in Equity**

	Six months to 30 Sept 2008 £'000	Period from incorporation on 15 January 2007 to 30 Sept 2007 £'000	Period from incorporation on 15 January 2007 to 31 March 2008* £'000
Opening equity shareholders' funds	115,255	-	-
Issue of share capital, net of costs	-	135,225	136,597
Net (loss)/profit for the period	(11,547)	6,175	(4,213)
Shares bought back (including taxes)	(1,455)	(4,619)	(11,089)
Dividends paid on A shares	(2,633)	(1,349)	(3,992)
Capital Distributions paid on B shares	(823)	(450)	(1,304)
Unrealised gain/(loss) on revaluation of interest rate swap	264	70	(744)
Closing equity shareholders' funds	<u>99,061</u>	<u>135,052</u>	<u>115,255</u>

*These figures are audited

**Condensed Unaudited Consolidated
Cash Flow Statement**

	Six months to 30 Sept 2008	Period from incorporation on 15 January 2007 to 30 Sept 2007	Period from incorporation on 15 January 2007 to 31 March 2008* £'000
Net cash flow from operating activities	3,872	(142,215)	(121,355)
Net cash flow from financing activities	(5,897)	161,909	151,542
Net (decrease)/increase in cash and cash equivalents	(2,025)	19,694	30,187
Currency gains/(losses)	(297)	137	(564)
Cash and cash equivalents at beginning of period	29,623	-	-
Cash and cash equivalents at end of period	<u>27,301</u>	<u>19,831</u>	<u>29,623</u>

*These figures are audited

Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related. Other risks faced by the Company include external, investment and strategic, regulatory, operational and financial risks. These risks, and the way in which they are managed, are described under the heading Principal Risks and Risk Management within the Report of the Directors in the Group's Annual Report for the period ended 31 March 2008. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Group's financial year.

Statement of Directors' Responsibilities in Respect of the Interim Results

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting';
- the Chairman's Statement (constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and
- the Chairman's Statement together with the condensed set of consolidated financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

J Martin Haldane

Director

12 November 2008

Notes to the Accounts (unaudited)

1. The condensed consolidated financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting* and the accounting policies set out in the statutory accounts of the Group for the period ending 31 March 2008.
2. Income for the period is derived from:

	30 Sept 2008 £'000	30 Sept 2007 £'000	31 March 2008 £'000
Equity investments	1,883	2,902	4,658
Fixed interest investments	1,150	1,164	2,263
Deposit interest	685	794	1,393
Dividends of a capital nature	-	186	554
	3,718	5,046	8,868

3. The Company's investment manager is F&C Investment Business Limited. F&C Investment Business Limited receives an investment management fee comprising a base fee and a performance fee.

The base fee is a management fee at 0.9 per cent per annum of the net asset value of the Company payable quarterly in arrears, subject to being reduced to 0.75 per cent if the net asset value at the end of the financial year is less than £1 per share. The performance fee, full details of which are contained in the Annual Report for the period ended 31 March 2008, will, subject to achieving stated performance criteria, be payable every five years.

Other things being equal, had the Company's net asset value been in excess of £1, a performance fee accrual totalling £906,000, or 0.71p per share, would have been recognised at the balance sheet date.

4. The returns per share are based on 127,475,339 shares (period to 30 September 2007 - 136,799,064; period to 31 March 2008 - 133,738,535), being the weighted average shares in issue during the period.
5. Earnings for the six months to 30 September 2008 should not be taken as a guide to the results of the full year.

6. Dividends

	Six months to 30 Sept 2008 £'000	Period to 30 Sept 2007 £'000	Period to 31 March 2008 £'000
In respect of the previous period:			
Fourth interim dividend paid at 1.375p per A share	1,347	-	-
Fourth capital distribution paid at 1.375p per B share	421	-	-
In respect of the period under review:			
First interim dividend paid at 1.325p per A share	1,286	1,349	1,349
First capital distribution paid at 1.325p per B share	402	450	450
Second interim dividend paid at 1.325p per A share	-	-	1,332
Second capital distribution paid at 1.325p per B share	-	-	444
Third interim dividend paid at 1.325p per A share	-	-	1,311
Third capital distribution paid at 1.325p per B share	-	-	410
	3,456	1,799	5,296

A second interim dividend for the year to 31 March 2009, of 1.325p per A shares, was paid on 7 November 2008 to A shareholders on the register on 3 October 2008. A second quarter capital distribution of 1.325p per B share was paid on the same date to B shareholders on the register on 3 October 2008.

Although these payments relate to the period ended 30 September 2008, under IFRS they will be accounted for in the six months to 31 March 2009, being the period during which they are paid.

7. Over the period the Company bought back to hold in treasury 1,305,000 A shares at a cost of £1,085,000 (period to 30 September 2007 – 3,567,296 A shares; period to 31 March 2008 – 7,671,296 A shares) and nil B shares (period to 30 September 2007 – 1,188,432 B shares; period to 31 March 2008 – 3,238,432 B shares).

The Company bought back 435,000 B shares for cancellation at a cost of £363,000 (period to 30 September 2007 – nil; period to 31 March 2008 – 828,000 B shares). The Company did not resell any A shares or B shares out of treasury during the period (period to 30 September 2007 – nil, period to 31 March 2008 – 1,510,000 A shares).

At 30 September 2008 the Company held 7,466,296 A shares and 3,238,432 B shares in treasury (30 September 2007 – 3,567,296 A shares and 1,188,432 B shares; 31 March 2008 – 6,161,296 A shares and 3,238,432 B shares).

The Company did not issue any new shares during the period (period to 30 September 2007 and period to 31 March 2008 – 104,124,440 A shares and 34,708,135 B shares).

8. The net asset value per share is based on 96,658,144 A shares and 30,206,703 B shares, being the number of shares in issue at the period end (30 September 2007 – 100,557,144 A shares and 33,519,703 B shares; 31 March 2008 – 97,963,144 A shares and 30,641,703 B shares).
9. The Group results consolidate those of Investors Securities Company Limited, a wholly owned subsidiary which deals in securities.

10. These are not full statutory accounts in terms of Section 240 of the Companies Act 1985 and are unaudited. Statutory accounts for the period ended 31 March 2008, which received an unqualified audit report, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 31 March 2008 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

The Interim Report will be posted to shareholders during November and will be available on the website:

www.investorscapital.co.uk

For further information, please contact:
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