



Investors Capital Trust plc

Interim Report

For the six months to

30 September 2015

Company Summary

The Company

The Company is an investment trust and its shares are listed on the London Stock Exchange. It is a member of the Association of Investment Companies ('AIC').

Objective and Policy

To provide an attractive return to shareholders each year in the form of dividends and/or capital returns, together with prospects for capital growth.

The Company's portfolio is managed in two parts. The first part comprises investments in UK equities and equity-related securities of large and mid-sized companies (the Equities Portfolio) and the second part comprises investments in fixed interest and other higher yielding stocks and securities (the Higher Yield Portfolio).

Investment manager

F&C Investment Business Limited – Rodger McNair

Total assets (less current liabilities)

£134.6 million at 30 September 2015

Equity shareholders' funds

£116.6 million at 30 September 2015

Capital structure

The Company's capital structure offers shareholders the opportunity to receive quarterly distributions in the form of either dividends, capital returns, or both, to suit their own particular circumstances. The Company has two classes of shares: A shares and B shares. The rights of each class are identical, save in respect of the right to participate in distributions of dividends and capital. The net asset value attributable to each class of shares is the same.

Only A shares are entitled to dividends paid by the Company. B shares, instead of receiving dividends, receive a capital repayment at the same time as, and in an amount equal to, each dividend paid on the A shares. For certain shareholders, there may be tax or other advantages in receiving a capital repayment rather than a dividend. Shares may be held and traded within units; each unit comprises three A shares and one B share.

In addition, the Company has a fixed rate bank loan of £18 million for a term to 28 September 2017.

Isa status

The Company's shares and units are eligible for Individual Savings Accounts (ISAs).

Website

The internet address for the Company is www.investorscapital.co.uk



The Association of
Investment Companies

Financial Highlights and Performance Summary

- Net asset value per share total return for the six months of -6.1 per cent, compared to the FTSE All-Share Capped 5% Index total return of -7.0 per cent.
- Expected distribution yield of 5.1 per cent on A shares and B shares at 30 September 2015, based on expected dividends for the year ended 31 March 2016. This compares with the yield on the FTSE All-Share Index of 3.7 per cent.
- Distributions paid quarterly. Interim dividends in respect of the period increased by 2.7 per cent compared to the prior year.

	Six months to 30 September 2015	Period from launch on 1 March 2007 to 30 September 2015	
Total Return†			
Net asset value total return per A and B share and per Unit	-6.1%	55.0%	
FTSE All-Share Capped 5% Index total return	-7.0%	46.1%	
	30 September 2015	31 March 2015	% Change
Capital Values‡			
Net asset value per A share and B share (debt at fair value)*	95.23p	103.62p	-8.1
Net asset value per Unit (debt at fair value)*	380.92p	414.48p	-8.1
FTSE All-Share Capped 5% Index	3,527.76	3,867.69	-8.8
Ordinary share price – A shares	89.5p	100.8p	-11.2
– B shares	89.5p	100.8p	-11.2
– Units*	363.5p	402.5p	-9.7
(Discount)/premium§ – A shares	(6.0)%	(2.7)%	
– B shares	(6.0)%	(2.7)%	
– Units*	(4.6)%	(2.9)%	
Distribution yield – A shares	5.1%	4.4%	
– B shares	5.1%	4.4%	
– Units*	5.1%	4.4%	
Net Gearing‡	7.6%	7.9%	

* A unit consists of three A shares and one B share.

† All total return calculations are on a yield basis with net dividends re-invested.

‡ Capital values are calculated after payment of distributions to shareholders.

‡ The gearing figure indicates the extra amount by which shareholders' funds would rise or fall if total assets were to rise or fall. A figure of zero per cent means that the Company has a nil geared position. A negative number means the Company holds net cash after offsetting gearing.

Net gearing = the percentage figure of investments held divided by assets attributable to shareholders.

× A reconciliation between the net asset value (debt at fair value) and the net asset value per the Balance Sheet is shown in note 6 to the accounts.

§ Premium/(discount) represents percentage difference between net asset value and Share/Unit price.

Sources: F&C Investment Business Limited and Datastream

Chairman's Statement

Introduction

In my last report to shareholders I highlighted that a number of challenges lay ahead for financial markets, not least the economic and political difficulties affecting the Eurozone, an uncertain economic growth outlook in China, and the heightened level of global geopolitical risk. Indeed, while all of these issues have remained very much at the forefront of investors' thoughts in recent months, it has been the deteriorating outlook for the Chinese economy which has weighed most heavily on financial markets. The Chinese economy is undergoing a transition from an export and investment led growth model to one that is more focused on the trade in services and domestic consumption; an economic rebalancing that should ultimately lead to more stable and durable economic growth. However, it is unsurprising that the uncertain near-term outlook for growth in the region has triggered concerns over the prospects for the global economy and contributed to a rise in volatility in global equity markets.

The outlook for UK corporate earnings has also been a concern for investors. Corporate profitability and cash flow recovered quickly in the early years following the financial crisis. However, over the past few years, with profit margins already high, the economic backdrop anaemic and competition acute, many companies, particularly the largest ones, have struggled to grow their earnings. Unless we see an acceleration in the pace of global growth it is difficult to see a sustainable improvement in earnings and dividends.

Geopolitical risks have intensified over the past year with rising instability across the Middle East and North Africa, the continued rise of radical Islam and deteriorating bilateral relations between the United States and Russia. Even within the Eurozone, where signs of economic stability have been more encouraging, albeit largely a result of the European Central Bank's stimulus program, deep political divisions are evident. Nevertheless against a background of plentiful global liquidity and reasonable corporate sector fundamentals, equity and bond markets have remained generally well supported.

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.

As at 30 September 2015, 82.3 per cent. of total assets was allocated to the Equities Portfolio and 10.8 per cent. to the Higher Yield Portfolio. The remaining 6.9 per cent. was held as cash and cash equivalents.

Investment Performance

Returns from the Equities Portfolio and the Higher Yield Portfolio, combined with the effect of borrowings, resulted in the net asset value total return for the A and B shares of -6.1 per cent. over the six months to 30 September 2015. This return was ahead of the -7.0 per cent. total return for the benchmark FTSE All-Share Capped 5% Index. Since the Company's launch in March

2007, the net asset value total return for the A and B shares has been 55.0 per cent. which exceeds the 46.1 per cent. return from the benchmark index and reflects strong outperformance from the Equities Portfolio.

During the six months to 30 September 2015, the Company's Equities Portfolio produced a total return of -5.1 per cent. which was ahead of the benchmark index return of -7.0 per cent. The Higher Yield Portfolio is invested in predominantly investment grade corporate bonds and returned -1.6 per cent. in total return terms for the six months to 30 September 2015.

Earnings, Dividends and Capital Distributions

The Company earned total revenue income of £2.9m for the six months. The yield on the Equities Portfolio was 4.1 per cent. as at 30 September 2015, compared to the yield on the FTSE All-Share Index of 3.7 per cent.

Income from the Equities Portfolio fell compared with the same six month period last year. This decrease was largely due to the lower level of one-off special dividends received during the period. In total, special dividends added £57,000 to the revenue account during the period compared with £306,000 during the same period in the prior year. The majority of investee companies have continued to demonstrate good underlying dividend growth even though pace of dividend growth from the market as a whole has been subdued, reflecting the weakness in corporate earnings growth.

Movements in the Sterling exchange rate, most notably against the US dollar, have an important influence on the Company's revenue as over a third of the Company's equity income comes from UK-listed companies that declare dividends in US dollars. Over the past year the US Dollar/Sterling exchange rate has at times been volatile but remained broadly unchanged overall.

The collapse in the price of crude oil and other hard commodities, such as copper and iron ore, due to a combination of demand and supply side factors, has been one of the key developments of the past year. If the current weakness in commodity markets persists over the medium term, we would expect the high level of dividend income offered by shares of the integrated oil and mining companies, to come under pressure. The Board would not expect modest dividend reductions across this segment of the market to impact the Company's current dividend level.

There has been a further reduction in assets allocated to the Higher Yield Portfolio. In light of the low level of yield available on corporate bonds, particularly higher quality, investment grade corporate bonds, we expect this trend to continue. Income from the Higher Yield Portfolio has consequently decreased, compared to the same period in the prior year.

The Company's dividend for the year ending 31 March 2016 is estimated, barring unforeseen circumstances, to be 4.6p per share which represents an increase of 2.7 per cent compared to the prior year (2015: 4.48p per share). The first

Chairman's Statement

three quarterly dividends will be paid in equal instalments of 1.14p per share and a fourth quarterly dividend of approximately 1.18p is expected to be paid to A shareholders. B Shareholders will receive capital repayments of the same amount per share at the same time as dividends are received by A shareholders.

The expected annual distribution level represents a yield for both A shareholders and B shareholders of 5.1 per cent. based on share prices as at 30 September 2015. For those shareholders that hold units (each comprising three A shares and one B share) the distribution yield on this unit holding would be 5.1 per cent. These yields compare favourably with the yield on the FTSE All-Share Index of 3.7 per cent. at that date.

After providing for the second quarter dividend, the Company had revenue reserves of £4.3m at 30 September 2015.

Dividends to A shareholders and capital repayments to B shareholders are paid quarterly in August, November, February and May each year.

Discount and buy backs

The Company's A share price and B share price both stood at a discount of 6.0 per cent. at 30 September 2015. Over the six month period, the price of the Company's A shares traded at an average discount to net asset value per share of 6.0 per cent. and the Company's B shares traded at an average discount of 4.3 per cent.

During the six month period, the Company did not buy back any shares to be held in treasury nor resell any shares from treasury.

Outlook

The global economy has continued to make progress over the past six months although, as has been the case in recent years, growth remains sluggish and uneven. The UK economy has been the fastest growing of the major developed economies and continues to perform well. In the United States, after six years of recovery, the improvement in economic conditions has been such that the Federal Reserve now appear to be considering an increase in interest rates. In contrast the Eurozone recovery remains nascent and fragile, with the European Central Bank widely expected to expand its stimulus program in an effort to lift inflation and support growth. Looking forward, headwinds from the slowdown in emerging market economies, most notably China, are likely to dampen global growth prospects for the year ahead. The collapse in crude oil prices, while helpful for consumers, especially in developed economies, is damaging for the economies of the oil exporting nations such as Russia and Venezuela. Against this background there is little evidence of global inflationary pressure, suggesting that monetary policy will remain broadly expansionary across the major developed economies. This environment is likely to remain broadly supportive for equity markets.

Iain McLaren

Chairman

27 November 2015

Classification of Investments

At 30 September 2015

Total Portfolio Summary

	2015 Market Value £'000	% of Total Assets	% of Total Portfolio Income	% Yield
Equities Portfolio	110,851	82.3	85.0	4.1
Higher Yield Portfolio	14,495	10.8	14.2	3.7
Net Current Assets	9,289	6.9	0.8	
Total Assets (less Current Liabilities)	134,635	100.0	100.0	
Bank Term Loan at fair value	(18,123)	(13.5)		
Net Assets Attributable to Shareholders	116,512	86.5		

Equities Portfolio

Sector	2015 % Equities Portfolio	2015 FTSE All- Share Capped 5% Index
Oil & Gas	7.5	10.3
Basic Materials	4.6	4.9
Industrials	11.5	10.1
Consumer Goods	18.0	16.3
Healthcare	9.3	8.5
Consumer Services	15.8	12.9
Telecommunications	6.7	5.1
Utilities	6.9	3.9
Financials	18.4	26.4
Technology	1.3	1.6
Total	100.0	100.0

Higher Yield Portfolio

	2015 Higher Yield Portfolio Weighting %
Security Ratings	
AAA	6.0
AA	0.5
A	15.3
BBB	38.9
BB	24.9
B	9.0
Not rated	5.4
	100.0

* The yield quoted on the Higher Yield Portfolio is the average weighted yield of all holdings calculated to their respective call dates. If the holdings in the portfolio are not called on those dates, then the yield will differ from that stated. The average duration until maturity on the Higher Yield Portfolio was 3.3 years at 30 September 2015.

Equities Portfolio

At 30 September 2015

Company	Sector	Market Value £'000	% of Equities Portfolio
British American Tobacco	Tobacco	6,426	5.8
HSBC Holdings	Banks	6,082	5.5
GlaxoSmithKline	Pharmaceutical & Biotech	5,337	4.8
Royal Dutch Shell	Oil & Gas Producers	4,121	3.7
BT Group	Fixed Line Telecommunications	4,014	3.6
AstraZeneca	Pharmaceutical & Biotech	3,452	3.1
Vodafone Group	Mobile Telecommunications	3,451	3.1
Rio Tinto	Mining	3,198	2.9
BP	Oil & Gas Producers	3,069	2.8
Booker Group	Food & Drug Retailers	3,037	2.7
Ten largest equity investments		42,187	38.0
Diageo	Beverages	2,959	2.7
Barclays	Banks	2,921	2.6
SABMiller	Beverages	2,833	2.6
National Grid	Gas, Water & Multi-Utilities	2,825	2.6
Compass Group	Travel & Leisure	2,801	2.5
Imperial Tobacco Group	Tobacco	2,786	2.5
Reckitt Benckiser Group	Household Goods	2,464	2.2
Unilever	Food Producers	2,431	2.2
Severn Trent	Gas, Water & Multi-Utilities	2,418	2.2
Prudential	Life Insurance	2,222	2.0
Twenty largest equity investments		68,847	62.1
Lloyds Banking Group	Banks	2,146	1.9
BAE Systems	Aerospace & Defence	2,076	1.9
Howden Joinery Group	Support Services	1,989	1.8
BHP Billiton	Mining	1,935	1.7
Land Securities Group	Real Estate	1,931	1.7
Berendsen	Support Services	1,758	1.6
Halfords Group	General Retailers	1,527	1.4
Bunzl	Support Services	1,518	1.4
Smith & Nephew	Healthcare	1,510	1.4
WPP	Media	1,490	1.3
Thirty largest equity investments		86,727	78.2
Other equity investments (23)		24,124	21.8
Total equity investments		110,851	100.0

Higher Yield Portfolio*

At 30 September 2015

Security	Sector	Market Value £'000	% of Higher Yield Portfolio
Paragon Group 7% 20/04/17	Mortgage Banks & Thrifts	682	4.7
British Telecom 2.25% 14/02/19	Telecommunications	430	3.0
Permanent Master ABS 15/07/42	Mortgage Backed	379	2.6
UBS 6.375% 20/07/16	Banking	371	2.6
Bupa Finance 7.5% 04/07/16	Life Insurance	321	2.2
Yorkshire Building Society FRN 23/03/16	Banking	317	2.2
Mitchells & Butler 1.05438% 15/12/28	Tobacco	317	2.2
AA Bond Co 4.7201% 02/07/43	ABS Automobile	312	2.1
MacQuarie Bank 3.5% 18/12/20	Banking	274	1.9
Marstons FRN 15/07/20	Restaurants & Bars	272	1.9
Ten largest higher yield investments		3,675	25.4
Unitymedia 5.125% 21/01/23	Media - Cable	267	1.8
Glencore Funding 4.125% 30/05/23	Metals/Mining Excluding Steel	257	1.8
Smurfit Kappa Acquisition 5.125% 15/09/18	Forestry/Paper	240	1.7
Investec Bank 9.625% 17/02/22	Banking	238	1.6
Empark Funding 6.75% 15/12/19	Support Services	234	1.6
Cegecim 6.75% 01/04/20	Health Services	233	1.6
Kion Finance 6.75% 15/02/20	Machinery	230	1.6
Kelda Finance 3 5.75% 17/02/20	Non-Electric Utilities	223	1.5
Bharti Airtel International 4% 10/12/18	Telecom - Wireless	208	1.4
Pendragon 6.875% 01/05/20	Specialty Retail	208	1.4
Twenty largest higher yield investments		6,013	41.4
Provident Financial 8% 23/10/19	Financial Services	203	1.4
Goldman Sachs 6.125% 14/02/17	Banking	202	1.4
Channel Link FRN 20/06/50	Railroads	200	1.4
Verizon Communications 4.5% 15/09/20	Telecom - Integrated/Services	199	1.4
William Hill 4.25% 05/06/20	Gaming	187	1.3
FCE Bank 2.759% 13/11/19	Auto Loans	184	1.3
Co-operative Group 5.625% 08/07/20	Specialty Retail	177	1.2
Belden 5.5% 15/04/23	Diversified Capital Goods	177	1.2
Brakes Capital 7.125% 15/12/18	Food-Wholesale	173	1.2
Imperial Tobacco 6.25% 04/12/18	Tobacco	168	1.2
Thirty largest higher yield investments		7,883	54.4
Other higher yield investments (67)		6,612	45.6
Total higher yield investments		14,495	100.0

*The Higher Yield Portfolio consisted solely of Corporate Bonds and Government Stocks throughout the period.

Condensed Unaudited Consolidated Statement of Comprehensive Income

Six months to 30 September 2015			
Notes	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value	–	(9,361)	(9,361)
Exchange differences	–	(3)	(3)
Investment income	2 2,851	–	2,851
Investment management fee	3 (134)	(312)	(446)
Other expenses	(193)	–	(193)
Profit/(loss) before finance costs and taxation	2,524	(9,676)	(7,152)
Net finance costs			
Interest on bank loan	(89)	(208)	(297)
Total finance costs	(89)	(208)	(297)
Profit/(loss) before tax	2,435	(9,884)	(7,449)
Tax on ordinary activities	–	–	–
Profit/(loss) for the period	2,435	(9,884)	(7,449)
Total comprehensive income for the period	2,435	(9,884)	(7,449)
Earnings per share	4 1.99p	(8.08)p	(6.09)p

All of the profit and comprehensive income for the period is attributable to the owners of the Company. All items in the above statement derive from continuing operations.

Six months to 30 September 2014			Year to 31 March 2015*		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(1,436)	(1,436)	–	2,597	2,597
–	203	203	–	342	342
3,139	–	3,139	5,721	–	5,721
(142)	(331)	(473)	(283)	(660)	(943)
(176)	–	(176)	(391)	–	(391)
2,821	(1,564)	1,257	5,047	2,279	7,326
(89)	(208)	(297)	(177)	(414)	(591)
(89)	(208)	(297)	(177)	(414)	(591)
2,732	(1,772)	960	4,870	1,865	6,735
(17)	17	–	(22)	22	–
2,715	(1,755)	960	4,848	1,887	6,735
2,715	(1,755)	960	4,848	1,887	6,735
2.21p	(1.43)p	0.78p	3.95p	1.54p	5.49p

*these figures are audited.

Condensed Unaudited Consolidated Balance Sheet

		As at 30 September 2015 £'000	As at 30 September 2014 £'000	As at 31 March 2015* £'000
Non-current assets				
Investments held at fair value through profit or loss	8	125,346	136,143	136,821
		125,346	136,143	136,821
Current assets				
Receivables		627	1,327	1,517
Cash and cash equivalents		8,994	5,237	7,309
		9,621	6,564	8,826
Total assets		134,967	142,707	145,647
Current liabilities				
Payables		(332)	(431)	(761)
		(332)	(431)	(761)
Non-current liabilities				
Bank loan	9	(18,000)	(18,000)	(18,000)
		(18,000)	(18,000)	(18,000)
Total liabilities		(18,332)	(18,431)	(18,761)
Net assets		116,635	124,276	126,886
Capital and reserves				
Share capital	10	134	134	134
Share premium	10	153	153	153
Capital redemption reserve	10	5	5	5
Buy back reserve	10	86,425	86,868	86,425
Special capital reserve		21,789	23,236	22,524
Capital reserves		2,839	9,081	12,723
Revenue reserve		5,290	4,799	4,922
Equity shareholders' funds		116,635	124,276	126,886
Net asset value per A share	11	95.33p	101.16p	103.70p
Net asset value per B share	11	95.33p	101.16p	103.70p

Approved by the Board, and authorised for issue, on 27 November 2015 and signed on its behalf by:

Iain McLaren, Director

*these figures are audited.

Condensed Unaudited Consolidated Statement of Changes in Equity

		Six months to 30 September 2015 £'000	Six months to 30 September 2014 £'000	Year to 31 March 2015* £'000
	Notes			
Opening equity shareholders' funds		126,886	126,552	126,552
Net (loss)/profit for the period		(7,449)	960	6,735
Shares bought back for treasury	10	–	(488)	(931)
Dividends paid on A shares	7	(2,067)	(2,032)	(4,042)
Capital repayments paid on B shares	7	(735)	(716)	(1,428)
Closing equity shareholders' funds		116,635	124,276	126,886

*these figures are audited.

Condensed Unaudited Consolidated Cash Flow Statement

		Six months to 30 September 2015 £'000	Six months to 30 September 2014 £'000	Year to 31 March 2015* £'000
Net cash flow from operating activities		4,753	2,512	7,931
Net cash flow from financing activities		(3,099)	(3,400)	(6,859)
Net increase/(decrease) in cash and cash equivalents		1,654	(888)	1,072
Currency gains		31	221	333
Net cash and cash equivalents at beginning of period		7,309	5,904	5,904
Net cash and cash equivalents at end of period		8,994	5,237	7,309

*these figures are audited.

Notes to the Condensed Accounts (unaudited)

1. Accounting Policies

The condensed unaudited 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 year ended 31 March 2015. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2015, which were prepared under full IFRS requirements to the extent that they have been adopted by the European Union.

2. Income for the period is derived from:

	30 September 2015 £'000	30 September 2014 £'000	31 March 2015 £'000
Equity investments	2,468	2,650	4,766
Fixed interest investments	372	481	938
Deposit interest	11	6	15
Underwriting commission and other income	–	2	2
	2,851	3,139	5,721

- The Company's investment manager is F&C Investment Business Limited. With effect from 1 April 2014, F&C Investment Business Limited receives an investment management fee of 0.75 per cent per annum of the net asset value of the Company payable quarterly in arrears.
- The earnings per share are based on the net profit for the period and on 122,354,847 shares (period to 30 September 2014 – 123,100,749; year to 31 March 2015 – 122,793,203), being the weighted average shares in issue during the period.
- Earnings for the six months to 30 September 2015 should not be taken as a guide to the results of the full year.

6. The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single segment of business, of investing in equity and higher yielding securities, and that therefore the Group has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value measuring debt at fair value. The reconciliation between the measure of profit or loss used by the Board and that contained in the financial statements is as follows:

	30 September 2015		30 September 2014		31 March 2015	
	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Shareholders' funds per financial statements	116,635	95.33	124,276	101.16	126,886	103.70
Closing fair value adjustment on fixed-rate term loan	(123)	(0.10)	229	0.18	(103)	(0.08)
Shareholders' funds with debt at fair value	116,512	95.23	124,505	101.34	126,783	103.62
Profit for the period per financial statements	(7,449)	(6.09)	960	0.78	6,735	5.49
Movement in fair value on fixed-rate term loan	(20)	(0.02)	(79)	(0.06)	(411)	(0.33)
Profit for the period with debt at fair value	(7,469)	(6.11)	881	0.72	6,324	5.16

7. Dividends and capital repayments

	Six months to 30 September 2015	Six months to 30 September 2014	Year to 31 March 2015
	£'000	£'000	£'000
In respect of the previous period:			
Fourth interim dividend paid at 1.15p (2014: 1.1225p) per A share	1,038	1,025	1,025
Fourth capital repayment paid at 1.15p (2014: 1.1225p) per B share	369	360	360
In respect of the period under review:			
First interim dividend paid at 1.14p (2014: 1.11p) per A share	1,029	1,007	1,007
First capital repayment paid at 1.14p (2014: 1.11p) per B share	366	356	356
Second interim dividend paid at 1.11p per A share	–	–	1,007
Second capital repayment paid at 1.11p per B share	–	–	356
Third interim dividend paid at 1.11p per A share	–	–	1,003
Third capital repayment paid at 1.11p per B share	–	–	356
	2,802	2,748	5,470

A second interim dividend for the year to 31 March 2016, of 1.14p per A share, was paid on 6 November 2015 to A shareholders on the register on 2 October 2015. A second quarter capital repayment of 1.14p per B share was paid on 6 November 2015 to B shareholders on the register on 2 October 2015. Although these payments relate to the period ended 30 September 2015, under IFRS they will be accounted for in the six months to 31 March 2016, being the period during which they are paid.

Notes to the Condensed Accounts (unaudited)

8. Investments held at fair value through profit or loss

	Group (Level 1) £'000
Opening book cost	108,228
Opening fair value adjustment	28,593
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Opening valuation	136,821
Movement in the period:	
Purchases at cost	6,029
Sales – proceeds	(8,143)
– gains on sales	2,912
Decrease in fair value adjustment	(12,273)
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Closing valuation at 30 September 2015	125,346
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Closing book cost at 30 September 2015	109,026
Closing fair value adjustment at 30 September 2015	16,320
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Closing valuation at 30 September 2015	125,346

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- **Level 1** – quoted (unadjusted) prices in active markets for identical assets or liabilities.
- **Level 2** – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. The Group held no such instruments during the period under review.
- **Level 3** – techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The Group held no such instruments during the period under review.

There were no transfers between levels of the fair value hierarchy during the six months ended 30 September 2015.

9. The Company has an £18 million secured term loan from JPMorgan Chase Bank. The facility has a term to 28 September 2017 and has a fixed interest rate of 3.15 per cent per annum, with an arrangement fee payable in addition of £18,000 per annum.

The fair value of the £18 million term loan, on a marked to market basis, was £18,123,000 at 30 September 2015 (30 September 2014 – £17,771,000; 31 March 2015 – £18,103,000).

- 10.** The Company did not buy back any A shares to hold in treasury during the period (period to 30 September 2014 – 500,000 A shares; year to 31 March 2015 – 1,000,000 A shares) or any B shares during the period (period to 30 September 2014 – nil B shares; year to 31 March 2015 – nil B shares). The Company did not resell any A shares or B Shares from treasury (period to 30 September 2014 – nil A or B Shares; year to 31 March 2015 – nil A or B Shares).

At 30 September 2015 the Company held 11,789,000 A shares and nil B shares in treasury (30 September 2014 – 11,289,000 A shares and nil B shares; 31 March 2015 – 11,789,000 A shares and nil B shares).

The Company did not issue any new shares during the period (period to 30 September 2014 – nil; year to 31 March 2015 – nil).

- 11.** The net asset value per share is based on shareholders' funds at the period end and on 90,278,144 A shares and 32,076,703 B shares, being the number of shares in issue at the period end (30 September 2014 – 90,778,144 A shares and 32,076,703 B shares; 31 March 2015 – 90,278,144 A shares and 32,076,703 B shares).
- 12.** Other than the bank term loan, as disclosed in note 9, the fair values of the Group's financial assets and liabilities are not materially different from their carrying values in the financial statements.

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 March 2015.

- 13.** Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council.

The Company's objective and policy, which is subject to regular Board monitoring processes, is designed to ensure that the Company is invested mainly in liquid, listed securities. The Company retains title to all assets held by its custodian and has agreements relating to its borrowing facilities with which it has complied. Cash is held only with banks approved and regularly reviewed by the Manager.

As part of the going concern review, the Directors noted that borrowing facilities of £18 million are committed to the Company until 28 September 2017.

The Directors believe, in the light of the controls and review processes noted above and bearing in mind the nature of the Company's business and assets, that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

- 14.** The Group results consolidate those of Investors Securities Company Limited, a wholly owned subsidiary which deals in securities.
- 15.** The Company's auditor, Ernst & Young LLP, has not audited or reviewed the Interim Report to 30 September 2015 pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 31 March 2015, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 31 March 2015 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related. The most important types of risk associated with financial instruments are credit risk, market price risk, liquidity risk, interest rate risk and foreign currency risk. 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 Uncertainties and Risk Management' within the Business Model and Strategy in the Group's Annual Report for the year ended 31 March 2015. 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 remainder of the Group's financial year.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- 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

Iain McLaren

Director

27 November 2015

Shareholder Information

Dividends

Dividends on A shares and capital repayments on B shares are paid quarterly in August, November, February and May each year. Shareholders who wish to have distributions paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Equiniti Limited (see Corporate Information page for contact details) on request. The Company operates the BACS system for the payment of distributions. Where distributions are paid directly into shareholders' bank accounts, dividend and capital repayment tax vouchers are sent directly to shareholders' registered addresses.

Share Prices and Daily Net Asset Value

The Company's securities are listed on the London Stock Exchange under 'Investment Trusts'. Prices are given daily in the *Financial Times* and other newspapers. The net asset value of the Company's shares can be obtained by contacting F&C Asset Management Investment Services on 0845 600 3030.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Equiniti Limited, under the signature of the registered holder.

Financial Calendar 2015/16

6 November 2015	Second quarter's distribution paid (XD Date 1 October 2015)
5 February 2016	Third quarter's distribution paid (XD Date 7 January 2016)
6 May 2016	Fourth quarter's distribution paid (XD Date 7 April 2016)
May 2016	Announcement of Annual Results and Posting of Annual Report
June 2016	Annual General Meeting

Warning to shareholders – Boiler Room Scams

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from www.fca.org.uk to see if the person or firm contacting you is authorised by the Financial Conduct Authority ("FCA")
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at www.fca.org.uk/scams
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at www.fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

How to Invest

One of the most convenient ways to invest in Investors Capital Trust plc is through one of the savings plans run by F&C Investments.

F&C Investment Trust ISA

Use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for the 2015/16 tax year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

F&C Junior ISA (JISA)

This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £4,080 for the 2015/16 tax year with all the tax benefits of the CTF. You can invest from £30 a month, or £500 lump sum, or a combination of both. From 6 April 2015, CTF Holders are able to transfer a CTF to a JISA.

F&C Child Trust Fund (CTF)

CTFs are closed to new investors; however, if your child has a CTF with another provider, it is easy to transfer it to F&C. From 6 April 2015, the Registered Contact on a CTF is able to transfer a CTF to a Junior ISA. Additional contributions can be made to the shares account version of the CTF from as little as £25 per month or £100 lump sum – up to a maximum of £4,080 for 2015/16 tax year.

F&C Private Investor Plan (PIP)

A flexible way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

F&C Children's Investment Plan (CIP)

A flexible way to save for a child. With no maximum contributions, the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) to help reduce inheritance tax liability or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual. The CTF and JISA accounts are opened in the child's name. Money cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan.

Annual account charge

ISA: £60+VAT

PIP: £40+VAT

JISA/CIP/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits)

Dealing charge per holding

ISA: 0.2%

PIP/CIP/JISA: postal instructions £12, online instruction £8. The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends for the PIP/CIP/JISA or the investment of regular monthly savings.

There is no dealing charge on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on purchases (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing.

How to Invest

You can invest in all our savings plans online.

New Customers

Contact our Investor Services Team

Call: **0800 136 420**

(8:30am – 5:30pm, weekdays, calls may be recorded)

Email: **info@fandc.com**

Investing online: **www.fandc.com/apply**

Existing Plan Holders

Contact our Investor Services Team

Call: **0845 600 3030**

(9:00am – 5:00pm, weekdays, calls may be recorded)

Email: **investor.enquiries@fandc.com**

By post: **F&C Plan Administration Centre**

PO Box 11114

Chelmsford CM99 2DG



Corporate Information

Directors

I A McLaren (Chairman)
J Le Blan*
J M Evans
K D Shand
J P Williams

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Fax: 0131 718 1280

Alternative Investment Fund Manager (‘AIFM’), Investment Managers and Company Secretary

F&C Investment Business Limited
80 George Street
Edinburgh EH2 3BU

Registrars and Transfer Office

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Registrars’ Shareholder Helpline: 0871 384 2470[†]

Registrars’ Broker Helpline: 0906 559 6025[†]

Registrars’ Overseas Helpline: +44 121 415 7047^{**}

Brokers

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Auditors

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Ten George Street
Edinburgh EH2 2DZ

Depository

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25 Bank Street
Canary Wharf
London E14 5JP

Principal Bankers and Custodian

JPMorgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP

Solicitors

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Company Number

SC314671

Website

www.investorscapital.co.uk

For further information contact F&C’s Investor Services Team on 0800 136 420

* Chairman of the Audit Committee

[†] Calls to this number cost 8p per minute plus network extras. Lines open 8.30 am to 5.30 pm, Monday to Friday.

[‡] Calls to this number are charged at £1 per minute from a BT landline. Other telephony providers’ costs may vary. Lines open 8.30 am to 5.30 pm, Monday to Friday.

** Local overseas call rates will apply.



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Registrars' Broker Helpline: 0906 559 6025†

Registrars' Overseas Helpline: +44 121 415 7047‡

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