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CIT/INT/15

Investments

F&C Capital and Income Investment Trust PLC

Report and accounts
for the half-year ended **31 March 2015**

Objective

Our objective at
F&C Capital and Income Investment Trust PLC
is to secure long-term capital
and income growth
from a portfolio consisting mainly of
FTSE All-Share companies.

2015 calendar

Second interim dividend payable	30 June 2015
Third interim dividend payable	30 September 2015
Final results for 2014/2015 announced	27 November 2015*
Fourth interim dividend payable	31 December 2015

*Expected date

Visit the website at **www.fandccit.com**
Registered in England and Wales with company registration number 2732011

Summary of Unaudited Results

Attributable to shareholders	31 March 2015	30 September 2014	% Change
Net assets	**£245.4m**	£231.4m	+6.1
Net asset value per share	**261.2p**	251.8p	+3.7
Share price	**268.0p**	258.0p	+3.9

	Half-year ended 31 March 2015	Half-year ended 31 March 2014	% Change
Revenue return per share	**4.98p**	5.37p	-7.3
Net asset value total return	**5.9%**	3.9%	n/a
Share price total return	**6.0%**	5.4%	n/a
FTSE All-Share Index total return	**5.3%**	4.8%	n/a

Dividends per ordinary share	Half-year ended 31 March 2015	Half-year ended 31 March 2014	% Change
First interim dividend in respect of year to			
30 September 2015	**2.30p[1]**	–	
30 September 2014	**–**	2.25p	
Second interim dividend in respect of year to			
30 September 2015	**2.30p[2]**	–	
30 September 2014	**–**	2.25p	
Total interim dividends relating to the period	**4.60p**	4.50p	+2.2

1 Paid on 31 March 2015.

2 Payable on 30 June 2015 to shareholders registered on 5 June 2015.

Chairman's Statement

Dear Shareholder

We live in extraordinary times. Against a backdrop where oil prices more than halved and interest rates in a number of major European countries dropped through zero, stock markets have carried on serenely, even if there has been a lot of paddling below the surface. In the first six months of our financial year, the share price rose by 3.9%, while the Net Asset Value ("NAV") rose by 3.7%, compared with 3.7% for the FTSE All-Share Index. Adding in the effect from income to give the total return yields a result of 6.0% for the share price, 5.9% for NAV and 5.3% for the Index. These are very respectable returns in both absolute and relative terms. In the longer run, on a five year view, the NAV on a total return basis has been more or less in line with the Index, each rising by around 54%, while on a fifteen year basis, the NAV is up by just over 120%, while the index has risen by 94%. Our history of dividend progression also continues with an increase in each of our first two interim dividends. This extends our record of annual dividend growth into its 22nd consecutive year, as illustrated in the dividend progression graph on page 3.

Investment Background

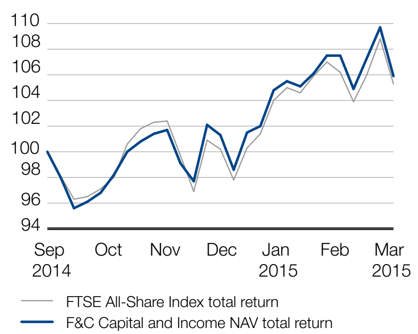
We have become used to very low interest rates, but what is happening now is straight out of Alice in Wonderland. The introduction of quantitative easing ("QE") in the Eurozone, which began in March and is expected to run until September 2016, will lead to the purchase by the European Central Bank of about €60 billion of bonds per month. This incremental demand has pushed interest rates below zero for borrowing tenors out to eight years in some countries. Even countries which were in intensive care three years ago, such as Spain and Portugal, have rates hovering around zero.

It is perhaps worth revisiting how QE works: a central bank can create money (often referred to as printing money) by simply making an entry on an electronic ledger. It can then use that artificially generated cash to buy assets. These assets are typically Government or corporate bonds owned by banks. This pushes the price of the bonds up (yields down) and there is a parallel effect on equity prices, which look good relative value and attract flows from the QE process through financial intermediation. There is a debate on whether QE has benefited the global economy or not, but it has had an electrifying effect on asset prices. On balance, those economies which have led the way on QE (US and UK) have had better growth than those which have lagged (particularly the EU), but given the scale of the stimulus, that growth is still disappointing. We now see in both Japan and the EU significant QE efforts which have the combined effect of debasing the currency and lifting asset prices.

The UK market has benefited over recent years from this very benign liquidity environment and undoubtedly continues to do so. Providing a more solid foundation, furthermore, the economy has delivered respectable growth in a world where growth is in short supply. Inflation is very subdued, with the Consumer Prices Index for March showing no change in prices over the previous year, helped to a large degree by the unexpected fall in the price of oil. At the moment, this so called 'good' deflation, combined with rising incomes and lower unemployment, has increased the disposable income in the average pocket. The evil twin of good deflation is where debt becomes unserviceable, so called debt deflation, because incomes are falling and returns on investment are too low to maintain the borrowing. Thankfully, we are not there, but it is important to note that the macro-economic conditions which support the market are very far from normal and require careful watching.

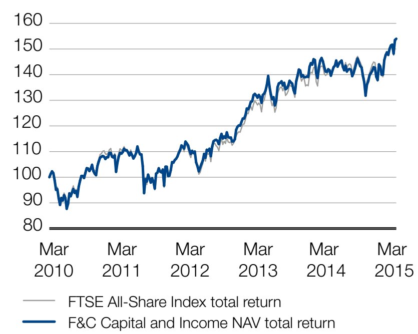
Sterling has had mixed fortunes. It has been weak against a strong US Dollar, falling by around 10% over the half year, but strong against the Euro, rising by nearly 10%. This divergent performance reflects the market's assessment of when interest rates will rise, with the US expected to be in the vanguard, the UK next and with European rate rises not on the agenda for the next five years. The weak

NAV total return over six months
(rebased to 100 at September 2014)



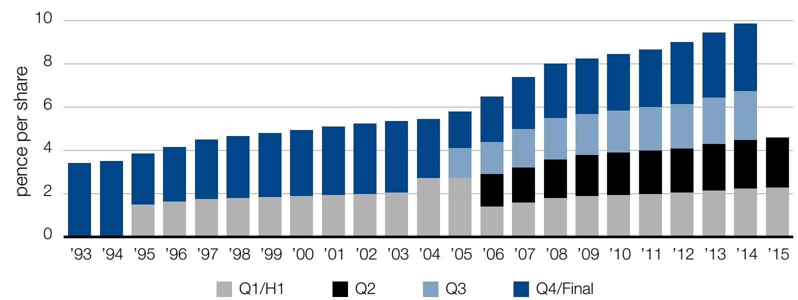
Source: Thomson Reuters Datastream

NAV total return over five years
(rebased to 100 at 31 March 2010)



Source: Thomson Reuters Datastream

Dividend progression
(since 31 March 1993)



Source: F&C Investment Business Limited

Chairman's Statement (continued)

Euro, in particular, acts as a headwind for UK export performance and it is no coincidence that the current account deficit, at 5.5% of national income, is the largest since records began. Currency strength is of itself a monetary tightening, and other things being equal, postpones the likelihood of interest rate rises.

One of the surprising corollaries of a low interest rate, low growth environment is that mergers and acquisitions have been booming. Capital spending on new capacity has been depressed and companies are finding it less risky and cheaper to buy one another. This may not grow wealth overall, but rearranges it, sometimes to our advantage; and it has had a positive effect on markets. The UK General Election delivered a somewhat surprising result, returning a majority Conservative Government albeit with a slim margin. Market reaction has been positive, but initial euphoria may fade as the scale of the constitutional and economic challenges becomes clear. Putting all this together, the FTSE 100 Index set a new high towards the end of the period, passing its previous record set 16 years ago in 1999.

Portfolio

Looking at the half year, the single largest positive contribution by sector to the relative return of the portfolio came from an underweight position in the Oil & Gas sector. This was not because we had foresight that the oil price was about to collapse, but more because, even at the then higher oil price, the returns and growth profiles of many of the oil majors and explorers seemed unattractive. This underweight position was bolstered by good stock selection, in particular holding no BG and being underweight in Royal Dutch Shell. The Consumer Services sector was the largest negative contributor, reflecting the absence of Tesco and International Airlines Group, both of which bounced during the period.

On a stock specific basis, I would note good performance from Glanbia, the specialist Irish food business, which had excellent results, and OneSavings Bank, which grew nicely. On the other side of the ledger, Total, the French listed oil major, fell on the back of the weak oil price and ISG, a construction services business, suffered from a profit warning on the back of older UK construction contracts.

The portfolio saw modest reorganisation during the period, as your fund manager Julian Cane continues with a well thought through, relatively cautious investment policy. Given that the portfolio is expected to deliver capital growth and growth in income, a lot of analysis goes into identifying companies which have the capacity to grow earnings and dividends ahead of inflation over the medium term. As the market has become more expensive, and at a time when earnings growth is under pressure, it is increasingly hard to find attractive growth opportunities which meet the criteria. Indeed, many companies with high dividends are those companies at risk of dividend cuts because of the absence of growth. Julian navigates this channel well, in the Board's view, and will continue with his relatively conservative approach.

Income Account, Gearing, Derivatives and Share Issuance

We paid a first interim dividend of 2.3 pence per share during the period in respect of the current year. This represents an increase over the corresponding period last year of 2.2%, ahead of the inflation rate, which has been running around zero. We are declaring, in conjunction with these results, a second payment of 2.3 pence per share, which will be paid on 30 June. As has been the case in recent years, we have more shares outstanding than last time, having issued 2,050,000 during the period (at our customary premium). The income account has continued to be enhanced by the use of gearing, which ended the period at 7.2% of net assets. There was no derivative income during the half year as option prices appeared too cheap to sell for the level of risk that would have been taken on.

Outlook

We expect to remain in a very low interest rate environment for some time to come. Even in the event that rates do rise, that rise is expected to be very modest. In this sort of world, investors are being actively encouraged to take more risk with their investments in order to generate any sort of return. In normal monetary circumstances, this would be dangerous behaviour, but in the unprecedented conditions which prevail today, it is rational. Of course, risks abound. A messy resolution to the Greek tragedy; geopolitical disruption; further dislocation in commodity markets; a hard landing in China; political and economic challenges at home – any of these could cause indigestion or even upset. Nevertheless, overall the winds look set to stay favourable, we remain optimistic and see value opportunities for shareholders.

Steven Bates
21 May 2015

Forward–looking statements

This half-yearly report may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward looking statements are based on the Directors' current view and on information known to them at the date of this report. Nothing should be construed as a profit forecast.

Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of UK listed securities and its principal risks are therefore market related.

The Company can invest in overseas companies and so is exposed to currency risk in respect of these investments.

Other key risks faced by the Company relate to investment strategy, investment management resources, regulatory issues, operational and financial controls and counterparty (including the custodian) failure. These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and uncertainties and risk management" within the Strategic Report contained within the Company's annual report for the year ended 30 September 2014. 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 Company's financial year.

Directors' Statement of Responsibilities in Respect of the Financial Statements

In accordance with Chapter 4 of the Disclosure and Transparency Rules the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards and gives a true and fair view of the assets, liabilities, financial position and return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown on the facing page is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board
Steven Bates
Chairman
21 May 2015

Twenty Largest Holdings at 31 March 2015

31 Mar 2015	*30 Sep 2014*	Company Company description	% of total investments	Value £'000s
1	*3*	**GlaxoSmithKline** One of the world's leading pharmaceutical companies with valuable healthcare and vaccines businesses. The valuation and dividend yield are still attractive.	4.9	12,828
2	*2*	**HSBC** One of the world's leading banks, HSBC has a strong and liquid balance sheet. With a renewed focus on efficiency it is further strengthening its own finances and paying an attractive dividend to shareholders.	4.8	12,741
3	*1*	**Royal Dutch Shell** Leading international oil exploration, production and marketing group. It has a new chief executive who is increasing focus on returns. The stock has an attractive dividend yield.	4.4	11,545
4	*4*	**BP** Still recovering from the impact of operational and strategic problems, greater capital discipline should help returns to improve.	3.0	7,861
5	*6*	**AstraZeneca** A major international pharmaceutical company. Although the pipeline of new drugs is disappointing, a new management team is trying to reinvigorate the company. Meanwhile, the valuation is low and yield attractive.	2.9	7,758
6	*5*	**Rio Tinto** One of the world's foremost mining companies. It has a diversified asset base, but its most significant interests are in low cost, high quality iron ore. It is our principal exposure to the mining sector.	2.6	6,930
7	*7*	**Diageo** The largest producer of premium branded spirits in the world and also a major producer of beer and wine. The returns and growth potential from this combination of brands and exposure to faster growing markets are attractive.	2.5	6,694
8	*9*	**BAE Systems** A leading international developer and manufacturer of advanced defence and aerospace systems. Government spending on defence is under pressure in developed economies, but this is offset by its geographic diversification and low valuation.	2.5	6,642
9	*11*	**WPP** One of the largest marketing communications businesses in the world. It owns many of the leading advertising agencies and should benefit from any improvement in economic growth.	2.4	6,430
10	*8*	**British American Tobacco** A leading international manufacturer and distributor of cigarettes. It has proven itself to be a very consistent performer and in a mature industry is able to pay an attractive dividend.	2.4	6,279

31 Mar 2015	*30 Sep 2014*	Company Company description	% of total investments	Value £'000s
11	*16*	**Prudential** International life assurer seeing rapid growth in the Far East, together with attractive returns in the US and UK.	2.2	5,685
12	*20*	**Glanbia** International dairy, consumer foods and nutritional products company, experiencing good growth with its sports nutrition brands.	2.0	5,340
13	*13*	**Barclays** The restructuring continues with a declining emphasis on volatile investment banking profits and more on higher returning retail banking. Over time, the evolving balance will benefit shareholders.	2.0	5,288
14	*14*	**Unilever** A leading manufacturer of branded consumer goods, with more than half of its sales in faster growing emerging markets.	2.0	5,262
15	*17*	**Lloyds Banking** The restructuring and rehabilitation of Lloyds has been fairly drawn out, but the bank is now much closer to a point at which its returns and future dividends will be attractive.	1.8	4,697
16	*18*	**Beazley** A specialist insurer with a diverse underwriting portfolio that has generated strong, consistent returns. Management has taken an active approach to managing capital.	1.8	4,672
17	–	**Informa** A worldwide provider of information to a variety of end users (businesses, academics, individuals) across a range of sectors through a number of media (books and journals, internet, exhibitions and events).	1.7	4,601
18	*19*	**LondonMetric Property** Run by an entrepreneurial management team, this UK real estate investment trust (REIT) has an attractive yield and a growing focus on retail distribution assets.	1.7	4,528
19	–	**Compass** A food and support services company that continues to experience consistent rates of growth. It has a strong management team and is benefiting from the ongoing trend towards outsourcing.	1.7	4,408
20	–	**OneSavings Bank** This recently floated bank is generating strong returns and seeing rapid growth in some niche areas away from the competition of the main High Street banks.	1.7	4,372

The value of the twenty largest holdings represents 51.0% (30 September 2014: 55.3%) of the Company's total investments.

Unaudited Condensed Income Statement

Notes		Half-year ended 31 March 2015			Half-year ended 31 March 2014			Year ended 30 September 2014		
		Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	Gains on investments	–	9,602	9,602	–	4,246	4,246	–	125	125
	Foreign exchange gains/(losses)	5	(39)	(34)	3	(24)	(21)	8	(21)	(13)
2	Income	5,316	–	5,316	5,554	–	5,554	10,904	–	10,904
	Management fee	(259)	(259)	(518)	(253)	(253)	(506)	(505)	(505)	(1,010)
	Other expenses	(278)	(6)	(284)	(249)	(5)	(254)	(515)	(13)	(528)
	Net return before finance costs and taxation	4,784	9,298	14,082	5,055	3,964	9,019	9,892	(414)	9,478
	Finance costs	(136)	(136)	(272)	(136)	(136)	(272)	(272)	(272)	(544)
	Net return on ordinary activities before taxation	4,648	9,162	13,810	4,919	3,828	8,747	9,620	(686)	8,934
	Taxation on ordinary activities	(9)	–	(9)	(91)	–	(91)	(45)	-	(45)
	Net return attributable to shareholders	4,639	9,162	13,801	4,828	3,828	8,656	9,575	(686)	8,889
3	**Return per share – pence**	4.98	9.84	14.82	5.37	4.26	9.63	10.56	(0.76)	9.80

The total column of this statement is the profit and loss account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

A statement of total recognised gains and losses is not required as all gains and losses of the Company have been reflected in the above statement.

Unaudited Condensed Reconciliation of Movements in Shareholders' Funds

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Special reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Half-year ended 31 March 2015							
	Balance at 30 September 2014	22,977	101,615	4,146	4,434	88,229	9,986	231,387
	Movements during the half-year ended 31 March 2015							
4	Dividends paid	–	–	–	–	–	(5,031)	(5,031)
8	Ordinary shares issued	513	4,735	–	–	–	–	5,248
	Return attributable to equity shareholders	–	–	–	–	9,162	4,639	13,801
	Balance at 31 March 2015	**23,490**	**106,350**	**4,146**	**4,434**	**97,391**	**9,594**	**245,405**
	Half-year ended 31 March 2014							
	Balance at 30 September 2013	22,346	95,614	4,146	4,434	88,915	9,253	224,708
	Movements during the half-year ended 31 March 2014							
4	Dividends paid	–	–	–	–	–	(4,717)	(4,717)
	Ordinary shares issued	331	3,166	–	–	–	–	3,497
	Return attributable to equity shareholders	–	–	–	–	3,828	4,828	8,656
	Balance at 31 March 2014	22,677	98,780	4,146	4,434	92,743	9,364	232,144
	Year ended 30 September 2014							
	Balance at 30 September 2013	22,346	95,614	4,146	4,434	88,915	9,253	224,708
	Movements during the year ended 30 September 2014							
4	Dividends paid	–	–	–	–	–	(8,842)	(8,842)
	Ordinary shares issued	631	6,001	–	–	–	–	6,632
	Return attributable to equity shareholders	–	–	–	–	(686)	9,575	8,889
	Balance at 30 September 2014	22,977	101,615	4,146	4,434	88,229	9,986	231,387

Unaudited Condensed Balance Sheet

Notes		31 March 2015 £'000s	31 March 2014 £'000s	30 September 2014 £'000s
	Fixed assets			
	Investments	**263,570**	240,861	241,039
	Current assets			
5	Debtors	**2,065**	2,032	2,691
	Cash at bank and short-term deposits	**2,289**	9,859	8,561
		4,354	11,891	11,252
	Creditors: amounts falling due within one year			
	Derivatives	**-**	(148)	-
6	Other creditors	**(2,519)**	(460)	(904)
		(2,519)	(608)	(904)
	Net current assets	**1,835**	11,283	10,348
	Total assets less current liabilities	**265,405**	252,144	251,387
	Creditors: amounts falling due after more than one year			
7	Fixed term loan	**(20,000)**	(20,000)	(20,000)
	Net assets	**245,405**	232,144	231,387
	Capital and reserves			
8	Share capital	**23,490**	22,677	22,977
	Share premium account	**106,350**	98,780	101,615
	Capital redemption reserve	**4,146**	4,146	4,146
	Special reserve	**4,434**	4,434	4,434
	Capital reserves	**97,391**	92,743	88,229
	Revenue reserve	**9,594**	9,364	9,986
	Total shareholders' funds	**245,405**	232,144	231,387
9	**Net asset value per ordinary share – pence**	**261.18**	255.92	251.76

Unaudited Condensed Summary Cash Flow Statement

Notes		Half-year ended 31 March 2015 £'000s	Half-year ended 31 March 2014 £'000s	Year ended 30 September 2014 £'000s
10	Net cash inflow from operating activities	**3,582**	4,248	9,336
	Interest paid	**(136)**	(272)	(544)
4	Equity dividends paid	**(5,031)**	(4,717)	(8,842)
	Net cash outflow from purchases and sales of investments and derivatives	**(9,896)**	(2,071)	(7,458)
	Net cash outflow before use of liquid resources and financing	**(11,481)**	(2,812)	(7,508)
	Decrease/(increase) in short-term deposits	**6,530**	(1,290)	(290)
	Net cash inflow from financing	**5,248**	4,512	7,907
	Increase in cash	**297**	410	109
	Reconciliation of net cash flow to movement in net debt			
	Increase in cash	**297**	410	109
	(Decrease)/increase in short-term deposits	**(6,530)**	1,290	290
	Exchange movement	**(39)**	(24)	(21)
	Movement in net debt	**(6,272)**	1,676	378
	Net debt at the beginning of the period	**(11,439)**	(11,817)	(11,817)
	Net debt at the end of the period	**(17,711)**	(10,141)	(11,439)
	Represented by:			
	Cash at bank	**419**	459	161
	Short-term deposits	**1,870**	9,400	8,400
	Loans	**(20,000)**	(20,000)	(20,000)
		(17,711)	(10,141)	(11,439)

Unaudited Notes on the Condensed Accounts

1 Accounting policies

These financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements at 30 September 2014. These accounting policies are expected to be followed throughout the year ending 30 September 2015.

2 Income

Income from investments	**Half-year ended 31 March 2015 £'000s**	Half-year ended 31 March 2014 £'000s	Year ended 30 September 2014 £'000s
UK dividends	**5,084**	4,894	9,783
Bond interest	**–**	196	331
Overseas dividends	**217**	200	460
Interest on cash and short-term deposits	**15**	12	21
Underwriting commission	**–**	2	35
Derivative income	**–**	250	274
	5,316	5,554	10,904

3 Return per ordinary share

Return per ordinary share attributable to shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not necessarily indicative of the total likely to be received in the full accounting year.

	Half-year ended 31 March 2015 £'000s	Half-year ended 31 March 2014 £'000s	Year ended 30 September 2014 £'000s
Revenue return	**4,639**	4,828	9,575
Capital return	**9,162**	3,828	(686)
Total return	**13,801**	8,656	8,889
	Number	Number	Number
Weighted average ordinary shares in issue	**93,078,499**	89,859,955	90,639,610

4 Dividends

Dividends paid on ordinary shares	Payment date	**Half-year ended 31 March 2015 £'000s**	Half-year ended 31 March 2014 £'000s	Year ended 30 September 2014 £'000s
Fourth of four interims for the year ended 30 September 2013 of 3.00p per share	31-Dec-13	**–**	2,686	2,686
First of four interims for the year ending 30 September 2014 of 2.25p per share	31-Mar-14	**–**	2,031	2,031
Second of four interims for the year ended 30 September 2014 of 2.25p per share	30-Jun-14	**–**	–	2,057
Third of four interims for the year ended 30 September 2014 of 2.25p per share	30-Sep-14	**–**	–	2,068
Fourth of four interims for the year ended 30 September 2014 of 3.10p per share	31-Dec-14	**2,872**	–	–
First of four interims for the year ending 30 September 2015 of 2.30p per share	31-Mar-15	**2,159**	–	–
		5,031	4,717	8,842

The second interim dividend in respect of the year ending 30 September 2015 of 2.30p per share will be paid on 30 June 2015 to shareholders registered on 5 June 2015. The total cost of this dividend, based on 94,559,268 shares in issue and entitled to the dividend on 21 May 2015 is £2,175,000.

5 Debtors

	31 March 2015 £'000s	31 March 2014 £'000s	30 September 2014 £'000s
Prepayments and accrued income	**1,775**	1,456	845
Share issue pending settlement	**–**	261	–
Investment debtors	**189**	287	1,737
Overseas taxation recoverable	**101**	28	109
	2,065	2,032	2,691

Unaudited Notes on the Condensed Accounts (continued)

6 Creditors: amounts falling due within one year

Other creditors	**31 March 2015 £'000s**	31 March 2014 £'000s	30 September 2014 £'000s
Investment creditors	**2,031**	129	541
Management fee	**265**	252	251
Accruals	**223**	79	112
	2,519	460	904

7 Creditors: amounts falling due after more than one year

	31 March 2015 £'000s	31 March 2014 £'000s	30 September 2014 £'000s
Sterling loan	**20,000**	20,000	20,000

The Company has a credit facility available until March 2018. The facility has two elements: a £20 million fixed rate facility which is fully drawn and an undrawn £15 million floating rate facility.

8 Share capital

	Issued and fully paid	
Equity share capital	number	£'000s
Ordinary shares of 25p each		
Balance at 30 September 2014	91,909,268	22,977
Ordinary shares issued	2,050,000	513
Balance at 31 March 2015	**93,959,268**	**23,490**

Since 31 March 2015 a further 600,000 ordinary shares have been issued at 267.3 pence.

9 Net asset value per ordinary share

	Half-year ended 31 March 2015	Half-year ended 31 March 2014	Year ended 30 September 2014
Net asset value per share	**261.18p**	255.92p	251.76p
Net assets attributable at end of period	**£245.41m**	£232.14m	£231.39m
Ordinary shares of 25p each in issue at end of period	**93,959,268**	90,709,268	91,909,268

10 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	Half-year ended 31 March 2015 £'000s	Half-year ended 31 March 2014 £'000s	Year ended 30 September 2014 £'000s
Net return before finance costs and taxation	**14,082**	9,019	9,478
Adjust for returns from non-operating activities:			
– Gains on investments	**(9,602)**	(4,246)	(125)
– Foreign exchange losses of a capital nature	**39**	24	21
– Non-operating expenses of a capital nature	**6**	5	13
Return from operating activities	**4,525**	4,802	9,387
Adjust for non-cash flow items:			
– Foreign exchange gains of a revenue nature	**(5)**	(3)	(8)
– Decrease in debtors	**(930)**	(408)	128
– Decrease in other creditors	**(9)**	(52)	(22)
– Overseas taxation	**1**	(91)	(149)
Net cash inflow from operating activities	**3,582**	4,248	9,336

11 Going concern

The Company's investment objective, strategy and policy are subject to a process of regular Board monitoring and are designed to ensure that the Company is invested mainly in readily realisable, UK listed securities and that the level of borrowings is restricted. The Company retains title to all assets held by the Custodian and an agreement covers its borrowing facility. Cash is held with banks approved and regularly reviewed by the Manager.

Shareholders voted at the Company's AGM in 2013 for the continuation of the Company and will be asked to vote again in 2018. The Directors believe, taking into account the Company's robust controls and review processes, that it has adequate liquid financial resources to meet its liabilities, and has satisfactory agreements and arrangements, to enable it to continue to operate within its stated objective and policy for at least the next twelve months. In addition the Directors believe that the Company's objective and policy continue to be relevant to investors and that this, together with a robust regulatory environment within which the Company operates, supports the Company's long-term future prospects. Accordingly, the financial statements have been drawn up on the basis that the Company is a going concern.

12 Results

The results for the half-year ended 31 March 2015 and 31 March 2014, which are unaudited, constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 September 2014; the report of the independent auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown above for the year ended 30 September 2014 are an extract from those accounts.

By order of the Board
F&C Investment Business Limited, Secretary
Exchange House
Primrose Street
London EC2A 2NY
21 May 2015

How to Invest

One of the most convenient ways to invest in F&C Capital and Income Investment 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 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.

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 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. CTF holders can now 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. The Registered Contact on a CTF can now 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 two 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.

F&C Management Limited is authorised and regulated by the Financial Conduct Authority FRN: 119230 and is a member of the F&C Group. The ultimate parent company of the F&C Group is the Bank of Montreal.

How to Invest (continued)

How to Invest

You can invest in all our savings plans online.

New Customers:

Contact our Investor Services Team

Call: 0800 136 420*
Email: info@fandc.com
Investing online: www.fandc.com/apply

*8:30am – 5:30pm, weekdays
Calls may be recorded.

Existing Plan Holders:

Contact our Investor Services Team

Call: 0845 600 3030**
Email: investor.enquiries@fandc.com
By post: F&C Plan Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

**9:00am – 5:00pm, weekdays.
Calls may be recorded.

BMO | A part of BMO Financial Group

F&C Management Limited is authorised and regulated by the Financial Conduct Authority FRN: 119230 and is a member of the F&C Group. The ultimate parent company of the F&C Group is the Bank of Montreal.

Availability of report and accounts

The Company's report and accounts are available on the internet at www.fandccit.com. Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0845 600 3030**.