

INTERIM.

# F&C Income Growth Investment Trust PLC

Company Registration Number: 2895991

Section 272 Accounts for the period 1 April 2004 to 23 June 2005  
(Unaudited)



# Unaudited Statement of Total Return

(incorporating the Revenue Account)\*

|               |               | Period 1 April 2004 to 23 June 2005                        |                   |                 | Year ended 31 March 2004 |                   |                 |               |
|---------------|---------------|--|-------------------|-----------------|--------------------------|-------------------|-----------------|---------------|
| Revenue Notes | Capital Notes | Revenue<br>£'000s  | Capital<br>£'000s | Total<br>£'000s | Revenue<br>£'000s        | Capital<br>£'000s | Total<br>£'000s |               |
|               | 10            | Gains on investments                                       | -                 | 7,114           | 7,114                    | -                 | 10,669          | 10,669        |
| 3             |               | Income   | 2,677             | -               | 2,677                    | 2,406             | -               | 2,406         |
| 4             | 19            | Management fee   | (244)             | (244)           | (488)                    | (198)             | (198)           | (396)         |
| 5             | 19            | Other expenses   | (312)             | (745)           | (1,057)                  | (279)             | (3)             | (282)         |
|               |               | <b>Net return before finance costs and taxation</b>        | <b>2,121</b>      | <b>6,125</b>    | <b>8,246</b>             | <b>1,929</b>      | <b>10,468</b>   | <b>12,397</b> |
|               | 19            | Interest payable and similar charges                       | (6)               | (6)             | (12)                     | -                 | -               | -             |
|               |               | <b>Return on ordinary activities before taxation</b>       | <b>2,115</b>      | <b>6,119</b>    | <b>8,234</b>             | <b>1,929</b>      | <b>10,468</b>   | <b>12,397</b> |
| 7             |               | Taxation on ordinary activities                            | (5)               | -               | (5)                      | -                 | -               | -             |
|               |               | <b>Return attributable to equity shareholders</b>          | <b>2,110</b>      | <b>6,119</b>    | <b>8,229</b>             | <b>1,929</b>      | <b>10,468</b>   | <b>12,397</b> |
| 8             |               | Dividends on ordinary shares (equity)                      | (2,093)           | -               | (2,093)                  | (1,904)           | -               | (1,904)       |
| 19            | 19            | <b>Amount transferred to reserves</b>                      | <b>17</b>         | <b>6,119</b>    | <b>6,136</b>             | <b>25</b>         | <b>10,468</b>   | <b>10,493</b> |
| 9             | 9             | <b>Return per ordinary share – pence</b>                   | <b>4.75</b>       | <b>13.77</b>    | <b>18.52</b>             | <b>4.43</b>       | <b>24.02</b>    | <b>28.45</b>  |
| 9             | 9             | <b>Revenue return per ordinary share (diluted) – pence</b> | <b>n/a</b>        |                 |                          | <b>4.40</b>       |                 |               |

\* The revenue column of this statement is the profit and loss account of the Company.

n/a - There is no dilution (see note 9).

# Unaudited Balance Sheet

at

| Notes  | 23 June 2005 |        | 31 March 2004 |        |
|--|--------------|--------|---------------|--------|
|  | £'000s       | £'000s | £'000s        | £'000s |
| <b>Fixed assets</b>                                      |              |        |               |        |
| 10 <b>Investments</b>                                    |              |        |               |        |
| Listed in Great Britain                                  |              | -      |               | 58,911 |
| <b>Current assets</b>                                    |              |        |               |        |
| 11 <b>Debtors</b>  | 65,059       |        | 664           |        |
| Cash at bank   | -            |        | 693           |        |
|  | 65,059       |        | 1,357         |        |
| <b>Current liabilities</b>                               |              |        |               |        |
| 12 <b>Creditors: amounts falling due within one year</b> | (140)        |        | (931)         |        |
| <b>Net current assets</b>                                |              | 64,919 |               | 426    |
| <b>Net assets</b>  |              | 64,919 |               | 59,337 |
| <b>Capital and reserves:</b>                             |              |        |               |        |
| 13 Called up share capital                               |              | 11,074 |               | 11,189 |
| 14 Share premium   | 12,623       |        | 12,623        |        |
| 15 Capital redemption reserve                            | 1,135        |        | 1,020         |        |
| 16 Special reserve                                       | 15,819       |        | 16,373        |        |
| 17 Warrant reserve                                       | -            |        | -             |        |
| 18 Non-distributable reserve                             | 1,202        |        | 1,202         |        |
| 19 Capital reserves                                      | 22,656       |        | 16,537        |        |
| 19 Revenue reserve                                       | 410          |        | 393           |        |
|  |              | 53,845 |               | 48,148 |
| 21 <b>Total equity shareholders' funds</b>               |              | 64,919 |               | 59,337 |
| <b>20 Net asset value per ordinary share</b>             |              |        |               |        |
| Basic – pence  |              | 146.55 |               | 132.57 |

Approved by the Board on 28 June 2005

*J R K Emly*

J R K Emly  
Director

# Notes on the Accounts (Unaudited)

## 1 ACCOUNTING PERIOD

The results for the period 1 April 2004 to 23 June 2005, which are unaudited, constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The latest published accounts which have been delivered to the Registrar of Companies are for the period ended 31 March 2004. The report of the auditors thereon was unqualified and did not contain a statement under Section 237 of the Companies Act 1985.

At an Extraordinary General Meeting and court-convened meeting of the Company on 11 April 2005, the Shareholders voted to implement the recommended proposals for a merger between F&C Capital and Income Investment Trust plc (FCIIT) and the Company (FIGIT) as detailed in the circular to Shareholders dated 18 March 2005. On 5 May 2005 the scheme of arrangement of the Company became effective and 44,757,327 ordinary shares (being the entire issued share capital of the Company, save for one ordinary share) was cancelled. The capital of the Company was then increased by the creation of 44,297,327 new ordinary shares, which were allotted to FCIIT in consideration for the allotment by FCIIT to former shareholders of the Company of new FCIIT shares (in accordance with a ratio reflecting the formula asset values of the Company and FCIIT). The one ordinary share which remained in issue was transferred to a nominee company which holds the share on trust for FCIIT. Pursuant to an agreement between the Company and FCIIT, the assets and liabilities of the Company were transferred to FCIIT at the time at which the merger became effective in consideration for the payment by FCIIT to the Company of an amount equal to the net value of the assets and liabilities so transferred. The Company has agreed with FCIIT that this amount is to be left outstanding on non-interest bearing inter-company account.

## 2 ACCOUNTING POLICIES

### (a) Basis of accounting

The accounts have been prepared under the historical cost basis of accounting, modified to include fixed asset investments at valuation, and in accordance with accounting standards applicable in the United Kingdom and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (SORP), issued in January 2003. The principal accounting policies are set out below.

### (b) Valuation of investments

As an investment trust, the Company treats all transactions on realisation and the revaluation of investments held as transactions on the capital account. These items, whether profits or losses, are not part of, and are not reflected in, the revenue account but are charged or credited to capital reserves. Listed investments are shown at middle market value.

### (c) Income

Income from quoted equity shares is brought into the revenue account (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment.

Dividends are accounted for in accordance with Financial Reporting Standard 16 (FRS16) on the basis of the income actually receivable, without adjustment for the tax credit attaching to the dividends.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash foregone is recognised as income. Any differences in the value of the shares received compared with the amount of the cash dividend foregone is recognised as capital reserve.

### (d) Expenses

All expenses are charged to the revenue account, except:

- expenses which are incidental to the acquisition or disposal of investments are charged to capital reserve realised; and
- 50% of management fees, including related VAT, and interest expense are allocated to capital reserve realised, in accordance with the Board's long-term expected split of returns from the investment portfolio of the Company.

All expenses are accounted for on an accruals basis.

### (e) Taxation

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date other than those regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

### (f) Capital reserves

#### Capital Reserve Realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised exchange differences of a capital nature; and
- other capital charges and credits charged or credited to this account in accordance with the above policies.

# Notes on the Accounts (Unaudited) (continued)

## (f) Capital reserves (continued)

### Capital Reserve Unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of fixed assets held at the period-end; and
- unrealised exchange differences of a capital nature.

### 3 INCOME

|  | Period ended<br>23 June 2005<br>£'000s | Year ended<br>31 March 2004<br>£'000s |
|--|--|---------------------------------------|
| <b>Income from investments</b>           |  |                                       |
| UK franked dividends                     | 2,524                                  | 2,179                                 |
| UK unfranked interest                    | 103                                    | 98                                    |
| Overseas dividends                       | 32                                     | -                                     |
| Scrip dividends                          | -                                      | 38                                    |
|  | <b>2,659</b>                           | <b>2,315</b>                          |
| <b>Other income</b>                      |  |                                       |
| Interest on cash and short-term deposits | 18                                     | 87                                    |
| Other                                    | -                                      | 4                                     |
|  | <b>18</b>                              | <b>91</b>                             |
| <b>Total income</b>                      | <b>2,677</b>                           | <b>2,406</b>                          |
| <b>Total income comprises:</b>           |  |                                       |
| Dividends                                | 2,556                                  | 2,217                                 |
| Interest                                 | 121                                    | 185                                   |
| Other                                    | -                                      | 4                                     |
|  | <b>2,677</b>                           | <b>2,406</b>                          |

### 4 MANAGEMENT FEE

|   | Period ended<br>23 June 2005<br>£'000s | Year ended<br>31 March 2004<br>£'000s |
|---|--|---------------------------------------|
| Management fee  | 416                                    | 337                                   |
| Irrecoverable VAT thereon                                 | 72                                     | 59                                    |
|   | <b>488</b>                             | <b>396</b>                            |
| Less: allocated to Capital Reserve Realised (see note 19) | (244)                                  | (198)                                 |
|   | <b>244</b>                             | <b>198</b>                            |

Management fees have been allocated 50% to capital reserve realised in accordance with the accounting policy.

### 5 OTHER EXPENSES

|  | Period ended<br>23 June 2005<br>£'000s | Year ended<br>31 March 2004<br>£'000s |
|--|--|---------------------------------------|
| <b>Auditors' remuneration:</b>               |  |                                       |
| For audit services                           | -                                      | 15                                    |
| For non-audit services                       | -                                      | 4                                     |
| <b>Directors' emoluments – fees</b>          | <b>62</b>                              | <b>59</b>                             |
| Registrars' fees                             | 21                                     | 15                                    |
| Directors' and Officers' liability insurance | 31                                     | 15                                    |
| Printing and postage                         | 11                                     | 31                                    |
| Marketing                                    | 60                                     | 44                                    |
| Irrecoverable VAT                            | 24                                     | 22                                    |
| Sundry expenses                              | 103                                    | 74                                    |
|  | <b>312</b>                             | <b>279</b>                            |

# Notes on the Accounts (Unaudited) (continued)

## 6 DIRECTORS' REMUNERATION AND CONTRACTS

### Remuneration

The Company had no employees during the period.

The amounts paid by the Company to the Directors of the Company, which were for services as non-executive Directors and which did not include any payments or rights to pensions were as follows:

|  | Period ended<br>23 June 2005<br>£ | Year ended<br>31 March 2004<br>£ |
|--|-----------------------------------|----------------------------------|
| R A E Herbert (Chairman – resigned on 09/07/04)  | 4,154                             | 15,000                           |
| J R K Emly (appointed as Chairman from 09/07/04) | 15,135*                           | 10,000                           |
| M E Beckett (resigned on 05/05/05)               | 10,987                            | 10,000                           |
| Viscount Churchill (resigned on 05/05/05)        | 10,987                            | 10,000                           |
| N R Dunford                                      | 10,987                            | 3,756                            |
| P S Wilmot-Sitwell (resigned on 05/05/05)        | 10,987                            | 10,000                           |
|  | 63,237                            | 58,756                           |

\*Highest paid director.

## 7 TAXATION ON ORDINARY ACTIVITIES

### Analysis of tax charge for the period

|   | Period ended 23 June 2005 |                   |                 | Year ended 31 March 2004 |                   |                 |
|---|---------------------------|-------------------|-----------------|--------------------------|-------------------|-----------------|
|   | Revenue<br>£'000s         | Capital<br>£'000s | Total<br>£'000s | Revenue<br>£'000s        | Capital<br>£'000s | Total<br>£'000s |
| Corporation tax at 30% (31 March 2004: 30%) | -                         | -                 | -               | -                        | -                 | -               |
| Overseas tax                                | 5                         | -                 | 5               | -                        | -                 | -               |
|   | 5                         | -                 | 5               | -                        | -                 | -               |

## 8 DIVIDENDS ON ORDINARY SHARES

|  | Period ended 23 June 2005 |        |                    | Year ended 31 March 2004 |        |                    |
|--|---------------------------|--------|--------------------|--------------------------|--------|--------------------|
|  | Pence<br>per share        | £'000s | Shares<br>in issue | Pence<br>per share       | £'000s | Shares<br>in issue |
| Adjustment in respect of new shares issued | -                         | -      | -                  | -                        | 9      | -                  |
| 1st interim paid                           | 0.90                      | 403    | 44,757,328         | 0.85                     | 351    | 41,324,789         |
| 2nd interim paid                           | 0.90                      | 398    | 44,297,328         | 0.90                     | 403    | 44,757,328         |
| 3rd interim paid                           | 0.90                      | 399    | 44,297,328         | 0.90                     | 403    | 44,757,328         |
| 4th interim paid                           | 1.70                      | 753    | 44,297,328         | 1.65                     | 738    | 44,757,328         |
| 5th interim payable                        | 0.316                     | 140    | 44,297,328         | -                        | -      | -                  |
|  | 4.716                     | 2,093  |                    | 4.30                     | 1,904  |                    |

## 9 RETURN PER ORDINARY SHARE

The basic and diluted revenue returns per share are based on the revenue return attributable to equity shareholders of £2,110,000 (31 March 2004: £1,929,000).

The basic capital return per share is based on the capital return attributable to equity shareholders of £6,119,000 (31 March 2004: £10,468,000).

The warrants were all exercised during the period ended 31 March 2004. There is therefore no diluted revenue return for the period ended 23 June 2005.

Basic return per share is based on the weighted average number of 44,455,101 ordinary shares in issue during the period

(31 March 2004: 43,583,797). Shares in treasury have been excluded from the weighted average number of shares in issue with effect from the date of purchase.

# Notes on the Accounts (Unaudited) (continued)

## 10 INVESTMENTS

|   | Listed<br>Total |
|---|-----------------|
|   | £'000s          |
| Cost at 1 April 2004                    | 47,263          |
| Unrealised appreciation at 1 April 2004 | 11,648          |
| Valuation at 1 April 2004               | 58,911          |
| Movements in the period:                |                 |
| Purchases at cost                       | 7,621           |
| Sales – proceeds*                       | (73,646)        |
| – realised profits on sales*            | 18,645          |
| Decrease in unrealised appreciation     | (11,531)        |
| <b>Valuation at 23 June 2005</b>        | -               |
| Cost at 23 June 2005                    | -               |
| Unrealised appreciation at 23 June 2005 | -               |

\* Includes transfer of investments to FCIIT on 6 May 2005 (see note 1).

### Gains and losses on investments

|   | Period ended<br>23 June 2005<br>£'000s | Year ended<br>31 March 2004<br>£'000s |
|---|--|---------------------------------------|
| Realised gains based on historical cost                                 | 18,761                                 | 117                                   |
| Less: amounts recognised as unrealised (gains)/losses in previous years | (116)                                  | 1,610                                 |
| Realised gains based on carrying value at previous balance sheet date   | 18,645                                 | 1,727                                 |
| Net movement in unrealised appreciation for the period                  | (11,531)                               | 8,942                                 |
| Gains on investments  | 7,114                                  | 10,669                                |

## 11 DEBTORS

|                                       | As at<br>23 June 2005<br>£'000s | As at<br>31 March 2004<br>£'000s |
|---------------------------------------|---------------------------------|----------------------------------|
| FCIIT Inter company loan (see note 1) | 65,059                          | -                                |
| Prepayments and accrued income        | -                               | 664                              |
|                                       | 65,059                          | 664                              |

## 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                             | As at<br>23 June 2005<br>£'000s | As at<br>31 March 2004<br>£'000s |
|-----------------------------|---------------------------------|----------------------------------|
| Dividend on ordinary shares | 140                             | 738                              |
| Other accrued expenses      | -                               | 193                              |
|                             | 140                             | 931                              |

# Notes on the Accounts (Unaudited) (continued)

## 13 SHARE CAPITAL

| Share capital  | Authorised<br>Number | Nominal<br>£'000s | Issued and<br>fully paid<br>Number | Nominal<br>£'000s |
|--|----------------------|-------------------|------------------------------------|-------------------|
| Ordinary shares of 25p each  |                      |                   |                                    |                   |
| Total in issue at 31 March 2004  | 383,200,000          | 95,800            | 44,757,328                         | 11,189            |
| Shares cancelled under Scheme of Arrangement (including<br>Treasury Shares)* |                      |                   | (44,757,327)                       | (11,189)          |
| Share issued under Scheme of Arrangement*                                    |                      |                   | 44,297,327                         | 11,074            |
| Total ordinary shares in issue at 23 June 2005                               | 383,200,000          | 95,800            | 44,297,328                         | 11,074            |

On 2 September 2004, 460,000 shares were purchased at a total cost of £554,000 and placed in Treasury.

\*See note 1 for details of Scheme of Arrangement.

## 14 SHARE PREMIUM

|  | As at<br>23 June 2005<br>£'000s | As at<br>31 March 2004<br>£'000s |
|--|---------------------------------|----------------------------------|
| Balance brought forward                                | 12,623                          | 9,552                            |
| Premium on new shares issued on conversion of warrants | -                               | 2,575                            |
| Premium on new shares issued                           | -                               | 496                              |
| Balance carried forward                                | 12,623                          | 12,623                           |

## 15 CAPITAL REDEMPTION RESERVE

|  | As at<br>23 June 2005<br>£'000s | As at<br>31 March 2004<br>£'000s |
|--|---------------------------------|----------------------------------|
| Balance brought forward and carried forward  | 1,020                           | 1,020                            |
| Transferred from equity share capital on cancellation of Treasury shares (see note 13) | 115                             | -                                |
|  | 1,135                           | 1,020                            |

## 16 SPECIAL RESERVE

|                                     | As at<br>23 June 2005<br>£'000s | As at<br>31 March 2004<br>£'000s |
|-------------------------------------|---------------------------------|----------------------------------|
| Balance brought forward             | 16,373                          | 16,373                           |
| Cost of purchase of ordinary shares | (554)                           | -                                |
| Balance carried forward             | 15,819                          | 16,373                           |

## 17 WARRANT RESERVE

|   | As at<br>23 June 2005<br>£'000s | As at<br>31 March 2004<br>£'000s |
|---|---------------------------------|----------------------------------|
| Balance brought forward   | -                               | 1,202                            |
| Transfer to non-distributable reserve on conversion of warrants | -                               | (1,202)                          |
| Balance carried forward   | -                               | -                                |



# Notes on the Accounts (Unaudited) (continued)

## 18 NON-DISTRIBUTABLE RESERVE

|                                | As at<br>23 June 2005<br>£'000s | As at<br>31 March 2004<br>£'000s |
|--------------------------------|---------------------------------|----------------------------------|
| Balance brought forward        | 1,202                           | -                                |
| Transfer from warrant reserve  | -                               | 1,202                            |
| <b>Balance carried forward</b> | <b>1,202</b>                    | <b>1,202</b>                     |

## 19 OTHER RESERVES

|  | Capital<br>Reserves<br>£'000s | Revenue<br>Reserve<br>£'000s |
|--|-------------------------------|------------------------------|
| Realised gains on investments                      | 18,645                        | -                            |
| Management fees and related VAT                    | (244)                         | -                            |
| Costs associated with Scheme of Arrangement *      | (741)                         | -                            |
| Other capital charges and credits                  | (4)                           | -                            |
| Interest payable and similar charges               | (6)                           | -                            |
| Movement in unrealised appreciation on investments | (11,531)                      | -                            |
| Amount transferred to revenue reserve              | -                             | 17                           |
|  | <b>6,119</b>                  | <b>17</b>                    |
| Balance brought forward                            | <b>16,537</b>                 | <b>393</b>                   |
| <b>Balance carried forward</b>                     | <b>22,656</b>                 | <b>410</b>                   |

\* At an extraordinary general meeting of the Company held on 11 April 2005, the shareholders agreed to proposals to merge the Company with FCIT under a Scheme of Arrangement (see note 1). The estimated costs of this merger, as set out in the circular sent to shareholders in March 2005, are fully accrued in the period ended 23 June 2005.

## 20 NET ASSET VALUE PER ORDINARY SHARE

The movements during the period in the total net assets attributable to ordinary shares, used in the calculation of basic net asset value per ordinary share, were as follows :

|   | Ordinary<br>Shares<br>£'000s |
|---|------------------------------|
| Total net assets at 31 March 2004       | 59,337                       |
| Total recognised gains for the period   | 8,229                        |
| Dividends                               | (2,093)                      |
| Cost of purchase of ordinary shares     | (554)                        |
| <b>Total net assets at 23 June 2005</b> | <b>64,919</b>                |

The warrants were all exercised during the period ended 31 March 2004. There is therefore no dilution of net assets as at 23 June 2005 (31 March 2004: same).

|   | As at<br>23 June 2005 | As at<br>31 March 2004 |
|---|-----------------------|------------------------|
| Ordinary shares for basic net asset value calculation | 44,297,328            | 44,757,328             |

# Notes on the Accounts (Unaudited) (continued)

## 21 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

|  | Period ended<br>23 June 2005<br>£'000s | Year ended<br>31 March 2004<br>£'000s |
|--|--|---------------------------------------|
| Revenue return on ordinary activities after taxation   | 2,110                                  | 1,929                                 |
| Dividends  | (2,093)                                | (1,904)                               |
| Capital surplus  | 6,119                                  | 10,468                                |
| Cost of purchase of ordinary shares                    | (554)                                  | -                                     |
| Premium on new shares issued on conversion of warrants | -                                      | 2,575                                 |
| Issue of shares on conversion of warrants              | -                                      | 858                                   |
| Issue of new shares                                    | -                                      | 627                                   |
| Net movement in equity shareholders' funds             | 5,582                                  | 14,553                                |
| Equity shareholders' funds brought forward             | 59,337                                 | 44,784                                |
| Equity shareholders' funds carried forward             | 64,919                                 | 59,337                                |

## 22 ULTIMATE PARENT UNDERTAKING

From 5 May 2005, following the Scheme of Arrangement (see note 1), the Company's ultimate parent undertaking is F&C Capital & Income Investment Trust plc.