

HALF YEARLY MANAGEMENT REPORT

for the six months ended 30th June 2009

CHAIRMAN'S STATEMENT

The modest fall of 1.7% in the UK equity market as measured by the FT All-Share Index disguises a substantial fall in the earlier months followed by a major recovery in May. The world recession and the likelihood of any subsequent recovery continue to dominate investor sentiment.

The better background in small company markets has allowed the net asset value of the capital shares to recover by 6.5% to 1749.8p.

Dividends have continued to be impacted by companies' need to protect cash and the income received by the Trust in the first six months has been disappointing. In the light of this, the interim dividend has been reduced to 8.5p per income share.

The dramatic falls in economic activity in the major developed economies appears now to have ended but the prospects for any upturn remain uncertain.

Simon Knott

Chairman

July 2009

You can view or download copies of the Half Year and Annual reports from our website at www.rightsandissues.co.uk.

They are to be posted to shareholders and are available at the registered office of the Company.

Risks and uncertainties

Cautionary statement

This half yearly report contains forward-looking statements that involve risk and uncertainty. These have been made by the directors in good faith based on the information available to them at the time of their approval of this report. Due to the inherent uncertainties, including stock market risk factor, actual results may differ materially from those expressed or implied by these forward-looking statements.

There are a number of potential risks and uncertainties which could have a material impact on Trust's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. Recent volatility in the stock market and in financial markets has added to uncertainty. The Trust's results continue to be exposed to the risk of market price. Further information on the principal long-term risks and uncertainties of the Trust is included in the latest annual report.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June 2009

	Six months ended 30th June 2009		
	Revenue	Capital	Total
	£	£	£
Investment income	556,075	–	556,075
Other operating income	113,312	–	113,312
Total income	669,387	–	669,387
Gains/(Losses) on fair value through profit or loss assets	(19,394)	2,370,843	2,351,449
	649,993	2,370,843	3,020,836
Expenses			
Investment management fee	–	–	–
Other expenses	240,569	–	240,569
	240,569	–	240,569
Profit before tax	409,424	2,370,843	2,780,267
Tax	–	–	–
Profit for the period	409,424	2,370,843	2,780,267
Earnings per share			
Return per income share (p)	(6.3)p	24.1p	17.8p
Return per capital share (p)	34.0p	108.4p	142.4p

The interim dividend of 8.5p net (2008: 16.0p net) per income share and amounting to £209,100 (2008: £393,600) is payable on 30th September 2009 to shareholders on the register as at 28th August 2009. The sum accruing by way of dividend to the Capital shareholders will, in view of the small sum involved be included in the final dividend.

	Six months ended 30th June 2008			Year ended 31st December 2008		
	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£
Investment income	1,114,231	–	1,114,231	2,190,628	–	2,190,628
Other operating income	358,772	–	358,772	601,994	–	601,994
Total income	<u>1,473,003</u>	<u>–</u>	<u>1,473,003</u>	<u>2,792,622</u>	<u>–</u>	<u>2,792,622</u>
Gains/(Losses) on fair value through profit or loss assets	(108,494)	(9,065,365)	(9,173,859)	(316,824)	(37,130,786)	(37,447,610)
	<u>1,364,509</u>	<u>(9,065,365)</u>	<u>(7,700,856)</u>	<u>2,475,798</u>	<u>(37,130,786)</u>	<u>(34,654,988)</u>
Expenses						
Investment management fee	–	–	–	–	–	–
Other expenses	266,601	–	266,601	540,400	–	540,400
	<u>266,601</u>	<u>–</u>	<u>266,601</u>	<u>540,400</u>	<u>–</u>	<u>540,000</u>
Profit before tax	1,097,908	(9,065,365)	(7,967,457)	1,935,398	(37,130,786)	(35,195,388)
Tax	–	–	–	1,561	–	1,561
Profit for the period	<u>1,097,908</u>	<u>(9,065,365)</u>	<u>(7,967,457)</u>	<u>1,936,959</u>	<u>(37,130,786)</u>	<u>(35,193,827)</u>
Earnings per share						
Return per income share (p)	20.8p	(92.1)p	(71.3)p	31.5p	(377.4)p	(345.9)p
Return per capital share (p)	<u>35.4p</u>	<u>(414.6)p</u>	<u>(379.2)p</u>	<u>70.3p</u>	<u>(1698.1)p</u>	<u>(1627.8)p</u>

These are not full statutory accounts in terms of Section 240 of the Companies Act 1985. The full audited accounts for the year to 31st December 2008, have been filed with the Registrar of Companies.

The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

CONSOLIDATED BALANCE SHEET

as at 30th June 2009

	30th June 2009 £	30th June 2008 £	31st December 2008 £
Non-current assets			
Goodwill	65,191	65,191	65,191
Investments – Fair value through profit or loss	37,432,888	62,848,563	34,982,276
	<u>37,498,079</u>	<u>62,913,754</u>	<u>35,047,467</u>
Current Assets			
Trading investments	318,650	550,217	419,606
Trade and other receivables	262,149	534,826	211,553
Amounts due from group undertakings	–	–	–
Cash and cash equivalents	2,876,077	3,680,281	3,031,234
	<u>3,456,876</u>	<u>4,765,324</u>	<u>3,662,393</u>
Total Assets	<u>40,954,955</u>	<u>67,679,078</u>	<u>38,709,860</u>
Current Liabilities			
Trade and other payables	746,553	961,499	267,765
Current tax payable	–	86,813	–
	<u>746,553</u>	<u>1,048,312</u>	<u>267,765</u>
Total assets less current liabilities	<u>40,208,402</u>	<u>66,630,766</u>	<u>38,442,095</u>
Net Assets	<u>40,208,402</u>	<u>66,630,766</u>	<u>38,442,095</u>
Equity			
Called up share capital	1,225,000	1,225,000	1,225,000
Share premium account	225,326	225,326	225,326
Retained reserves:			
Capital reserve	40,751,585	40,682,762	40,751,585
Revaluation reserve	(3,313,095)	22,450,307	(5,683,938)
Dividend equalisation reserve	1,319,586	2,047,371	1,924,122
	<u>40,208,402</u>	<u>66,630,766</u>	<u>38,442,095</u>
Total equity	<u>40,208,402</u>	<u>66,630,766</u>	<u>38,442,095</u>
Net asset value per share			
Income shares	459.9p	749.6p	459.0p
Capital shares	1749.8p	2926.3p	1643.3p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June 2009

	Share capital £	Share premium account £	Capital reserve £	Revaluation reserve £	Dividend equalisation reserve £	Total £
For the six months ended June 2008						
Balance at						
31st December 2007	1,225,000	225,326	40,668,355	31,530,078	2,306,183	75,954,942
Profit for the period	–	–	14,407	(9,079,771)	1,097,908	(7,967,456)
Total recognised income and expense	1,225,000	225,326	40,682,762	22,450,307	3,404,091	67,987,486
Dividends	–	–	–	–	(1,356,720)	(1,356,720)
Balance at 30th June 2008	1,225,000	225,326	40,682,762	22,450,307	2,047,371	66,630,766

	Share capital £	Share premium account £	Capital reserve £	Revaluation reserve £	Dividend equalisation reserve £	Total £
For the six months ended June 2009						
Balance at						
31st December 2008	1,225,000	225,326	40,751,585	(5,683,938)	(1,924,122)	38,442,095
Profit for the period	–	–	–	2,370,843	409,424	2,780,267
Total recognised income and expense	1,225,000	225,326	40,751,585	(3,313,095)	2,333,546	41,222,362
Dividends	–	–	–	–	(1,013,960)	(1,013,960)
Balance at 30th June 2009	1,225,000	225,326	40,751,585	(3,313,095)	1,319,586	40,208,402

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30th June 2009

	Group 2009 £	Group 2008 £
Cashflows from operating activities		
Profit before tax	2,780,267	(7,967,457)
Adjustments for:		
(Gains)/losses on investments	(2,370,843)	9,079,771
Purchase of investments	(79,769)	–
Proceeds of investments	–	–
Movement in trading investments	100,956	69,580
Operating cash flows before movements in working capital	430,611	1,181,894
Decrease/(increase) in receivables	(50,596)	(221,746)
Increase/(decrease) in payables	(89,912)	(184,131)
Net cash from operating activities before income taxes	290,103	776,017
Income taxes paid	–	–
Net cash from operating activities	290,103	776,017
Cash flows from financing activities		
Dividends paid	(445,260)	(788,020)
Net cash (used in)/from financing activities	(445,260)	(788,020)
Net increase/(decrease) in cash and cash equivalents	(155,157)	(12,003)
Cash and cash equivalents at beginning of year	3,031,234	3,692,284
Cash and cash equivalents at end of period	2,876,077	3,680,281

NOTES TO THE CONDENSED HALF YEARLY FINANCIAL REPORT

for the six months ended 30th June 2009

1. Accounting Standards

The condensed interim financial report has been prepared in accordance with International Financial Reporting Standard (IFRSs), including IAS 34 "Interim financial reporting". The same accounting policies and methods of computation are followed in the interim financial report as those used in the Company's latest published annual financial statements.

2. Dividends

	2009	2008
Amounts recognised as distributions to equity holders in the period:		
Income (Paid)		
Final dividend for the year ended 31st December 2008 of 17.0p (2007: 30.5p) per share	418,200	750,300
Capital (Paid)		
Final dividend for the year ended 31st December 2008 of 1.6500p (2007: 2.3000p) per share	27,060	37,300
Capital Supplementary (Accrued)		
Payable 2nd January 2009 of 68.6829p (2008: 68.6829p) per share	563,200	563,200
Dividends on non-equity shares:		
Cumulative preference 5.5% (Accrued)	5,500	5,500
	<u>1,013,960</u>	<u>1,356,300</u>
Income		
Proposed interim dividend for the year ended 31st December 2009 of 8.5p (2008: 16.0p) per share	<u>209,100</u>	<u>393,600</u>

This was approved by the Board on 31st July 2009 and has not been included as a liability at 30th June 2009.

3. Income

	2009	2008
Total income comprises:		
Dividends	556,075	1,114,231
Interest	3,784	80,446
Other income	109,528	278,326
	<u>669,387</u>	<u>1,473,003</u>

4. Related Party Transactions

Transactions between the company and its subsidiaries, which are related parties have been eliminated on consolidation.

The Company's subsidiary company Discretionary Unit Fund Managers Limited manages the Discretionary Unit Fund and acts as principal in respect of all transactions of units in the Fund. In respect of this its fee for the six months amounted to £109,528 (2008: £278,326) and the amount owed by the Fund at the period end was £2,846 (2008: £5,578).

DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE HALF YEARLY REPORT

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim financial reporting"; and
- the half yearly management report includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

S. H. J. A. Knott
Chairman

July 2009

APPENDIX

TOP TEN HOLDINGS

Holding	Investment	Value £
2,700,000	RPS Group	5,406,750
1,673,038	Hill & Smith Holdings	3,847,987
1,500,000	Celsis Int'l	2,685,000
500,000	Thorpe F.W.	2,630,000
2,100,000	Colefax Group	1,995,000
12,500,000	Intelek	1,687,500
300,000	Aggreko	1,555,500
1,000,000	VP	1,480,000
10,425,000	Scapa Group	1,459,500
500,000	Domino Printing Sciences	1,261,250

INDEPENDENT REVIEW REPORT TO RIGHTS AND ISSUES INVESTMENT TRUST PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the condensed consolidated income statement, balance sheet, statement of changes in equity, cash flow statement and the related explanatory notes 1 to 4. We have read the other information contained in the half yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

The report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than in an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all

significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Begbies Chettle Agar
Chartered Accountants

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July 2009

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