

For immediate release

17 May 2010

To: City Editors

Finsbury Growth & Income Trust PLC
Announces Interim Results for the six months to 31 March 2010

Financial Highlights:

	(Unaudited) 31 March 2010	(Audited) 30 September 2009	% change
Share price	265.8p	231.0p	+15.1
Net asset value per share (<i>inc income</i>)	281.9p	249.0p	+13.2
Net asset value per share (<i>ex income</i>)	277.5p	243.9p	+13.8
Discount of share price to net asset value per share (<i>ex income</i>)	4.2%	5.3%	n/a
Shareholders' funds	£143.3m	£127.7m	+12.2
Market capitalisation	£135.1m	£118.4m	+14.1
	Six months to 31 March 2010	One year to 30 September 2009	
Share price (<i>total return</i>)#	+17.1%	+22.9%	
Net asset value per share (<i>total return</i>)#	+15.6%	+24.0%	
FTSE All-Share Index (<i>total return</i>)	+12.2%	+10.8%	

Source – Morningstar

Dividends	Year ending 30 September 2010	Year ended 30 September 2009
First interim dividend	4.4p per share	4.4p per share
Second interim dividend	4.4p per share*	5.1p per share

* Second interim dividend is expected to be 4.4p per share for the year ending 30 September 2010 and will be paid on 1 November 2010.

For and on behalf of
Frostrow Capital LLP, Secretary
17 May 2010

- ENDS -

The following are attached:

- * Chairman's Statement
- * Investment Manager's Review
- * Income Statement
- * Reconciliation of Movements in Shareholders' Funds
- * Balance Sheet
- * Cash Flow Statement
- * Notes to the Interim Accounts

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Chairman's Statement

Performance

I am pleased to report that for the six months under review the Company continued its strong run of performance with a net asset value per share total return of 15.6% and a share price total return of 17.1%. These results compare favourably with the Company's benchmark, the FTSE All-Share Index, measured on a total return basis, which provided a return of 12.2% during the same period.

Investment Policy

As I explained in my last statement, our investment manager, Lindsell Train Limited, believes that it will be beneficial to shareholders to have the ability to allocate up to 20% of the investment portfolio into quoted companies worldwide. A resolution to amend the Company's investment policy was proposed at the Annual General Meeting held in January of this year and I am delighted to confirm that the change was approved by shareholders. The Company currently has three investments listed outside the UK which account for approximately 12% of the investment portfolio.

Share Capital and Discount Control

The Company has continued to be active in buying back shares for treasury where they were offered at a discount greater than 5% to the net asset value per share. A total of 2,270,862 shares were repurchased for treasury during the half-year in accordance with the Company's stated policy and 1,855,000 shares were reissued from treasury at a price representing a narrower discount to net asset value per share than that at which they had been bought into treasury, i.e. nearly 82 per cent of what was bought in. Following the half-year end a further 186,399 shares have been repurchased to be held as treasury shares and a total of 850,000 shares have been reissued out of treasury. As at the date of this report, a total of 1,278,011 shares remain in treasury.

The Board attaches considerable importance to its discount control mechanism which, as shareholders can see, we use actively and have done so consistently over the last five years. The average month-end discount of share price to the ex-income net asset value per share during the half year was 4.6%, comfortably within the Company's target of 5% and we believe our ability to meet the market's demand for liquidity in this way is very beneficial for all investors: not just those wishing to sell, but those continuing to hold and those wishing to buy.

Return and Dividend

The Company's income statement shows the following results for the period under review, for the comparable period last year and for the Company's last full financial year:

Six months ended 31 March 2010			Six months ended 31 March 2009			Year ended 30 September 2009		
Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
4.1p	33.7p	37.8p	3.0p	(29.7)p	(26.7)p	9.1p	34.0p	43.1p

I mentioned in my statement for the full year to 30 September 2009 that the Company's income for the current financial year may fall when compared to income received in prior years and

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that there may be insufficient income to maintain the Company's historic rate of dividend. During the period your Board reviewed the Company's expected income for the current financial year to 30 September 2010 and on 19 February 2010 announced a first interim dividend of 4.4p per share, unchanged from the corresponding first interim dividend for the previous year. In addition, your Board decided that it would be helpful to shareholders to receive greater clarity on the Company's dividends for the full year to 30 September 2010 and so on the same date we announced that the second interim dividend for the current year was expected to be 4.4p per share, making a total expected dividend distribution for the full year to 30 September 2010 of 8.8p per share. This compares to 9.5p per share for 2009.

The Board estimates that this new level of distribution is sustainable, but should the companies in our portfolio become more cautious when deciding their own dividends, the Company would have to re-evaluate the level of dividend payments we make to our shareholders, such re-evaluation to reflect the actual level of income received together with the balance of revenue reserves retained by the Company from previous years and available for distribution.

It is of course to the Board's sincere regret that the dividend for the full year to 30 September 2010 will be lower than the prior year by some 7%. The principal reason behind the fall in the Company's income this year is the significant reduction in the level of income from our Lloyds preference shares. I reiterate however that the lower level of dividend for the current financial year does not alter the Board's long term objective of a progressive dividend policy. In addition, it is worth highlighting that even at this revised level of distribution the yield on the Company's shares is approximately 3.3% which compares to the current FTSE All-Share yield of 3.1%.

The ex-dividend date for the second interim dividend will be 29 September 2010 with an associated record date of 1 October 2010 and payment date of 1 November 2010.

Borrowing Facility

Your Company has a fixed term committed secured revolving credit facility of £15m which is subject to a variable rate of interest. As at 31 March 2010 a total of £14.45m was drawn down under this facility. Subsequent to the period end £3.75m was repaid with £10.70m being drawn down at the date of this report. We believe that the availability of a meaningful gearing facility of this kind is very desirable for a closed end investment company such as ours.

Alternative Investment Fund Manager ('AIFM') Directive

Our trade association, the Association of Investment Companies continues to work towards ensuring that the AIFM Directive, the draft legislation being considered in Europe which will regulate 'alternative investment funds' including investment trusts, is drafted to accommodate the UK investment company structure, something the initial draft very definitely did not. The Association appears to be making good progress with this and your Board will continue to keep shareholders informed of major developments concerning the Directive as they arise.

Outlook

Overall, 2009 was an exceptional year in terms of a recovery in the fortunes of global stock markets, assisted by a range of stimulus measures from central governments. The UK economy has now edged out of recession and current estimates indicate modest growth in GDP during 2010 and 2011. The outlook for inflation, which has increased somewhat in recent months, is for it to fall back towards the Bank of England's target over the next year and interest rates, at least in the short term, are expected to remain at their current low levels. However, the government is going to have

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a very tough job on its hands in getting our economy back into balance and there may be considerable shocks still to come.

Your Board considers that the portfolio is well positioned to take advantage of an economic upturn and remains strongly supportive of the Investment Manager's strategy of investing for the long term in well run, cash generative franchises. We believe that this strategy is the best one to deliver strong investment returns to shareholders.

Anthony Townsend
Chairman

Investment Manager's Review

Of course we are pleased that your net asset value continued to make decent absolute and relative progress over the period. Mind you, that pleasure is vitiated by the knowledge that we and other UK investors will never again be able to invest directly into Cadbury; that company succumbing to Kraft at a fair, but not exceptional price.

Of interest, we think, is the fact that the portfolio performed competitively, despite having little or no exposure to the cyclical commodity and "recovery" sectors, which are current market favourites. We have found our returns elsewhere, specifically the gains delivered by what we consider to be true "growth" companies - those whose earnings have advanced despite the recession, thus demonstrating secular, or non-cyclical growth. In particular Technology and Media shares did well, led by Fidessa, Pearson and Sage. We hope these companies and their peers are only at the beginning of a sustained period of reward, based on superior business performance. In addition, we must acknowledge and give thanks for the contribution to our return from A.G. Barr, the largest holding in your Company now. The steady growth of its key brands - IRN-BRU and Rubicon - has attracted new and deserved investor interest.

We also note that the two other major holdings in the portfolio - Diageo and Unilever - had a relatively quiet last quarter. Combined this pair account for 22.3% of the Company's net assets as at 31 March 2010, so their performance really matters! Thankfully, the business progress for both is satisfactory, confirmed by their nicely increasing dividends. The reliability of their profits and the opportunities both enjoy in the Emerging Markets mean that these two are likely to generate wonderful returns for your Company over time, we are sure.

At the Annual General Meeting earlier this year shareholders approved a resolution to allow us, Lindsell Train Limited (LTL), to invest up to 20% of your Company's portfolio outside the FTSE All-Share Index, its benchmark – specifically to invest overseas. We are grateful for this permission and believe you made the "right" decision. Nonetheless it was not a request we tabled lightly and we are conscious of the risks that can attend any such straying away from benchmark. At the very least, for instance, we would sympathise with the righteous anger of any shareholder who discovered that his "UK" investment had done poorly because of possible problems with the future performance of non-UK securities.

Nonetheless, there are three reasons why we asked for the authority – all of which are of broader interest, because they reveal something of the way the UK stock market has changed in recent years.

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First, we needed shareholders to approbate what was already a *fait accompli*; because your Company already has investments in non-UK companies, though made inadvertently. They came about like this. As cross-border takeovers have become increasingly common – part of the trend toward “globalisation” – it has become correspondingly common for UK investors to find themselves inheriting shares issued by international companies to pay for UK acquisitions. Sometimes these shares are attractive and it seems irrational to sell them simply because they are not “British”. For instance and most pertinent for the portfolio, the major holding in Cadbury was about to turn into a mixture of cash and Kraft shares. While Kraft is, in our opinion, not such a compelling investment as was Cadbury, it is nevertheless a solid business, now with improved growth prospects. Should we be required to sell Kraft, simply because it doesn’t have a listing on the London market? Well, thanks to the recent vote, now we don’t have to and can consider it on its merits.

By the way, we expect many more such dilemmas for investors - in other words lots more takeovers - as regional companies around the world look to fashion themselves into truly global enterprises.

Second, there is another way in which our request to invest more overseas reflects a *fait accompli*. This is the extraordinary extent to which the FTSE All-Share Index has already become an international Index, almost without investors knowing. Consider the following. The top ten companies in the All-Share currently amount to 44% of the value of the whole market. For these ten the average proportion of their annual sales generated in the UK is 7%. Or contrariwise, 93% of the business of 44% of the FTSE All-Share’s constituents takes place outside their home market. Indeed, we have seen it estimated that 65% of all the revenues of UK quoted companies arise overseas.

Now, the UK has always been an outward looking economy – and this is a very good thing - but there is a further twist in this globalisation of the Index, a twist relating to dividends. Today, 45% by value of all the dividends paid by UK companies to UK investors are paid in US dollars, not in pounds sterling, led by the big drug, mining and oil companies. This is perhaps the biggest shift in the constitution of the UK stock market in my near 30 year career.

This really is a big deal, because it is a widely acknowledged rule that mismatches between assets and liabilities are best avoided. If you have long term sterling liabilities, it is prudent to hold sterling assets to pay for them. Well, many UK investors - perhaps saving for their retirements in a “UK Equity Income Fund” - are inadvertently, possibly unknowingly, exposed to such a mismatch and taking a currency bet. Because the dividend flows they receive from the UK’s largest companies are not paid in the currency they will need to actually pay their pensions.

I don’t mean to be alarmist – quite possibly this bet will pay off – sterling looks pretty good toast in comparison to most other currencies. But all of us are being forced to consider what is really meant when we say we invest in UK companies – and, frankly, it means less and less.

The final reason is one specific to LTL’s investment approach. We are committed investors in consumer brands and similar franchises – believing that investing in great brands, like Burberry, makes sense for the long term. We note, with some disquiet, that the UK stock market has never been as richly stocked with world class branded goods companies as some others and that with the loss to takeover in recent years of such companies as Allied Domecq, Scottish & Newcastle and now Cadbury there are even fewer of them. For instance, the consultancy Interbrand produces an annual survey of what, on its analysis, are the 100 most valuable brands on the planet. The 2009 survey arrived at the depressing conclusion that the

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UK is home to only four of these top 100 brands, compared to 51 in the US or 11 in Germany. At a time when the London stock market is increasingly dominated by more or less speculative mining and oil exploration companies, whose profits depend on something as unpredictable as a commodity price or striking it rich, we think investors should be loathe to lose access to assets as predictable and durable as Crunchie or Halls cough drops.

What's done is done, but we now, thankfully, have the ability to identify and invest in Cadbury-type companies outside the UK, hoping to capture similar benefits for your Company. In fact we have not yet made any such investments (and when we do we will be sure to broadcast it widely in our regular communications with you).

Whatever, we hope shareholders will see it as a logical response to the way that the world and the world's stock markets are changing.

Nick Train, Lindsell Train Limited
Investment Manager

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Income Statement

For the six months ended 31 March 2010

	(Unaudited) Six months ended 31 March 2010			(Unaudited) Six months ended 31 March 2009			(Audited) Year ended 30 September 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	-	17,609	17,609	-	(14,571)	(14,571)	-	17,942	17,942
Exchange difference	-	(3)	(3)	-	2	2	-	2	2
Income (note 2)	2,570	-	2,570	1,959	-	1,959	5,401	-	5,401
Investment management and management fees (note 3)	(140)	(285)	(425)	(107)	(217)	(324)	(226)	(460)	(686)
Recovery of VAT on investment management fee previously paid	11	23	34	-	-	-	50	101	151
Other expenses	(278)	(87)	(365)	(212)	-	(212)	(410)	-	(410)
Return/(loss) on ordinary activities before finance charges and taxation	2,163	17,257	19,420	1,640	(14,786)	(13,146)	4,815	17,585	22,400
Finance charges	(69)	(140)	(209)	(123)	(250)	(373)	(176)	(359)	(535)
Return/(loss) on ordinary activities before taxation	2,094	17,117	19,211	1,517	(15,036)	(13,519)	4,639	17,226	21,865
Taxation on ordinary activities	(35)	-	(35)	-	-	-	-	-	-
Return/(loss) on ordinary activities after taxation	2,059	17,117	19,176	1,517	(15,036)	(13,519)	4,639	17,226	21,865
Return/(loss) per share (note 4)	4.1p	33.7p	37.8p	3.0p	(29.7)p	(26.7)p	9.1p	34.0p	43.1p

The "Total" column of this statement represents the Income Statement of the Company. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those declared in the Income Statement.

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Reconciliation of Movements in Shareholders' Funds

(Unaudited)

	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Six months ended 31 March 2010							
At 30 September 2009	13,199	35,914	12,424	3,453	57,890	4,779	127,659
Net return from ordinary activities	-	-	-	-	17,117	2,059	19,176
Second interim dividend (5.1p per share) for the year ended 30 September 2009	-	-	-	-	-	(2,615)	(2,615)
Repurchase of shares into treasury	-	-	-	-	(5,435)	-	(5,435)
Sale of shares from treasury	-	420	-	-	4,132	-	4,552
At 31 March 2010	13,199	36,334	12,424	3,453	73,704	4,223	143,337

(Unaudited)

Six months ended 31 March 2009

At 30 September 2008	13,199	35,914	12,424	3,453	39,845	4,949	109,784
Net (loss)/ return from ordinary activities	-	-	-	-	(15,036)	1,517	(13,519)
Second interim dividend (5.1p per share) for the year ended 30 September 2008	-	-	-	-	-	(2,598)	(2,598)
Repurchase of shares into treasury	-	-	-	-	(1,323)	-	(1,323)
Sale of shares from treasury	-	-	-	-	87	-	87
At 31 March 2009	13,199	35,914	12,424	3,453	23,573	3,868	92,431

(Audited)

Year ended 30 September 2009

At 30 September 2008	13,199	35,914	12,424	3,453	39,845	4,949	109,784
Net return from ordinary activities	-	-	-	-	17,226	4,639	21,865
Second interim dividend (5.1p per share) for the year ended 30 September 2008	-	-	-	-	-	(2,598)	(2,598)
First interim dividend (4.4p per share) for the year ended 30 September 2009	-	-	-	-	-	(2,211)	(2,211)
Repurchase of shares into treasury	-	-	-	-	(1,856)	-	(1,856)
Sale of shares from treasury	-	-	-	-	2,675	-	2,675
At 30 September 2009	13,199	35,914	12,424	3,453	57,890	4,779	127,659

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Balance Sheet

As at 31 March 2010

	(Unaudited) 31 March 2010 £'000	(Unaudited) 31 March 2009 £'000	(Audited) 30 September 2009 £'000
Fixed assets			
Investments designated at fair value through profit or loss	147,826	104,898	138,799
Current assets			
Debtors	2,529	623	1,022
Cash at bank	7,646	293	1,531
	10,175	916	2,553
Current liabilities			
Creditors	(214)	(383)	(193)
Bank loan	(14,450)	(13,000)	(13,500)
	(14,664)	(13,383)	(13,693)
Net current liabilities	(4,489)	(12,467)	(11,140)
Total net assets	143,337	92,431	127,659
Capital and reserves			
Called-up share capital	13,199	13,199	13,199
Share premium account	36,334	35,914	35,914
Special reserve	12,424	12,424	12,424
Capital redemption reserve	3,453	3,453	3,453
Capital reserve	73,704	23,573	57,890
Revenue reserve	4,223	3,868	4,779
Equity shareholders' funds	143,337	92,431	127,659
Net asset value per share (note 5)	281.9p	183.9p	249.0p

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Cash Flow Statement

For the six months ended 31 March 2010

	(Unaudited) 31 March 2010 £'000	(Unaudited) 31 March 2009 £'000	(Audited) 30 September 2009 £'000
Net cash inflow from operating activities (note 7)	297	2,088	4,573
Servicing of finance			
Loan interest and arrangement fees paid	(192)	(284)	(487)
Taxation	(21)	-	-
Financial investment			
Purchase of investments	(6,473)	(3,035)	(7,017)
Sale of investments	15,055	5,152	7,746
Net cash inflow from financial investment	8,582	2,117	729
Equity dividends paid	(2,615)	(2,598)	(4,809)
Net cash inflow before financing	6,051	1,323	6
Financing			
Repurchase of shares into treasury	(5,435)	(1,323)	(1,856)
Sale of shares from treasury	4,552	87	2,675
Drawdown of loans	950	-	500
Net cash inflow/ (outflow) from financing	67	(1,236)	1,319
Increase in cash	6,118	87	1,325
Reconciliation of net cash flow to movement in net debt			
Increase in cash resulting from cashflows	6,118	87	1,325
Increase in debt	(950)	-	(500)
Exchange movements	(3)	2	2
Movement in net debt	5,165	89	827
Net debt at start of period/year	(11,969)	(12,796)	(12,796)
Net debt at end of period/year	(6,804)	(12,707)	(11,969)

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Notes to the interim accounts

1. Basis of Preparation

The financial statements have been prepared under the historical cost convention except for the measurement of investments which are valued at fair value, and in accordance with applicable accounting standards, the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' dated January 2009 and the Accounting Standard Board's Statement Half Yearly Reports.

The same accounting policies used for the year ended 30 September 2009 have been applied.

2. Income

	(Unaudited) Six months ended 31 March 2010 £'000	(Unaudited) Six months ended 31 March 2009 £'000	(Audited) Year ended 30 September 2009 £'000
Franked investment income	2,293	1,884	5,326
Limited Liability Partnership profit-share	80	70	70
Overseas dividends	184	-	-
Money market dividend	-	5	5
Interest from HMRC	13	-	-
Total	<u>2,570</u>	<u>1,959</u>	<u>5,401</u>

3. Investment Management and Management Fees

	(Unaudited) Six months ended 31 March 2010 £'000	(Unaudited) Six months ended 31 March 2009 £'000	(Audited) Year ended 30 September 2009 £'000
Investment management fee	277	205	437
Management fee	127	103	216
VAT thereon*	21	16	33
Total	<u>425</u>	<u>324</u>	<u>686</u>

* VAT on management fee.

4. Return/(loss) per share

The total return per share is based on the total return attributable to equity shareholders of £19,176,000 (six months ended 31 March 2009: loss of £13,519,000; year ended 30 September 2009: return of £21,865,000) and on 50,760,106 shares (six months ended 31 March 2009: 52,709,699; year ended 30 September 2009: 50,737,975), being the weighted average number of shares in issue.

The revenue return per share is calculated by dividing the net revenue return of £2,059,000 (six months ended 31 March 2009: return of £1,517,000; year ended 30 September 2009: return of £4,639,000) by the weighted average number of shares in issue as above.

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The capital return per share is calculated by dividing the net capital return attributable to shareholders of £17,117,000 (six months ended 31 March 2009: loss of £15,036,000; year ended 30 September 2009: return of £17,226,000) by the weighted average number of shares in issue as above.

5. Net asset value per share

The net asset value per share is based on net assets attributable to shares of £143,337,000 (31 March 2009: £92,431,000 and 30 September 2009: £127,659,000) and on 50,855,811 shares in issue (excluding treasury shares) (31 March 2009: 50,254,173 and 30 September 2009: 51,271,673) (excluding treasury shares)

6. Transaction costs

Purchase transaction costs for the six months ended 31 March 2010 were £47,000 (six months ended 31 March 2009: £19,000; year ended 30 September 2009: £36,000).

Sales transaction costs for the six months ended 31 March 2010 were £9,000 (six months ended 31 March 2009: £9,000; year ended 30 September 2009: £13,000).

7. Reconciliation of net total return/(loss) before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 31 March 2010 £'000	(Unaudited) Six months ended 31 March 2009 £'000	(Audited) Year ended 30 September 2009 £'000
Total return/(loss) before finance charges and taxation	19,420	(13,146)	22,400
Capital return/(loss) before finance charges and taxation	(17,260)	14,788	(17,583)
Losses/(gains) on exchange movements	3	(2)	(2)
Net revenue before finance costs and taxation	2,163	1,640	4,815
Decrease in accrued income	572	541	271
Increase in other debtors	(2,092)	(5)	(134)
Increase/(decrease) in creditors	3	129	(20)
Investment management, management and performance fees charged to capital	(262)	(217)	(359)
Other expenses charged to capital	(87)	-	-
Net cash inflow from operating activities	297	2,088	4,573

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8. 2009 Account

The figures and financial information for the year ended 30 September 2009 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for the year.

Those accounts have been delivered to the Registrar of Companies and included the Report of the Auditors which was unqualified and did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain a statement under section 498 of the Companies Act 2006.

Frostrow Capital LLP
Company Secretary
17 May 2010

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