



**RIGHTS AND ISSUES
INVESTMENT TRUST
P.L.C.**



**INTERIM REPORT
2006**



A SELF MANAGED INVESTMENT TRUST

CHAIRMAN'S STATEMENT

The UK equity markets have been subject to significant volatility in the latest six months with the FTSE All-Share Index rising by 4.2%. The Trust's portfolio has performed satisfactorily with the net asset value of the capital shares increasing by 7.3% to 3140.5p.

The interim dividend has been increased to 14p per income share and the Board expects, barring unforeseen circumstances, to pay a final dividend of not less than 29p per income share.

Simon Knott

Chairman

20th July 2006

TOP TEN HOLDINGS

Holding	Investment	Value £
2,700,000	RPS Group	5,757,750
525,000	HBOS	4,932,375
1,283,333	White Young Green	4,533,374
1,525,000	Hill & Smith Holdings	3,644,750
2,100,000	Colefax Group	3,444,000
1,000,000	VP	3,052,500
2,000,000	Low & Bonar	2,560,000
1,500,000	Celsis Int'l	2,430,000
500,000	Thorpe F.W.	2,225,000
1,000,000	Chamberlain & Hill	2,150,000

CONSOLIDATED INTERIM INCOME STATEMENT

for the six months ended 30th June 2006

	Six months ended 30th June 2006		
	Revenue £	Capital £	Total £
Investment income	882,197	–	882,197
Other operating income	<u>379,447</u>	<u>–</u>	<u>379,447</u>
Total income	1,261,644	–	1,261,644
Gains/(Losses) on fair value through profit or loss assets	<u>19,848</u>	<u>4,668,828</u>	<u>4,688,676</u>
	1,281,492	4,668,828	5,950,320
Expenses			
Investment management fee	–	–	–
Other expenses	<u>230,467</u>	<u>–</u>	<u>230,467</u>
Profit before tax	1,051,025	4,668,828	5,719,853
Tax	<u>42,882</u>	<u>–</u>	<u>42,882</u>
Profit for the period	1,008,143	4,668,828	5,676,971
The total column relates to the group's income statement			
Earnings per share			
Return per income share (p)	18.2p	47.5p	65.7p
Return per capital share (p)	<u>33.9p</u>	<u>213.5p</u>	<u>247.4p</u>

The interim dividend of 14.0p net (2005: 12.5p net) per income share and amounting to £344,400 (2005: £307,500) is payable on 30th September 2006 to shareholders on the register as at 1st September 2006. 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 2005			Six months ended 31st December 2005		
Revenue	Capital	Total	Revenue	Capital	Total
£	£	£	£	£	£
938,592	–	938,592	1,891,490	–	1,891,490
405,430	–	405,430	859,838	–	859,838
<u>1,344,022</u>	<u>–</u>	<u>1,344,022</u>	<u>2,751,328</u>	<u>–</u>	<u>2,751,328</u>
72,939	3,785,362	3,858,301	125,070	8,408,773	8,533,843
<u>1,416,961</u>	<u>3,785,362</u>	<u>5,202,323</u>	<u>2,876,398</u>	<u>8,408,773</u>	<u>11,285,171</u>
–	–	–	–	–	–
211,522	–	211,522	473,730	–	473,730
<u>1,205,439</u>	<u>3,785,362</u>	<u>4,990,801</u>	<u>2,402,668</u>	<u>8,408,773</u>	<u>10,811,441</u>
59,346	–	59,346	139,964	–	139,964
<u>1,146,093</u>	<u>3,785,362</u>	<u>4,931,455</u>	<u>2,262,704</u>	<u>8,408,773</u>	<u>10,671,477</u>
26.8p	38.5p	65.3p	52.4p	85.5p	137.9p
<u>29.4p</u>	<u>173.1p</u>	<u>202.5p</u>	<u>58.7p</u>	<u>384.6p</u>	<u>443.3p</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 2005, which were unqualified, have been filed with the Registrar of Companies.

The interim accounts are to be posted to shareholders and are available at the registered office of the Company, No 1 Poultry, London EC2R 8JR.

CONSOLIDATED INTERIM BALANCE SHEET

as at 30th June 2006

	30th June 2006 £	30th June 2005 £	31st December 2005 £
Non-current assets			
Goodwill	65,191	65,191	65,191
Investments – Fair value through profit or loss	67,660,240	51,582,474	59,936,435
	<u>67,725,431</u>	<u>51,647,665</u>	<u>60,001,626</u>
Current Assets			
Trading investments	467,769	213,622	514,272
Trade and other receivables	366,360	303,561	572,544
Amounts due from group undertakings	–	–	–
Cash and cash equivalents	3,673,815	10,407,472	6,647,686
	<u>4,507,944</u>	<u>10,924,655</u>	<u>7,734,502</u>
Total Assets	<u>72,233,375</u>	<u>62,572,320</u>	<u>67,736,128</u>
Current Liabilities			
Trade and other payables	924,520	691,887	878,416
Current tax payable	183,866	130,926	140,984
	<u>1,108,386</u>	<u>822,813</u>	<u>1,019,400</u>
Total assets less current liabilities	<u>71,124,989</u>	<u>61,749,507</u>	<u>66,716,728</u>
Net Assets	<u>71,124,989</u>	<u>61,749,507</u>	<u>66,716,728</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	40,534,894	40,037,735	39,534,068
Revaluation reserve	27,292,242	18,497,163	23,624,240
Dividend equalisation reserve	1,847,527	1,764,283	2,108,094
Total equity	<u>71,124,989</u>	<u>61,749,507</u>	<u>66,716,728</u>
Net asset value per share			
Income shares	789.5p	691.7p	751.8p
Capital shares	3,140.5p	2,715.4p	2,928.1p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June 2006

	Share capital £	Share premium account £	Capital reserve £	Revaluation reserve £	Dividend equalisation reserve £	Total £
For the six months ended June 2005						
Balance as at						
31 December 2004	1,225,000	225,326	33,665,251	21,084,285	1,728,420	57,928,282
Profit for the period	—	—	6,372,484	(2,587,122)	1,146,093	4,931,455
Total recognised income and expense	1,225,000	225,326	40,037,735	18,497,163	2,874,513	62,859,737
Dividends					(1,110,230)	(1,110,230)
Balance at 30th June 2005	<u>1,225,000</u>	<u>225,326</u>	<u>40,037,735</u>	<u>18,497,163</u>	<u>1,764,283</u>	<u>61,749,507</u>

For the six months ended June 2006

Balance as at						
31 December 2005	1,225,000	225,326	39,534,068	23,624,240	2,108,094	66,716,728
Profit for the period	—	—	1,000,826	3,668,002	1,008,143	5,676,971
Total recognised income and expense	1,225,000	225,326	40,534,894	27,292,242	3,116,237	72,393,699
Dividends					(1,268,710)	(1,268,710)
Balance at 30th June 2006	<u>1,225,000</u>	<u>225,326</u>	<u>40,534,894</u>	<u>27,292,242</u>	<u>1,847,527</u>	<u>71,124,989</u>

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30th June 2006

	Six months ended 30th June 2006	Six months ended 30th June 2005
	£	£
Cashflows from operating activities		
Profit before tax	5,719,853	4,990,801
Adjustments for:		
Gains/(losses) on investments	(7,677,302)	(2,137,346)
Operating cash flows before movements in working capital	(1,957,449)	2,853,455
Decrease/(increase) in receivables	206,184	52,721
Increase/(decrease) in payables	(500,596)	4,326
Net cash from operating activities before income taxes	(2,251,861)	2,910,502
Tax paid	—	—
Net cash from operating activities	(2,251,861)	2,910,502
Cash flows from financing activities		
Dividends paid	(722,010)	(644,930)
Net cash (used in)/from financing activities	(722,010)	(644,930)
Net increase/(decrease) in cash and cash equivalents	(2,973,871)	2,265,572
Cash and cash equivalents at beginning of year	6,647,686	8,141,900
Cash and cash equivalents at end of period	3,673,815	10,407,472

NOTES TO THE CONSOLIDATED INTERIM REPORT

for the six months ended 30th June 2006

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

	2006	2005
Amounts recognised as distributions to equity holders in the period:		
Income (Paid)		
Final dividend for the year ended 31st December 2005 of 28p (2004: 25p) per share	688,800	615,000
Capital (Paid)		
Final dividend for the year ended 31st December 2005 of 2.025p (2004: 1.8250p) per share	33,210	29,930
Capital Supplementary (Accrued)		
Payable 2nd January 2007 of 66.000p (2006: 56.0732p) per share	541,200	459,800
Dividends on non-equity shares:		
Cumulative preference 5.5% (Accrued)	5,500	5,500
	<u>1,268,710</u>	<u>1,110,230</u>
Income		
Proposed interim dividend for the year ended 31st December 2006 of 14p (2005: 12.5p) per share	<u>344,400</u>	<u>307,500</u>

This was approved by the Board on 20th July 2006 and has not been included as a liability at 30th June 2006.

3. Income

	2006	2005
Total income comprises:		
Dividends	882,197	938,592
Interest	97,750	164,714
Other income	281,697	240,716
	<u>1,261,644</u>	<u>1,344,022</u>

INDEPENDENT REVIEW REPORT TO RIGHTS AND ISSUES INVESTMENT TRUST PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30th June 2006 which comprises the income statement, balance sheet, statement of changes in equity, cash flow statement and the related notes 1 to 3. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

The report is made solely to the company in accordance with Bulletin 1999/4 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30th June 2006.

Begbies Chettle Agar
Chartered Accountants

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Directors

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P. M. Allen *FCA*

B. A. Beverley

D. M. Bramwell

S. J. B. Knott

Secretaries

Discretionary Unit Fund Managers Limited

Bankers

HSBC Bank plc

Auditors

Begbie Chettle Agar

Registrars

Capita Registrars

Registered in England No. 736898

