



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



**HALF YEARLY FINANCIAL REPORT
2008**



A SELF MANAGED INVESTMENT TRUST

HALF YEARLY MANAGEMENT REPORT

for the six months ended 30th June 2008

CHAIRMAN'S STATEMENT

The weak performance of the UK equity market during the last six months follows the major shift seen during 2007. In particular, the further underperformance of the UK smaller company sector confirms that the sector is now caught in a significant bear market. The FTSE All-Share index was down by 13.1% while the FTSE Small Cap index fell by 16.1% and the FTSE Fledgling also fell by 14.0%.

The Trust continues to be impacted by the poor performance of UK smaller companies and the net asset value of capital shares declined by 12.4% to 2926.3p.

The interim dividend has been increased to 16.0p per income share and the board expects, barring unforeseen circumstances, to pay a final of not less than 30.5p per income share.

July has so far proved to be very disappointing with further poor performance in the smaller company sector.

Simon Knott

Chairman

August 2008

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 2008

	Six months ended 30th June 2008		
	Revenue	Capital	Total
	£	£	£
Investment income	1,114,231	–	1,114,231
Other operating income	358,772	–	358,772
Total income	1,473,003	–	1,473,003
Gains/(Losses) on fair value through profit or loss assets	(108,494)	(9,065,365)	(9,173,859)
	1,364,509	(9,065,365)	(7,700,856)
Expenses			
Investment management fee	–	–	–
Other expenses	266,601	–	266,601
Profit before tax	1,097,908	(9,065,365)	(7,967,457)
Tax	–	–	–
Profit for the period	1,097,908	(9,065,365)	(7,967,457)
The total column relates to the group's income statement			
Earnings per share			
Return per income share (p)	20.8p	(92.1)p	(71.3)p
Return per capital share (p)	35.4p	(414.6)p	(379.2)p

The interim dividend of 16.0p net (2007: 15.5p net) per income share and amounting to £393,600 (2007: £381,300) is payable on 30th September 2008 to shareholders on the register as at 29th August 2008. 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 2007			Twelve months ended 31st December 2007		
Revenue	Capital	Total	Revenue	Capital	Total
£	£	£	£	£	£
1,035,560	–	1,035,560	2,148,467	–	2,148,467
429,235	–	429,235	902,022	–	902,022
<u>1,464,795</u>	<u>–</u>	<u>1,464,795</u>	<u>3,050,489</u>	<u>–</u>	<u>3,050,489</u>
50,234	8,508,411	8,558,645	(48,570)	(7,171,726)	(7,220,296)
<u>1,515,029</u>	<u>8,508,411</u>	<u>10,023,440</u>	<u>3,001,919</u>	<u>(7,171,726)</u>	<u>(4,169,807)</u>
–	–	–	–	–	–
261,311	–	261,311	533,232	–	533,232
<u>1,253,718</u>	<u>8,508,411</u>	<u>9,762,129</u>	<u>2,468,687</u>	<u>(7,171,726)</u>	<u>(4,703,039)</u>
54,460	–	54,460	86,213	–	86,213
<u>1,199,258</u>	<u>8,508,411</u>	<u>9,707,669</u>	<u>2,382,474</u>	<u>(7,171,726)</u>	<u>(4,789,252)</u>
24.8p	86.5p	111.3p	48.9p	(72.9)p	(24.0)p
<u>35.6p</u>	<u>389.1p</u>	<u>424.7p</u>	<u>71.1p</u>	<u>(328.0)p</u>	<u>(256.9)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 2007, 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.

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30th June 2008

	30th June 2008 £	30th June 2007 £	31st December 2007 £
Non-current assets			
Goodwill	65,191	65,191	65,191
Investments – Fair value through profit or loss	62,848,563	87,608,470	71,928,333
	62,913,754	87,673,661	71,993,524
Current Assets			
Trading investments	550,217	293,898	619,797
Trade and other receivables	534,826	348,100	313,080
Amounts due from group undertakings	–	–	–
Cash and cash equivalents	3,680,281	4,141,030	3,692,284
	4,765,324	4,783,028	4,625,161
Total Assets	67,679,078	92,456,689	76,618,685
Current Liabilities			
Trade and other payables	961,499	908,931	576,930
Current tax payable	86,813	145,895	86,813
	1,048,312	1,054,826	663,743
Total assets less current liabilities	66,630,766	91,401,863	75,954,942
Net Assets	66,630,766	91,401,863	75,954,942
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	40,682,762	40,668,355	40,668,355
Revaluation reserve	22,450,307	47,210,215	31,530,078
Dividend equalisation reserve	2,047,371	2,072,967	2,306,183
Total equity	66,630,766	91,401,863	75,954,942
Net asset value per share			
Income shares	749.6p	1,002.1p	851.4p
Capital shares	2,926.3p	4,058.0p	3,342.1p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June 2008

	Share capital £	Share premium account £	Capital reserve £	Revaluation reserve £	Dividend equalisation reserve £	Total £
For the six months ended June 2007						
Balance at						
31st December 2006	1,225,000	225,326	41,235,990	38,134,169	2,203,779	83,024,264
Profit for the period	–	–	(567,635)	9,076,046	1,199,258	9,707,669
Total recognised income and expense	1,225,000	225,326	40,668,355	47,210,215	3,403,037	92,731,933
Dividends	–	–	–	–	(1,330,070)	(1,330,070)
Balance at 30th June 2007	1,225,000	225,326	40,668,355	47,210,215	2,072,967	91,401,863

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30th June 2008

	Six months ended 30th June 2008	Six months ended 30th June 2007
	£	£
Cashflows from operating activities		
Profit before tax	(7,967,457)	9,762,129
Adjustments for:		
(Gains)/losses on investments	9,079,771	(8,508,411)
Purchase of investments	–	(2,255,670)
Proceeds of investments	–	3,455,922
Movement in trading investments	69,580	115,828
Operating cash flows before movements in working capital	1,181,894	2,569,796
Decrease/(increase) in receivables	(221,746)	36,341
Increase/(decrease) in payables	(184,131)	(260,332)
Net cash from operating activities before income taxes	776,017	2,345,805
Income taxes paid	–	–
Net cash from operating activities	776,017	2,345,805
Cash flows from financing activities		
Dividends paid	(788,020)	(761,370)
Net cash (used in)/from financing activities	(788,020)	(761,370)
Net increase/(decrease) in cash and cash equivalents	(12,003)	1,584,435
Cash and cash equivalents at beginning of year	3,692,284	2,556,595
Cash and cash equivalents at end of period	3,680,281	4,141,030

NOTES TO THE CONDENSED HALF YEARLY FINANCIAL REPORT

for the six months ended 30th June 2008

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

	2008	2007
Amounts recognised as distributions to equity holders in the period:		
Income (Paid)		
Final dividend for the year ended 31st December 2007 of 30.5p (2006: 29.5p) per share	750,300	725,700
Capital (Paid)		
Final dividend for the year ended 31st December 2007 of 2.3000p (2006: 2.1750p) per share	37,300	35,670
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>1,356,300</u>	<u>1,330,070</u>
Income		
Proposed interim dividend for the year ended 31st December 2008 of 16.0p (2007: 15.5p) per share	<u>393,600</u>	<u>381,300</u>

This was approved by the Board on 1st August 2008 and has not been included as a liability at 30th June 2008.

3. Income

	2008	2007
Total income comprises:		
Dividends	1,114,231	1,035,560
Interest	80,446	76,136
Other income	278,326	353,099
	<u>1,473,003</u>	<u>1,464,795</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 £278,326 (2007: £353,099) and the amount owed by the Fund at the period end was £5,578 (2007: £33,016).

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

August 2008

APPENDIX

TOP TEN HOLDINGS

Holding	Investment	Value £
2,700,000	RPS Group	8,086,500
1,673,038	Hill & Smith Holdings	5,336,991
1,283,333	White Young Green	4,234,999
3,000,000	Low & Bonar	3,307,500
2,100,000	Colefax Group	3,297,000
10,425,000	Scapa Group	2,971,125
500,000	Thorpe F.W.	2,825,000
1,000,000	VP	2,592,500
3,075,000	Eleco Holdings	2,490,750
1,500,000	Celsis Int'l	2,370,000

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 2008 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 2008 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

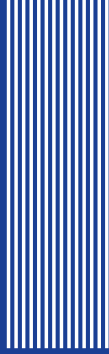
Chartered Accountants

August 2008

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S. H. J. A. Knott *Chairman*

B. A. Beverley

D. M. Bramwell

S. J. B. Knott

Secretaries

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Bankers

HSBC Bank plc

Auditors

Begbie Chettle Agar

Registrars

Capita Registrars

Registered in England No. 736898

