



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



**HALF YEARLY FINANCIAL REPORT
2011**



A SELF MANAGED INVESTMENT TRUST

HALF YEARLY MANAGEMENT REPORT

for the six months ended 30th June 2011

CHAIRMAN'S STATEMENT

The Euro zone uncertainties have again adversely influenced sentiment in the first six months. Equity markets were therefore static and the FTSE All-Share Index saw a rise of only 0.1%.

The momentum that the Trust had achieved in 2010 has continued with the net asset value of the capital shares increasing by 17.6% to 3651.7p. The Trust's emphasis on investing in sound companies that make good products or offer excellent service has underpinned this performance.

The interim dividend of 8.5p per income share has been maintained. The Trust is well on target to re-establish dividend cover by 2013 and may now achieve this at an earlier date.

The next six months may prove more difficult. At some stage the Euro zone will reach its crisis with the prospect of one or more defaults. At the same time the UK economic recovery is no better than anaemic. However sound companies will continue to prosper despite these factors.

David Bramwell

Chairman

July 2011

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 the 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.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June 2011

	Six months ended 30th June 2011		
	Revenue £	Capital £	Total £
Investment income	1,006,393	–	1,006,393
Other operating income	<u>159,267</u>	–	<u>159,267</u>
Total income	1,165,660	–	1,165,660
Gains/(Losses) on fair value through profit or loss assets	<u>69,334</u>	<u>11,949,904</u>	<u>12,019,238</u>
	1,234,994	11,949,904	13,184,898
Expenses			
Investment management fee	–	–	–
Other expenses	<u>262,822</u>	–	<u>262,822</u>
	262,822	–	262,822
Profit before tax	<u>972,172</u>	<u>11,949,904</u>	<u>12,922,076</u>
Tax	–	–	–
Profit for the period	<u><u>972,172</u></u>	<u><u>11,949,904</u></u>	<u><u>12,922,076</u></u>
Earnings per share			
Return per income share (p)	15.9p	121.4p	137.3p
Return per capital share (p)	<u><u>35.1p</u></u>	<u><u>546.5p</u></u>	<u><u>581.6p</u></u>

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRSs. All income is attributable to the equity holders of the parent company and there are no minority interests. All items in the above statement derive from continuing operations.

The interim dividend of 8.5p net (2010: 8.5p net) per income share and amounting to £209,100 (2010: £209,100) is payable on 30th September 2011 to shareholders on the register as at 26th August 2011. 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 2010			Year ended 31st December 2010		
Revenue	Capital	Total	Revenue	Capital	Total
£	£	£	£	£	£
782,950	–	782,950	1,724,112	–	1,724,112
124,433	–	124,433	256,115	–	256,115
<u>907,383</u>	<u>–</u>	<u>907,383</u>	<u>1,980,227</u>	<u>–</u>	<u>1,980,227</u>
1,192	3,978,194	3,979,386	159,456	20,721,113	20,880,569
<u>908,575</u>	<u>3,978,194</u>	<u>4,886,769</u>	<u>2,139,683</u>	<u>20,721,113</u>	<u>22,860,796</u>
–	–	–	–	–	–
253,213	–	253,213	531,960	–	531,960
<u>253,213</u>	<u>–</u>	<u>253,213</u>	<u>531,960</u>	<u>–</u>	<u>531,960</u>
655,362	3,978,194	4,633,556	1,607,723	20,721,113	22,328,836
–	–	–	–	–	–
<u>655,362</u>	<u>3,978,194</u>	<u>4,633,556</u>	<u>1,607,723</u>	<u>20,721,113</u>	<u>22,328,836</u>
3.4p	40.4p	43.8p	18.5p	210.6p	229.1p
<u>34.5p</u>	<u>181.9p</u>	<u>216.4p</u>	<u>69.6p</u>	<u>947.6p</u>	<u>1017.2p</u>

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The information for the six months to 30th June 2011 and 30th June 2010 has not been audited.

The information for the year ended 31st December 2010 has been extracted from the latest published audited accounts which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

The auditors have reviewed the financial information for the six months ended 30th June 2011 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information and their report is on page 10.

CONSOLIDATED BALANCE SHEET

as at 30th June 2011

	30th June 2011 £	30th June 2010 £	31st December 2010 £
Non-current assets			
Goodwill	65,191	65,191	65,191
Investments – Fair value through profit or loss	73,216,860	51,153,636	62,429,808
	73,282,051	51,218,827	62,494,999
Current Assets			
Trading investments	945,718	502,588	650,233
Trade and other receivables	388,707	186,997	400,967
Amounts due from group undertakings	–	–	–
Cash and cash equivalents	7,901,954	1,775,145	6,386,189
	9,236,379	2,464,730	7,437,389
Total Assets	82,518,430	53,683,557	69,932,388
Current Liabilities			
Trade and other payables	949,795	946,667	278,019
Current tax payable	–	–	–
	949,795	946,667	278,019
Total assets less current liabilities	81,568,635	52,736,890	69,654,369
Net Assets	81,568,635	52,736,890	69,654,369
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	42,039,379	37,890,767	39,952,082
Revaluation reserve	36,999,061	12,454,851	27,136,454
Dividend equalisation reserve	1,079,869	940,946	1,115,507
Total equity	81,568,635	52,736,890	69,654,369
Net asset value per share			
Income shares	873.2p	576.1p	752.9p
Capital shares	3651.7p	2339.4p	3105.7p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June 2011

	Share capital £	Share premium account £	Capital reserve £	Revaluation reserve £	Dividend equalisation reserve £	Total £
For the six months ended June 2010						
Balance at						
31st December 2009	1,225,000	225,326	37,150,280	9,217,143	1,293,394	49,111,143
Profit for the period	—	—	740,487	3,237,708	655,362	4,633,557
Total recognised income and expense	1,225,000	225,326	37,890,767	12,454,851	1,948,756	53,744,700
Dividends	—	—	—	—	(1,007,810)	(1,007,810)
Balance at						
30th June 2010	<u>1,225,000</u>	<u>225,326</u>	<u>37,890,767</u>	<u>12,454,851</u>	<u>940,946</u>	<u>52,736,890</u>

	Share capital £	Share premium account £	Capital reserve £	Revaluation reserve £	Dividend equalisation reserve £	Total £
For the six months ended June 2011						
Balance at						
31st December 2010	1,225,000	225,326	39,952,082	27,136,454	1,115,507	69,654,369
Profit for the period	—	—	2,087,297	9,862,607	972,172	12,922,076
Total recognised income and expense	1,225,000	225,326	42,039,379	36,999,061	2,087,679	82,576,445
Dividends	—	—	—	—	(1,007,810)	(1,007,810)
Balance at						
30th June 2011	<u>1,225,000</u>	<u>225,326</u>	<u>42,039,379</u>	<u>36,999,061</u>	<u>1,079,869</u>	<u>81,568,635</u>

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30th June 2011

	Group 2011 £	Group 2010 £
Cashflows from operating activities		
Profit before tax	12,922,076	4,633,557
Adjustments for:		
(Gains)/losses on investments	(11,949,904)	(3,978,195)
Purchase of investments	(2,236,063)	(4,101,875)
Proceeds of investments	3,398,915	920,491
Movement in trading investments	(295,485)	(4,010)
Operating cash flows before movements in working capital	1,839,539	(2,530,032)
Decrease/(increase) in receivables	12,260	57,643
Increase/(decrease) in payables	103,076	216,241
Net cash from operating activities before income taxes	1,954,875	(2,256,148)
Income taxes paid	—	—
Net cash from operating activities	1,954,875	(2,256,148)
Cash flows from financing activities		
Dividends paid	(439,110)	(439,110)
Net cash (used in)/from financing activities	(439,110)	(439,110)
Net increase/(decrease) in cash and cash equivalents	1,515,765	(2,695,258)
Cash and cash equivalents at beginning of year	6,386,189	4,470,403
Cash and cash equivalents at end of period	7,901,954	1,775,145

NOTES TO THE HALF YEARLY FINANCIAL REPORT

for the six months ended 30th June 2011

1. Accounting Standards

The condensed interim financial report has been prepared in accordance with International Financial Reporting Standards (IFRSs), including IAS 34 "Interim financial reporting as adopted by the European Union". 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

	2011	2010
Amounts recognised as distributions to equity holders in the period:		
Income (Paid)		
Final dividend for the year ended 31st December 2010 of 17.0p (2009: 17.0p) per share	418,200	418,200
Capital (Paid)		
Final dividend for the year ended 31st December 2010 of 1.2750p (2009: 1.2750p) per share	20,910	20,910
Capital Supplementary (Accrued)		
Payable 2nd January 2012 of 68.6829p (2011: 68.6829p) per share	563,200	563,200
Dividends on non-equity shares:		
Cumulative preference 5.5% (Accrued)	5,500	5,500
	<u>1,007,810</u>	<u>1,007,810</u>
Income		
Proposed interim dividend for the year ended 31st December 2011 of 8.5p (2010: 8.5p) per share	<u>209,100</u>	<u>209,100</u>

This was approved by the Board on 28th July 2011 and has not been included as a liability at 30th June 2011.

3. Income

	2011	2010
Total income comprises:		
Dividends	1,006,393	782,950
Interest	764	600
Other income	158,503	123,833
	<u>1,165,660</u>	<u>907,383</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 £158,503 (2010: £123,833) and the amount owed by the Fund at the period end was £Nil (2010: £4,738).

DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE HALF YEARLY REPORT

The Directors are responsible for preparing the half yearly financial report in accordance with applicable law and regulations.

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.

This report was approved on 28th July 2011.

D. Bramwell

Chairman

APPENDIX

TOP TEN HOLDINGS

Holding	Investment	Value £
2,700,000	Brammer	8,950,500
10,425,000	Scapa Group	6,307,125
1,625,000	RPC Group	5,898,750
1,673,038	Hill & Smith Holdings	5,817,990
2,100,000	Colefax Group	5,145,000
1,250,000	Diploma	4,693,750
1,800,000	RPS Group	4,413,600
1,800,000	VP	4,410,000
15,659,184	Macfarlane Group	4,149,684
500,000	Domino Printing Sciences	3,407,500

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 2010 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 2010 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.

Jeremy Staines

For and on behalf Begbies Chettle Agar

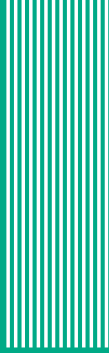
Chartered Accountants

25 City Road
London EC1Y 1AR

28th July 2011



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Directors

D. Bramwell *Chairman*

D. M. Best

B. A. Beverley

S. H. J. A. Knott

S. J. B. Knott

J. B. Roper

Secretaries

Discretionary Unit Fund Managers Limited

Bankers

HSBC Bank plc

Auditors

Begbie Chettle Agar

Registrars

Capita Registrars

Registered in England No. 736898

