SC 50366

VALUE AND INCOME TRUST PLC

INTERIM REPORT 2007

INTERIM BOARD REPORT

	30 September 2007	30 September 2006	31 March 2007
Net asset value per share (valuing debt at market)	261 9p	240 5p	271 1p
Net asset value per share (valuing debt at par)	287 9p	272 7p	299 0p
Share price	237 3p	219 5p	253 0p
Dividend per share	3 7p (interim)	3 2p (interim)	6 7p (total)

Value and Income Trust ('VIT') invests in higher yielding, less fashionable areas of the UK commercial property and equity markets, particularly in medium and smaller sized companies VIT aims for long term real growth in dividends and capital values without undue risk Figures for net asset values and net current assets shown in the tables above and below are calculated after deducting dividends declared but not yet paid, as in previous years

Over the half year VIT's share price fell by 6 2% while the net asset value, valuing debt at par, fell by 3 7% The FTSE All Share Index increased by 1 0% over the half year, in capital terms VIT's property portfolio was revalued independently at 30 September 2007, and the capital value had declined by 1 3% compared to 31 March 2007

An interim dividend of 3 7p per share has been declared payable on 11 January 2008 to those shareholders on the register on 14 December 2007 The ex dividend date will be 12 December 2007 In the absence of unforeseen circumstances, the Directors expect to recommend to shareholders the approval of a final dividend of a further 3 7p per share for the year to 31 March 2008 which would take total dividends for the year to 7 4p per share

SUMMARY OF PORTFOLIO

	30 September 2007		30 September 2006		31 March 2007	
	£m	%	£m	%	£m	%
UK equities	112 2	66	105 2	65	118 7	68
UK property	53 8	32	54 7	33	54 5	31
Net current assets	3 4	2	2 8	2	1 8	1
	169 4	100	162 7	100	175 0	100

Events during the period

At the Company's Annual General Meeting on 5 July 2007, all resolutions were passed

At the period end the following shareholders had notified the Company of their holdings

Name of shareholder	Number of Ordinary shares held	% of Ordinary Shares held
Legal & General Group PLC	1,475,777	3 2

Risks and Uncertainties

The Board has identified the key risks that affect its business as follows which are considered equally applicable to the second half of the financial year as for the period under review

- Market price risk Changes in interest rates, valuations accorded to financial instruments and movements thereof, and the liquidity of financial instruments constitute market price risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to any particular sector Market price risk is managed through investment guidelines agreed by the Board with the Manager and is discussed at each Board meeting

- Gearing risk The Group's policy is to increase its exposure to equity and property markets through the judicious use of borrowings. When borrowings are invested in such markets, the effect is to magnify the impact on shareholders' funds of changes, both positive and negative, in the value of the portfolio The Group's borrowings providing secure long term funding are debenture stocks maturing in 2021 and 2026 The debenture stocks are valued at amortised cost in the financial statements The Manager regulates the overall level of gearing by raising or lowering cash balances

- Credit risk The Group places funds with authorised deposit takers from time to time and is therefore potentially at risk from the failure of any such institution of which it is a creditor Amounts of such funds at the balance sheet date are shown on the balance sheet as 'Cash and cash equivalents'

- Liquidity risk The Group's assets comprise of readily realisable securities which can be sold to meet commitments if required and investment properties which, by their nature, are rather less readily realisable.

Directors' Responsibilities

The Directors confirm that to the best of their knowledge

- the condensed set of financial statements within the Half Yearly Financial Report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; and

- the Interim Board Report includes a fair review of the information required by 4 2 7R and 4 2 8R of the FSA's Disclosure and Transparency Rules

For and on behalf of the Board of Value and Income Trust PLC

James Ferguson
Chairman
30 October 2007

EQUITIES

The Market

The UK equity market experienced periods of great volatility during the last six months but overall the FTSE All Share Index rose by 1% to the end of September In the early months of our current year, companies continued to report rising profits and dividends, supported by our economy growing at 3% year on year, and the All Share Index continued to rise and reached an all time high This benign background came to an abrupt halt in July and August as the difficulties in the US sub prime mortgage market resulted in a global banking crisis Though the original mortgage loans had been a local arrangement, the lending banks subsequently sliced up their lending books and sold them on to banks all round the world and no one knew where the bad debts were concentrated.

Fears of bad debts caused the wholesale banking market to freeze, and Northern Rock, which funds its mortgage lending in the wholesale markets, had to ask the Bank of England to become the lender of last resort Equities fell heavily as this news percolated out and panicking depositors queued outside the Northern Rock branches Gilt prices rose as investors fled to what they thought was a safe haven By mid August many areas of the equity market were priced at extremely cheap valuations After interest rates were cut in America, confidence began to return to investors and recovery in equity markets was seen from mid August to the end of September

VIT's Portfolio

Transactions in the first half of our current year total £16 3m and our policy continued to be full investment in this part of the Trust's assets We sold the holdings in BAE Systems, where the yield was inadequate following the conversion of the preference shares, and Trinity Mirror, where trading conditions in newspaper publishing continued to be challenged by migration of advertising to the internet We sold HBOS and bought Royal Bank of Scotland, whose price had been depressed by its bid for ABN Amro to a very attractive yield basis We reduced the very large holding in Legal and General and invested the proceeds in Aviva, which is more diversified in the insurance sector We reduced our holdings in the telecommunications sector after strong out performance through the summer

MANAGERS' REVIEW

We bought five new holdings, LogicaCMG (the IT services company), BPP (the vocational training company), Topps Tiles, Aviva and Royal Bank of Scotland We added to Inspace, and Paragon. At the end of September we were holding 37 companies with a total value of £112 2m and a yield of 3 9% net

Performance

The six month period under review was dominated by the strength in the mining sector, which rose by 33% At the end of September the mining sector accounted for 9 1% of the market and, excluding this sector, the rest of the market fell VIT holds no mining shares due to the very low yields of just over 1% Our portfolio underperformed the market average, with a fall of 4 6% in capital terms In addition to the lack of mining investments, our portfolio suffered from the trend in mid cap and small-cap companies which both fell by close to 6% Both these sectors have performed very strongly in recent years, and there was an element of relative recovery in the performance of some of the largest companies

Outlook

Dividends continue to grow and in the first nine months of 2007 have risen by 9 7% compared with the same period in 2006 We expect a similar rate of growth for the year as a whole and further real growth in 2008, though not as high as this year Economic growth, expected to be 3% this year, is likely to slow in 2008, and following the banking crisis in the summer, we now think that that 2% is a likely target for 2008, compared with 2 5% expected earlier in the year Consumer spending and house prices will be squeezed by higher mortgage costs, but other areas of the economy continue to report buoyant trading and companies operating in developing countries are benefiting from the faster rate of growth there We believe that equities are valued on an attractive basis at current levels and expect to remain fully invested

EQUIVALENT YIELDS

	September 2007	Dec 2006	Dec 2005	Dec 2001	Dec 1996
Retail	5 3	5 1	5 5	7 1	8 1
Office	5 4	5 4	6 3	8 2	8 7
Industrial	6 3	6 2	6 9	8 6	10 4
All Property	5 6	5 4	6 0	7 7	8 6
UK Equities*	2 9	2 9	2 2	3 7	3 7
15 year Gilts	4 9	4 7	4 1	5 0	7 7
Yield Gap (property – Less gilts)	0 7	0 7	1 9	2 7	0 9
Yield Gap (property – Less equities)	2 7	2 5	3 1	5 5	4 9

Source IPD (2007 IPD property yields OLIM estimate) *Equity dividend yield shown net

PROPERTY

The party is over in commercial property After four golden years, when property valuation yields fell from 8% to under 5 5%, capital values peaked in the summer as rising interest rates put pressure on property owners with high borrowings The international credit crunch in August sent the market into limbo, and activity is slowly being resumed at higher valuation yields and lower prices According to the IPD Index, average property capital values fell by 0 2% in July, 0 4% in August and 1 6% in September, to stand just below their level at the start of the year The values and the Index are clearly behind the falling market and may not catch up till the end of December, registering perhaps a further 5% fall That would give an average capital decline around 5% for 2007 as a whole, and a total return around zero, including income Over the six months since the end of March, average capital values are down 1 3%

The correction in capital values is all about valuation yields, not rental values Loose lending forced yields down too far, and they are now reverting to more sustainable levels Tenant demand is still reasonable and rents are rising, since most major companies are reporting rising profits and strong balance sheets The exceptional growth in London office rents will, however, slow down sharply since it has been fuelled by a bubble in activity by hedge funds and private equity

MANAGERS' REVIEW

Retailers are still trading well in the smaller, prosperous towns where VIT's portfolio is concentrated, and rental values are growing Auctions in October for VIT type well let retail property have produced robust results, with price falls mainly affecting larger and more secondary properties

Average rental values on commercial property portfolio measured by IPD may rise about 4% in 2007 – offices +8%, retails +2% and industrial +1%

PROPERTY VALUES – ANNUALISED GROWTH RATES % TO END SEPTEMBER 2007

	3 months		6 months		1 year		5 years		10 years	
	Capital	Rental	Capital	Rental	Capital	Rental	Capital	Rental	Capital	Rental
Retail	11 2	1 6	5 4	1 8	-0 4	2 2	+9 4	3 2	+6 2	3 5
Office	-4 4	9 2	+2 0	8 8	+7 7	8 5	+6 2	0 4	+5 0	2 8
Industrial	11 2	1 6	-4 2	1 2	+0 4	1 5	+6 6	0 9	+5 2	2 2
All Property	-8 8	4 0	1 6	3 8	+2 2	4 0	+7 9	1 9	+5 7	3 0

Source Investment Property Databank (IPD)

VIT's property portfolio is independently valued by King Sturge and Co , Chartered Surveyors and Valuers, at the end of March and September each year

The latest valuation total was £53,825,000 (1 3% below end March, in line with the IPD Index) VIT's property has a higher income yield, so our total return was 1% above IPD The yield on valuation rose from 5 7% at end March to 6 0% at end September, reflecting both a 4% increase in rental income and a slight shift in valuation yields

The portfolio has remained fully invested, with no purchases or sales over the past six months Rent reviews were generally settled above expectations and negotiations are progressing for lease extensions on two properties, to the benefit of their capital values All properties are fully let on full repairing and insuring leases, with upward only rent reviews and an average unexpired lease term of 14 years

MANAGERS' REVIEW

The property portfolio is matched with £35 million of long term, fixed rate loans £20 million of VIT 9 3/8% Debenture Stock repayable in 2026 and £15 million of 11% Debenture Stock, issued by our subsidiary Audax Properties and repayable in 2021 Because those Debenture Stocks were issued at a premium, their effective interest cost averaged 9% Total annual returns on the property portfolio have averaged 16% over the past five and ten years and 15% over the twenty years since VIT started investing in property

GROUP INCOME STATEMENT

	Notes	6 months ended 30 September 2007 (unaudited) Revenue £'000	Capital £'000	Total £'000
INVESTMENT INCOME				
Dividend income		2,638	—	2,638
Interest income		80	—	80
OTHER OPERATING INCOME		1,660	—	1,660
TOTAL INCOME		4,378	—	4,378
GAINS AND LOSSES ON INVESTMENTS				
Realised gains on held at fair value investments		—	4,337	4,337
Unrealised gains/(losses) on investments		—	(10,086)	(10,086)
TOTAL REVENUE		4,378	(5,749)	(1,371)
EXPENSES				
Investment management fees		(203)	(475)	(678)
Other operating expenses		(241)	—	(241)
FINANCE COSTS		(1,751)	—	(1,751)
TOTAL EXPENSES		(2,195)	(475)	(2,670)
PROFIT BEFORE TAX		2,183	(6,224)	(4,041)
TAXATION		—	590	590
PROFIT FOR THE PERIOD		2,183	(5,634)	(3,451)
EARNINGS PER ORDINARY SHARE	2	4 79p	(12 37)p	(7 58)p

The total column of this statement represents the Group's Income Statement prepared in accordance with IFRS The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies All items in the above statement derive from continuing operations All income is attributable to the equity holders of the parent company There are no minority interests

The Board has declared an interim dividend of 3 7p per share (2006 3 2p) which will be payable on 11 January 2008 to those shareholders on the register on 14 December 2007 The ex-dividend date will be 12 December 2007

6 months ended 30 September 2006 (unaudited)			Year ended 31 March 2007 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
2,381	—	2,381	4,010	—	4,010
79	—	79	174	—	174
1,590	—	1,590	3,196	—	3,196
4,050	—	4,050	7,380	—	7,380
—	4,657	4,657	—	9,073	9,073
—	1,310	1,310	—	10,363	10,363
4,050	5,967	10,017	7,380	19,436	26,816
(174)	(407)	(581)	(336)	(1,361)	(1,727)
(232)	—	(232)	(409)	—	(409)
(1,751)	—	(1,751)	(3,502)	—	(3,502)
(2,157)	(407)	(2,564)	(4,277)	(1,361)	(5,638)
1,893	5,560	7,453	3,103	18,075	21,178
—	(413)	(413)	—	(713)	(713)
1,893	5,147	7,040	3,103	17,362	20,465
4 16p	11 30p	15 46p	6 81p	38 12p	44 93p

GROUP STATEMENT OF CHANGES IN EQUITY

	Notes	6 months ended 30 September 2007 (unaudited) Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Net assets at 31 March 2007		4,555	18,446	113,189	136,190
Net profit for the period		—	—	(3,451)	(3,451)
Dividends paid	3	—	—	(1,594)	(1,594)
NET ASSETS AT 30 SEPTEMBER 2007		4,555	18,446	108,144	131,145

Year ended 31 March 2007 (audited)				6 months ended 30 September 2006 (unaudited)			
Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
4,555	18,446	95,685	118,686	4,555	18,446	95,685	118,686
—	—	20,465	20,465	—	—	7,040	7,040
—	—	(2,961)	(2,961)	—	—	(1,503)	(1,503)
4,555	18,446	113,189	136,190	4,555	18,446	101,222	124,223

GROUP BALANCE SHEET

	Notes	As at 30 September 2007 (unaudited) £'000	As at 31 March 2007 (audited) £'000	As at 30 September 2006 (unaudited) £'000
ASSETS				
NON CURRENT ASSETS				
Investments held at fair value through profit or loss		112,225	118,716	105,239
Investment properties held at fair value through profit or loss		53,825	54,525	54,725
		166,050	173,241	159,964
CURRENT ASSETS				
Cash and cash equivalents		5,061	2,266	2,996
Other receivables		498	1,556	1,419
		5,559	3,822	4,415
TOTAL ASSETS		171,609	177,063	164,379
CURRENT LIABILITIES				
Other payables		(2,244)	(2,051)	(1,623)
		169,365	175,012	162,756
NON CURRENT LIABILITIES				
Debenture stock		(35,456)	(35,468)	(35,480)
Deferred tax		(2,764)	(3,053)	(3,053)
		(38,220)	(38,822)	(38,533)
		131,145	136,190	124,223
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS				
Ordinary called up share capital		4,555	4,555	4,555
Share premium		18,446	18,446	18,446
Retained earnings	5	108,144	113,189	101,222
		131,145	136,190	124,223
NET ASSET VALUE PER ORDINARY SHARE		287 91p	298 99p	272 72p

GROUP CASH FLOW STATEMENT

	6 months ended 30 September 2007 (unaudited) £'000	6 months ended 30 September 2006 (unaudited) £'000	Year ended 31 March 2007 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividend income received	2,778	2,372	3,903
Rental received	1,480	1,272	3,117
Interest received	81	79	174
Other income	—	—	—
Operating expenses paid	(1,419)	(1,231)	(2,020)
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,920	2,492	5,174
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(8,749)	(15,947)	(28,207)
Sale of investments	11,981	17,612	29,680
NET CASH INFLOW FROM INVESTING ACTIVITIES	3,232	1,665	1,473
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	(1,763)	(1,763)	(3,525)
Dividends paid	(1,594)	(1,503)	(2,961)
NET CASH USED IN FINANCING ACTIVITES	(3,357)	(3,266)	(6,486)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,795	891	161
Cash and cash equivalents at the start of the period	2,266	2,105	2,105
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,061	2,996	2,266

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

(a) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect, and to the extent that they have been adopted by the European Union

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in January 2003 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on the basis compliant with the recommendations of the SORP

(b) Dividends payable

Interim dividends are recognised as a liability in the period in which they are declared by the board of directors and paid as no further approval is required in respect of such dividends Final dividends are recognised as a liability only after they have been approved by shareholders

(c) Investments

All investments have been designated upon initial recognition as fair value though profit or loss Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value

Investments designated as at fair value are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted

In respect of property investments, fair value is established by a half yearly professional valuation on an open market basis by King Sturge and Co, Chartered Surveyors and Valuers and in accordance with the RICS Appraisal and Valuation Manual

NOTES TO THE FINANCIAL STATEMENTS

Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the income statement and are ultimately recognised in the retained earnings

2 Earnings per ordinary share

The earnings per ordinary share is based on the following figures

	6 months ended 30 September 2007 £'000	6 months ended 30 September 2006 £'000	Year ended 31 March 2007 £'000
Revenue return	2,183	1,893	3,103
Capital return	(5,634)	5,147	17,362
Weighted average ordinary shares in issue	45,549,975	45,549,975	45,549,975
Return per share revenue	4 79p	4 16p	6 81p
Return per share capital	(12 37p)	11 30p	38 12p
Total return per share	(7 58p)	15 46p	44 93p

3 Dividends paid

Ordinary dividends on equity shares deducted from reserves are as follows

	6 months ended 30 September 2007 £'000	6 months ended 30 September 2006 £'000	Year ended 31 March 2007 £'000
Dividends on ordinary shares			
Final dividend of 3 5p per share (2006 3 3p) paid 12 July 2007	1,594	1,503	1,503
Interim dividend of 3 2p per share (2006 3 1p) paid 5 January 2007	—	—	1,458
	1,594	1,503	2,961

4 Interim dividend

The directors have declared an interim dividend of 3 7p (2006 3 2p) per ordinary share, payable on 11 January 2008 to shareholders registered on 14 December 2007 The shares will be quoted ex dividend on 12 December 2007

5 Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items

	Revenue £'000	Capital £'000	Total £'000
At 31 March 2007	2,850	110,339	113,189
Movement during the period			
Profit for the period	2,183	(5,634)	(3,451)
Dividends paid on ordinary shares	(1,594)	—	(1,594)
At 30 September 2007	3,439	104,705	108,144

6 Transaction costs

Incurred during the period were transaction costs of

	6 months ended 30 September 2007 £'000	6 months ended 30 September 2006 £'000	Year ended 31 March 2007 £'000
Purchases	60	99	181
Sales	16	32	50
	76	131	231

7 Comparative information

The financial information in this report comprises non statutory financial statements within the meaning of s240 of the Companies Act 1985 The financial information for the year ended 31 March 2007 has been extracted from published audited financial statements that have been delivered to the Registrar of Companies The report of the auditors on those financial statements was unqualified under Section 235 of the Companies Act 1985

HOW TO INVEST IN VALUE AND INCOME TRUST

Value and Income Trust Share Plan

Value and Income Trust PLC runs a Share Plan (the "Plan") which provides regular savers with a route to invest in the ordinary shares of the Trust All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid offer spread, which can, on some occasions, be a significant amount

Regular Savings These start at just £30 per month rising in multiples of £1. Once a Plan has been opened, monthly contributions may be increased at any time

Lump Sum These start at £250, with subsequent lump sums of a minimum £250

Each purchase of shares attracts Government Stamp Duty (currently 0 5%)

Selling costs are £10 + VAT There is no restriction on how long a saver need invest in a Plan, and regular savers may stop or suspend participation by instructing the Administrators at any time In common with other schemes of this type, all investments are held in nominee accounts Investors have full voting and other rights of share ownership

Value and Income Trust Individual Savings Account

The Value and Income Trust Maxi ISA (the "ISA") aims to allow investors generate income and/or capital growth within a tax efficient environment The ISA does not have a cash or life insurance component An investment of up to £7,000 may be made in each tax year up to 2009/2010

Regular Savings These start at just £30 per month rising in multiples of £1 The maximum monthly contribution into a Maxi ISA is £583 up until tax year 2009/10 If you invest by regular monthly contributions, an ISA will automatically be opened for subsequent tax years unless you have terminated contributions prior to that new tax year beginning

Lump Sum The minimum lump sum investment into the ISA is £1,000 Once you have opened an ISA, lump sums may be invested at any time as long as you do not exceed the Maxi ISA limit of £7,000 Should you wish to make additional subscriptions to your ISA in a tax year subsequent to that in which you opened your plan you need only send a cheque and letter of instruction

How to Invest in Value and Income Trust

If however, a full tax year of subscriptions have been missed, a further completed application form is required Application forms can be obtained by calling our Investor Helpline or by writing to us

Personal Equity Plan Transfer and Individual Savings Account Transfer

Personal Equity Plans ("PEPs") are an easy way to make medium and long term tax efficient investments in stock markets All income and capital gains are free of tax Since 5 April 1999 no further subscriptions may be made into a PEP You may however, transfer existing PEPs and ISAs using the Value and Income Trust PEP Transfer or ISA Transfer The minimum lump sum for both a PEP transfer and an ISA transfer is £1,000 and both are subject to a minimum additional lump sum per Transfer of £250

How will my dividends be paid or reinvested?

A dividend reinvestment facility is available

How do I obtain further information?

Key Features and Application Forms for the VIT Share Plan, VIT ISA and ISA or PEP Transfer may be obtained by calling the Literature Helpline on 0800 027 9558

Alternatively, an email including in its Subject line, "Value and Income Trust" may be sent to aam@lit request com It is not possible for either Value and Income Trust or the Administrator to offer financial advice regarding the suitability or otherwise of these products for individual circumstances

What if I have an administrative query?

If you have an administrative query regarding an existing plan you should write to the Administrators at

Value and Income Trust
Aberdeen Investment Trust Administration
Block C
Western House
Lynchwood Business Park
Peterborough PE2 6BP

You may also contact the Administrators by calling the Investor Helpline on 0500 00 00 40 between Monday and Friday, 9 00a m. to 5 00p m Telephone calls will normally be recorded

Directors
J G D Ferguson, Chairman
D H Back
J A Kay
M A Oakeshott (appointed 1 April 2007)

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