VALUE AND INCOME TRUST PLC

HALF-YEARLY REPORT 2011

INTERIM BOARD REPORT

	30 September 2011	31 March 2011	30 September 2010
Net asset value per share (valuing debt at market)	205.88p	233.67p	215.48p
Net asset value per share (valuing debt at par)	231.36p	249.10p	235.86p
Share price (mid)	176.00p	186.00p	163.00p
Dividend per share	3.90p (Interim)	7.80p (Total)	3.80p (Interim)

Value and Income Trust ('VIT') is a specialist investment trust whose shares are traded on the London Stock Exchange. 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 shown in the tables above and below are calculated after deducting dividends declared but not yet paid, as in previous years.

Over the six months ended 30 September 2011, VIT's share price fell by 5.4% while the net asset value, valuing debt at par, decreased by 7.1%. The FTSE All-Share Index fell by 13.5% over the half-year. VIT's property portfolio was revalued independently at 30 September 2011.

An interim dividend of 3.90p per share has been declared payable on 6 January 2012 to those shareholders on the register on 9 December 2011. The ex-dividend date will be 7 December 2011.

SUMMARY OF PORTFOLIO

	30 September 2011		31 March 2011		30 September 2010	
	£m	%	£m	%	£m	%
UK equities	90.0	64	99.4	66	91.7	65
UK property	48.7	34	49.8	33	47.6	33
Cash	2.6	2	0.2	1	2.4	2
	141.3	100	149.4	100	141.7	100

UK EQUITIES

The Market

After a steady beginning to our current year, with a marginal rise in the indices in the quarter to the end of June, equity markets worldwide fell sharply during the summer to record the sharpest quarterly falls in recent years. Over the six months to end September UK equities fell by 13.5% as measured by the FTSE All Share Index. The background to the sharp falls was the growing fear of a 'double dip' economic recession, combined with the critical situation in the Eurozone, where the debt crisis in Greece grew ever more serious. With world economic growth grinding to a halt, the overhang of sovereign debt has become a global concern, with difficult negotiations concerning the US fiscal deficit highlighted, along with the problems in Europe. Within the UK equity market, higher yielding companies held up better than the market as whole, recording a fall of 8% in the FTSE Higher Yield Index. Mid-cap and Small-cap companies performed much in line with the All Share Index. The FTSE World Index fell by more than the UK, with a fall of 16% translated into sterling. Emerging markets were hit hardest with a fall of 23% to the sterling investor in the FTSE All Emerging All-cap Index.

Fear drove the market performance in equities, and fear drove a flight into gilts. Yields on ten year dated stocks fell from 3.7% to 2.3%, with a total return on the All Stocks Index of 10.9%. This was an extraordinary performance by the gilt market in the context of rising inflation. The Retail Price Index reached an annualised rate of 5.2% in September and is expected to continue to rise. In the currency markets, the dollar strengthened against the pound by 2 ½% and the euro weakened against the pound by a similar amount. Commodity prices sold off with the oil price down by 12% to $102 and copper down by 24%. Gold benefitted from the fear factor with a rise of 12%, but was well off its peak price by the end of September.

VIT's Portfolio

We have continued to hold as little cash as possible. Sales and purchases of equities in the first half totalled £8.2m and our net sales were £0.85m. We sold Forth Ports in the final stages of the takeover process. We sold the holding in Wincanton and we reduced the holding in Interserve, in order to reinvest in Carillion. We bought a new holding in Inmarsat, which provides global mobile satellite communications services, and was valued on an attractive rating. Later in the half year, however, the company issued a trading statement showing a decline in its core maritime business and we sold the shares. In addition to Carillion, we increased the holdings in N Brown, Vodafone and John Laing Infrastructure Fund. At the end of September cash available for investment represented just 0.5% of the total equity portfolio and the yield on our portfolio was 4.7%.

MANAGERS' REPORT

Performance

The performance of VIT's equity portfolio was significantly more resilient than the FTSE All Share Index over the half year. The capital value fell by 9% compared to the Index fall of 13.5% and the estimated total return of -6.2% compared to the All Share Index return of -11.8%. The main reason for the outperformance was our relatively overweight exposure in utilities and underweight positions in mining and banks. Our stock selection is defensive. GlaxoSmithkline was particularly strong with a rise of 12% in the half year. Our one retail holding, N Brown, held up well in a very weak sector, and in travel and leisure, Go Ahead Group was almost unchanged. Marston's fell by just 2%. Financial companies were relatively weak with falls of 22% and 16% in the prices of HSBC and Legal and General.

Outlook

The official statistics for UK economic output have recently been revised downwards for the first half of 2011, with just +0.4% in the first quarter and +0.1% in the second quarter. Combined with the fall of 0.5% in the last quarter of 2010, the UK economy has officially stagnated for the last 9 months. Similar patterns of economic output have been seen in America and Europe. Concerns about economic activity are now spreading to China and other areas of the Far East. Governments in Europe seem powerless to steer their way out of the ocean of debt, and the growing threat of Greek default threatens the banks with an unprecedented crisis unless they are given protection from the toxic loans. These are the macro economic factors which have driven the UK Equity market to a valuation which assumes a recession far deeper than that of 2008. On a more positive note, most corporate results have been relatively solid and dividends have been rising. The xd adjustment on the All Share Index for the first nine months of 2011 was 12.6% higher than the same period in 2010. The yield on the All Share Index was 3.7% at the end of our half year, compared with 2.3% on ten year gilts. The Bank of England has recognised the severe challenge facing us to reduce our fiscal deficit and public sector borrowing, and has announced a new phase of Quantitative Easing of £75bn. The effective printing of new money may well add to inflationary pressures but the Bank hopes to increase economic growth and prevent a slide back into recession. We believe that equities are significantly undervalued at current levels and that the comparative valuation with gilt yields is irrational in this inflationary environment.

Property

The Market

UK commercial property remains an essentially flat market, with the high income yield pulling capital values up and a stagnant economy and increasing tenant stress pushing values down. Economic turbulence and a flight to safety around the world have forced UK gilt yields down to levels last seen in the 1890's, with 10 year conventional gilts yielding under 3% and index linked offering 0% real yields. Property's absolute yield margin over gilts has therefore risen to levels only briefly seen in the depths of the 2008 property crash. The ratio of average property to gilt yields, at over 2.5 times, is unprecedented since the Second World War. (Reliable property yield figures are not available before the War, and property leases were long without rent reviews).

Property is fairly valued against UK equities, where yields relative to gilts are also very generous because of the current fear of assets with any perceived risk element. Lending to the UK or most other Western governments for the medium or long term at under 3% with no inflation protection carries, of course, a significant risk of producing a negative real return and would represent a triumph of hope over the experience of most people alive today. Property let to strong covenants on long leases, especially with indexed rent increases, now offers outstanding long term investment value.

Equivalent Yields – end December (except 2011 – end September)

	2011	2010	2009	2008	2005	1995
Retail	6.8	6.9	7.7	8.1	5.5	8.1
Office	7.4	7.6	8.5	8.8	6.3	8.7
Industrial	8.4	8.5	9.1	9.3	6.9	10.4
All property	7.4	7.5	8.2	8.5	6.0	8.6
UK Equities	3.6	2.9	3.2	4.5	2.9	3.8
15 Year Gilts	2.9	4.0	4.4	3.7	4.1	7.7
Yield Gaps: Property Less Gilts	4.5	3.5	3.8	4.8	1.9	0.9
Property Less Equities	3.8	4.6	5.0	4.0	3.1	4.8

Source: IPD

So far in 2011, average property capital and rental values are both marginally up as measured by the IPD Index, but the only property market sub sector showing significant growth is Central London offices, which are still recovering from their collapse in 2008-9. Offices elsewhere are declining in both capital and rental terms, as are industrial/warehouse properties. Government and public bodies are shedding space whenever and wherever possible.

Retail rental values are under pressure from the squeeze on consumers' disposable incomes, and capital values of shopping centres are now weakening fast as tenant failures mount up. Retail warehouses and high street shops are holding up better, but with ever wider variations between prosperous, growing towns with strong catchment areas and the rest. The large supermarket chains are still taking new units, particularly in smaller towns. Leisure property shows even more polarisation in performance between the strong, well-financed operators who are still able to grow by gaining market share and the weaker players whose funding has dried up. Average void levels on properties in the IPD Index at 9% match the amount of over-renting – rent paid by tenants in excess of current market rents.

RENTAL VALUES – ANNUALISED GROWTH RATES % TO END SEPTEMBER 2011

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Retail	-1.9	-0.7	-0.8	-3.4	-1.5	+0.8
Office	+3.1	+2.6	+2.4	-4.9	-1.1	-1.3
Industrial	-0.8	-0.8	-1.1	-2.5	-1.2	-0.2
All Property	+0.2	+0.8	+0.2	-3.6	-1.3	0.0

Source: Investment Property Databank

CAPITAL VALUES – ANNUALISED GROWTH RATES % TO END SEPTEMBER 2011

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Retail	-0.8	+0.2	+1.4	-4.4	-7.7	+1.0
Office	+3.3	+3.4	+2.8	-4.9	-6.7	-1.2
Industrial	-0.1	-0.2	+0.3	-5.1	-7.5	-0.7
All Property	+0.8	+1.3	+1.7	-4.6	-7.2	0.0

Source: Investment Property Databank

Average property capital values are likely to be about 1% up over 2011 as a whole, with average rental values unchanged. With little sign of growth in the UK economy at present and unemployment starting to rise, those figures may turn modestly negative in 2012, with average capital and rental values down by about 2%. Total returns, taking capital and income together, may be 7%-8% this year and around 5% next. There may not be much difference next year between the performance of the different property sub sectors - City of London offices for example will suffer from oversupply and weakening tenant demand although the West End market remains tight. But for all property types, security of income will drive outperformance.

Opportunities are now growing for cash buyers who are known as reliable performers. Royal Bank of Scotland and Lloyds Banking Group/Bank of Scotland and the Irish NAMA are pressing on with their disposal programmes, of property owned by defaulting borrowers, and debt for property purchases remains extremely scarce and expensive. Where banks had previously been prepared to maintain loans where interest payments were still being met in full although the capital ratios had been breached, they now see no point in waiting for tenant demand to recover and are appointing receivers to make disposals. Much of the property on which banks lent is highly risky and only saleable at yields well into double figures, but there is some undervalued wheat among the chaff.

The UK economic recovery has stalled and the international headwinds are growing stronger. Estimates for UK GDP growth in 2011 are being persistently downgraded, with 2012 unlikely to show real improvement. Manufacturing is benefiting from a competitive exchange rate but it only represents 10% of our economy. Services and construction remain under pressure, and bank lending to small and medium sized businesses is constrained. Consumer confidence is now being hit hard by the VAT increase to 20% and a rising tide of public sector job losses. Average earnings rising at 2% a year and prices at 5% leave no room for non-essential purchases, outside Central London, which is becoming a bubble economy separate from the rest of the UK.

Britain's credit rating remains strong and British banks will be made safer once the Vickers Commission's report is implemented, but the pressures in the Eurozone and on the world's banking system are very serious. £75 billion more Quantitative Easing from the Bank of England is unlikely to restart economic growth unless it can be targeted to small business and be part of a wider stimulus package to boost business and consumer confidence.

MANAGERS' REPORT

VIT Portfolio

VIT's property portfolio is independently valued by Jones Lang LaSalle (now incorporating King Sturge and Co) at the end of March and September each year. The latest valuation total was £48,675,000 (0.3% above end March). Two properties in Edinburgh and St Andrews, with 3 years to break clauses in their leases, were sold for £1.5m at a yield of 6.4%. The sale prices were 14% above their March valuations. Over the six months the total return on our property portfolio was 4.5%, just ahead of IPD. Rents were stable over the six months and the yield on valuation was 7.2% at end September (IPD: 6.2%). Most properties were unchanged in value. 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.

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 these Debenture Stocks were issued at a premium, their effective interest cost averaged 9%. The strains in the banking system over the past few years, and today, show the risks of relying on short term finance to finance long term property investment.

OLIM Limited
3 November 2011

Risks and Uncertainties

The Board regularly reviews, and agrees policies for managing, each of the principal risks and uncertainties which it has identified as affecting the Company's business. These risks and uncertainties are summarised below and are considered equally applicable to the second half of the financial year as for the period under review.

- Discount volatility risk: The Company's shares may trade at a price which represents a discount to its underlying net asset value. The Board reviews regularly the level of the discount and considers what action, if any, to take in relation to minimising the discount.

- Regulatory risk: The Company operates in a complex regulatory environment and therefore faces a number of regulatory risks. Breaches of regulations, such as Sections 1158 - 1159 of the Corporation Tax Act 2010, the UKLA Listing Rules or the Companies Act, could lead to a number of detrimental outcomes and reputational damage.

- Market price risk: The fair value of, or future cash flows from, a financial instrument held by the Company may fluctuate because of changes in market prices. This market price risk comprises three elements - price risk, interest rate risk and currency risk.

  Price risk: Price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the Company's investments. 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 a particular sector. Asset allocation and stock selection both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on the UK Stock Exchange and all investment properties are commercial properties located in UK with long strong income streams.

Interest rate risk: Interest rate movements may affect the fair value of the investments in property and the level of income receivable on cash deposits. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise debenture stock, providing secure long term funding. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of between 25% and 40%.

Currency risk: A small proportion of the investment portfolio is invested in securities whose fair value and dividend stream are affected by movements in foreign exchange rates. It is not the Board's policy to hedge this risk.

- Liquidity risk: This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's assets comprise of readily realisable securities which can be sold to meet commitments if required and investment properties which, by their nature, are less readily realisable.

- Credit risk: This is the failure of a counterparty to a transaction to discharge its obligations under that transaction which could result in the Company suffering a loss. The risk is not significant and is managed as follows:

  - investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Manager and limits are set on the amount that may be due from any one broker;

- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, a stock reconciliation to third party administrators' records is carried out on a daily basis which ensures that discrepancies are picked up in a timely fashion. The Manager's Compliance Officer carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held; and
- cash is held only with reputable banks with high quality external credit ratings.

None of the Company's assets are secured by collateral or other credit enhancements.

- Property risk: The Company's commercial property portfolio is subject to both market and specific property risk. Since the UK commercial property market has been markedly cyclical for many years, it is prudent to expect that to continue. The price and availability of credit, real economic growth and the constraints on the development of new property are the main influences on the property investment market. Against that background, the specific risks to the income from the portfolio are tenants being unable to pay their rents and other charges, or leaving their properties at the end of their leases. All leases are on full repairing and insuring terms, with upward only rent reviews. None of the Company's financial assets is past due or impaired.

INTERIM BOARD REPORT

Statement of 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
3 November 2011

GROUP STATEMENT OF FINANCIAL POSITION

	As at 30 September 2011 (unaudited) £'000	As at 31 March 2011 (audited) £'000	As at 30 September 2010 (unaudited) £'000
ASSETS			
NON-CURRENT ASSETS			
Investments held-at-fair-value through profit or loss	90,020	99,431	91,658
Investment properties held-at-fair-value through profit or loss	48,675	49,825	47,600
	138,695	149,256	139,258
CURRENT ASSETS			
Cash and cash equivalents	3,737	2,344	5,399
Other receivables	444	300	449
	4,181	2,644	5,848
TOTAL ASSETS	142,876	151,900	145,106
CURRENT LIABILITIES			
Other payables	(1,587)	(2,493)	(1,545)
	141,289	149,407	143,561
NON-CURRENT LIABILITIES			
Debenture stock	(35,361)	(35,372)	(35,385)
Deferred tax	(545)	(572	(742)
	(35,906)	(35,944)	(36,127)
	105,383	113,463	107,434
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 (Note 6)	82,382	90,462	84,433
	105,383	113,463	107,434
NET ASSET VALUE PER ORDINARY SHARE	231.36p	249.10p	235.86p

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	Revenue £'000	Capital £'000	Total £'000
		6 months ended 30 September 2011 (unaudited)		
INVESTMENT INCOME				
Dividend income		2,690	—	2,690
OTHER OPERATING INCOME	2	1,769	—	1,769
OTHER COMPREHENSIVE INCOME				
Unrealised losses on investment properties		—	(540)	(540)
		4,459	(540)	3,919
GAINS AND LOSSES ON INVESTMENTS				
Realised (losses)/gains on held-at-fair-value investments		—	(822)	(822)
Unrealised (losses)/gains on held-at-fair-value investments		—	(6,919)	(6,919)
TOTAL INCOME		4,459	(8,281)	(3,822)
EXPENSES				
Investment management fees		(151)	(353)	(504)
Other operating expenses		(212)	—	(212)
FINANCE COSTS		(1,751)	—	(1,751)
TOTAL EXPENSES		(2,114)	(353)	(2,467)
(LOSS)/PROFIT BEFORE TAX		2,345	(8,634)	(6,289)
TAXATION		—	27	27
(LOSS)/PROFIT FOR THE PERIOD		2,345	(8,607)	(6,262)
EARNINGS PER ORDINARY SHARE (PENCE)	3	5.15	(18.90)	(13.75)

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 3.90p per share (2010: 3.80p) which will be payable on 6 January 2012 to those shareholders on the register on 9 December 2011. The ex-dividend date will be 7 December 2011.

6 months ended 30 September 2010 (unaudited)			Year ended 31 March 2011 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
2,309	—	2,309	3,823	—	3,823
1,765	—	1,765	3,575	—	3,575
—	(176)	(176)	—	(58)	(58)
4,074	(176)	3,898	7,398	(58)	7,340
—	2,744	(2,744	—	3,090	3,090
—	(712)	(712)	—	5,743	5,743
4,074	1,856	5,930	7,398	8,775	16,173
(137)	(319)	(456)	(290)	(786)	(1,076)
(174)	—	(174)	(457)	—	(457)
(1,751)	—	(1,751)	(3,501)	—	(3,501)
(2,062)	(319)	(2,381)	(4,248)	(786)	(5,034)
2,012	1,537	3,549	3,150	7,989	11,139
—	51	51	—	221	221
2,012	1,588	3,600	3,150	8,210	11,360
4.42p	3.48p	7.90p	6.92	18.02	24.94

GROUP STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
		6 months ended 30 September 2011 (unaudited)			
Net assets at 31 March 2011		4,555	18,446	90,462	113,463
Net (loss)/profit for the period		—	—	(6,262)	(6,262)
Dividends paid	4	—	—	(1,818)	(1,818)
NET ASSETS AT 30 SEPTEMBER 2011		4,555	18,446	82,382	105,383

Year ended 31 March 2011 (audited)				6 months ended 30 September 2010 (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	82,564	105,565	4,555	18,446	82,564	105,565
—	—	11,360	11,360	—	—	3,600	3,600
—	—	(3,462)	(3,462)	—	—	(1,731)	(1,731)
4,555	18,446	90,462	113,463	4,555	18,446	84,433	107,434

GROUP CASH FLOW STATEMENT

	6 months ended 30 September 2011 (unaudited) £'000	6 months ended 30 September 2010 (unaudited) £'000	Year ended 31 March 2011 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividend income received	2,470	2,146	3,783
Rental received	1,722	1,641	3,595
Interest received	1	139	139
Other income	—	—	—
VAT recovered on management fees	—	—	—
Operating expenses paid	(756)	(689)	(1,506)
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,437	3,237	6,011
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(5,026)	(7,799)	(15,352)
Sale of investments	6,563	7,785	13,002
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	1,537	(14)	(2,350)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	(1,763)	(1,763)	(3,525)
Dividends paid	(1,818)	(1,731)	(3,462)
NET CASH USED IN FINANCING ACTIVITES	(3,581)	(3,494)	(6,987)
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,393	(271)	(3,326)
Cash and cash equivalents at the start of the period	2,344	5,670	5,670
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,737	5,399	2,344

1 Accounting policies

(a) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) together with interpretations of the International Accounting Standards and Standing Interpretations Committee 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 functional and reporting currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial assets. Where presentational guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the SORP) issued by the Association of Investment Companies (AIC) in January 2009 is consistent with the requirements of IFRSs, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business.

(b) Dividends payable

Interim dividends are recognised as a liability in the period in which they are 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 in general meeting.

(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.

Subsequent to initial recognition, investments are recognised at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE 100 constituents and most liquid FTSE 250 constituents along with some other securities. 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 Statement of Comprehensive Income and are ultimately recognised in the retained earnings.

In respect of property investments, fair value is established by a half-yearly professional valuation on an open market basis by Jones Lang LaSalle, Chartered Surveyors and Valuers and in accordance with the RICS Valuation Standards.

2 Other operating income

	6 months ended 30 September 2011	6 months ended 30 September 2010	Year ended 31 March 2011
Rental income	1,768	1,763	3,573
Interest receivable on short term deposits	1	2	2
	1,769	1,765	3,575

3 Earnings per ordinary share

The return per ordinary share is based on the following figures:

	6 months ended 30 September 2011 £'000	6 months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
Revenue return	2,345	2,012	3,150
Capital return	(8,607)	1,588	8,210
Weighted average ordinary shares in issue	45,549,975	45,549,975	45,549,975
Return per share - revenue	5.15p	4.42p	6.92p
Return per share - capital	(18.90)p	3.48p	18.02p
Total return per share	(13.75)p	7.90p	24.94p

4 Dividends paid

Ordinary dividends on equity shares deducted from reserves are as follows:-

	6 months ended 30 September 2011 £'000	6 months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
Dividends on ordinary shares:			
Final dividend of 4.0p per share (2010 - 3.8p) paid 15 July 2011	1,822	1,731	1,731
Interim dividend of 3.8p per share (2010 - 3.8p) paid 7 January 2011	—	—	1,731
Unclaimed dividends refunded by Registrar	(4)	—	—
	1,818	1,731	3,462

5 Interim dividend

The Directors have declared an interim dividend of 3.9p (2011 - 3.8p) per ordinary share, payable on 6 January 2012 to shareholders registered on 9 December 2011. The shares will be quoted ex dividend on 7 December 2011.

6 Retained earnings

The table below shows the movement in retained earnings analysed between revenue (distributable) and capital (non-distributable) items.

	Revenue £'000	Capital £'000	Total £'000
At 31 March 2011	3,543	86,919	90,462
Movement during the period:-			
Profit for the period	2,345	(8,607)	(6,262)
Dividends paid on ordinary shares	(1,818)	—	(1,818)
At 30 September 2011	4,070	78,312	82,382

7 Transaction costs

During the period, expenses were incurred in acquiring and disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains and losses on investments in the Statement of Comprehensive Income.

The total costs are as follows:-

	6 months ended 30 September 2011 £'000	6 months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
Purchases	23	51	71
Sales	9	6	15
	32	57	86

8 Related Party Transactions

Angela Lascelles and Matthew Oakeshott, directors of the Company, are directors of OLIM Limited ('OLIM') which has an agreement with the Group to provide investment management services. OLIM receives a quarterly fee of 1/6% of the Group's total assets less current liabilities. OLIM is also entitled to a performance fee, charged wholly to capital, if the total positive returns to shareholders from their investment in the Company exceed the total return on the FTSE All-Share Index by more than 10 percentage points in any three year period.

OLIM Limited received an investment management fee of £504,000 (half year to 30 September 2010: £456,000 and year to 31 March 2011: £1,076,000). At the period end, the balance owed by the Group to OLIM Limited was £84,000 (31 March 2011: £191,000) comprising management fees for the month of September 2011, subsequently paid in October 2011.

On 27 September 2011, the Board announced that, as a result of a management buyout of the property management side of OLIM Limited, it has agreed terms to split its investment management contract between OLIM Limited, which will manage the Group's equity portfolio and OLIM Property Limited, which will manage the Group's property portfolio. The timing of the change in terms is subject to FSA approval.

There will be no change in the management team responsible for the Group's affairs or the total fees payable by the Group.

Audax Properties plc is a wholly owned subsidiary of the Company and accordingly the Company is the ultimate controlling party.

9 Comparative information

The financial information contained in this report does not constitute statutory financial statements as defined in sections 434 - 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2011 and 30 September 2010 has not been audited.

The information for the year ended 31 March 2011 has been extracted from latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification under section 498 (2), (3) or (4) of the Companies Act 2006.

10 Approval

The Half-Yearly Report was approved by the Board on 3 November 2011.

How to Invest in Value and Income Trust

Direct

Investors can buy and sell shares in Value and Income Trust PLC directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser.

Alternatively shares can be bought directly through the Value and Income Trust Share Plan or Value and Income Trust ISA.

Value and Income Trust Share Plan

The Company offers a Share Plan (the "Plan") through which shares in Value and Income Trust PLC can be purchased. There are no 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. Lump sum investments start at £250 while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchasing shares. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Plan, and regular savers can stop or suspend participation by instructing the Administrators in writing 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 ISA

Through the Value and Income Trust ISA (the "ISA"), an investment of up to £10,680 in Value and Income Trust PLC may be made in the tax year 2011/2012.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated six monthly and deducted from income. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments which can be invested in Value and Income Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to an additional minimum lump sum of £250.

Keeping you Informed

For internet users, the net asset value per ordinary share of the Company is calculated at each month end and published on the London Stock Exchange where the latest ordinary share price is also displayed, subject to a delay of 15 minutes. "VIN" is the code for the ordinary shares which may be found at www.londonstockexchange.com.

Additional data on the Company and other investment trusts may be found at www.trustnet.co.uk. The net asset value (with debt at market value) and share price are quoted daily in The Financial Times. The Daily Telegraph, The Herald, The Independent and The Scotsman also quote the share price.

Literature Request Service

Literature and application forms for the Plan or ISA may be downloaded from the Value and Income Trust section of the Manager's website (www.olim.co.uk) or please call 0500 00 40 00 and quote "Value and Income Trust". Alternatively, please email your request to "aam@lit-request.com" including in the Subject line, "Value and Income Trust". It is not possible for either Value and Income Trust or the Plan/ISA Administrators to offer financial advice regarding the suitability or otherwise of these products for individual circumstances.

Customer Services

For enquiries regarding an existing Plan or ISA, please contact the Administrators:

Value and Income Trust PLC
Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40

For enquiries in relation to ordinary shares held in certificated form, please contact the Company's registrars:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS99 7NH
Telephone: 0870 703 0168
Fax: 0870 703 6101
(Calls to the above number cost 10 pence per minute plus network extras.)

www.investorcentre.co.uk
For email, select 'Contact Us', via the above website.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

Directors
J G D Ferguson, Chairman
D H Back
J A Kay
A M Lascelles
M A Oakeshott
D A Smith

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