



**ECLECTIC**

**ECLECTIC INVESTMENT TRUST PLC**

**Half-year report**

for the six months ended 30 November 2007

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## Our objective is to maximise shareholder value by investing in a portfolio of securities anywhere in the world.

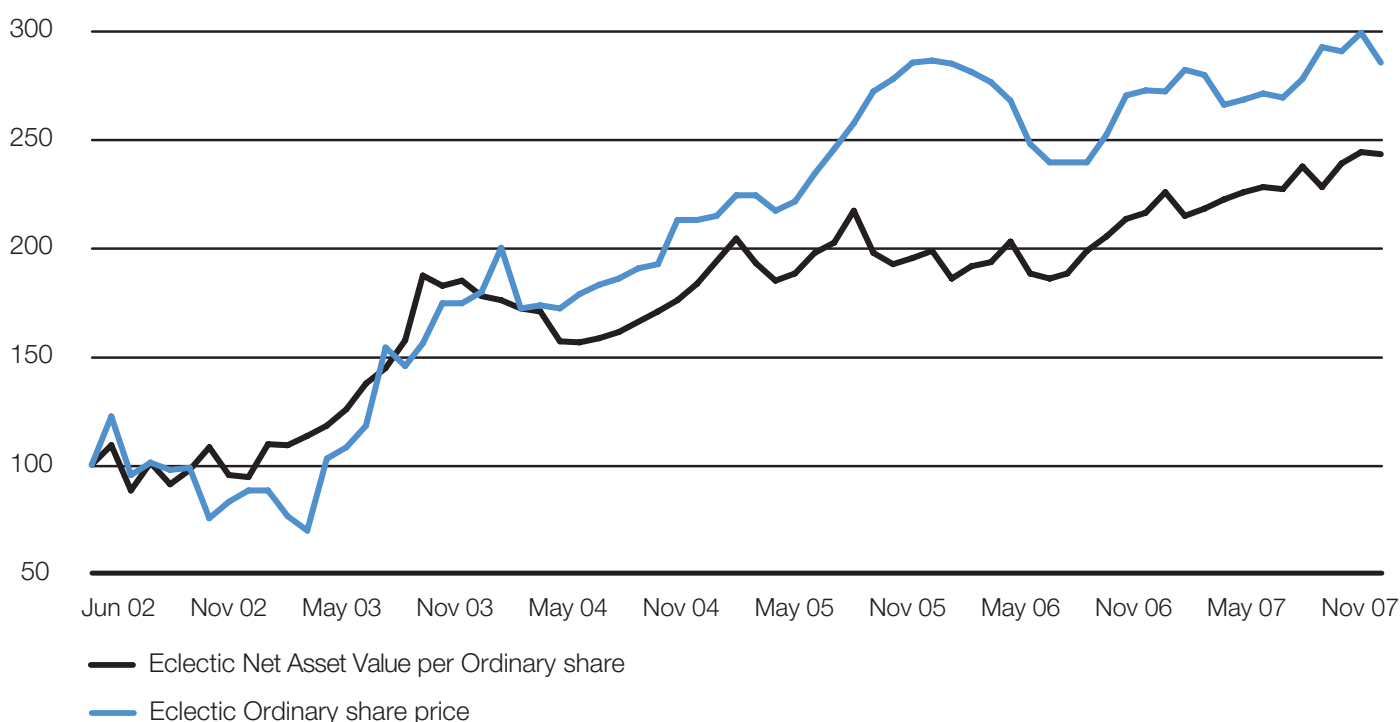
Over the period, Eclectic's Net Asset Value per Ordinary share increased by 6.2% to 175.8p from 165.5p.

### SUMMARY OF UNAUDITED RESULTS

|                                    | Half-year ended<br>30 November<br>2007 | Year ended<br>31 May<br>2007 | %<br>change |
|------------------------------------|----------------------------------------|------------------------------|-------------|
| Net Asset Value per Ordinary share | <b>175.8p</b>                          | 165.5p                       | 6.2         |
| Ordinary share price               | <b>167.0p</b>                          | 158.5p                       | 5.4         |
| Discount                           | <b>5.0%</b>                            | 4.3%                         | –           |
| Total earnings per Ordinary share  | <b>11.7p</b>                           | 35.0p                        | –           |
| Net Assets                         | <b>£32.0m</b>                          | £30.2m                       | 6.0         |
| Gross Assets                       | <b>£37.3m</b>                          | £34.7m                       | 7.5         |
| Bank loans and overdrafts          | <b>£5.3m</b>                           | £4.5m                        | 17.8        |
| Gearing on net assets              | <b>16.6%</b>                           | 15.0%                        | –           |

#### Eclectic Ordinary share price and Net Asset Value performance

(From 1 June 2002 to 30 November 2007)



1 June 2002 = 100

Source: Eclectic Investment Trust plc

## Eclectic seeks to invest in undervalued investments worldwide

The Company looks to identify and invest in investments where the underlying value is not reflected in the market price. This perceived undervaluation may arise from technological factors, market motivation, financial engineering, competition or shareholder apathy. The portfolio is focussed on absolute performance. The investment strategy is not market driven or compelled to focus on any one sector or industry.

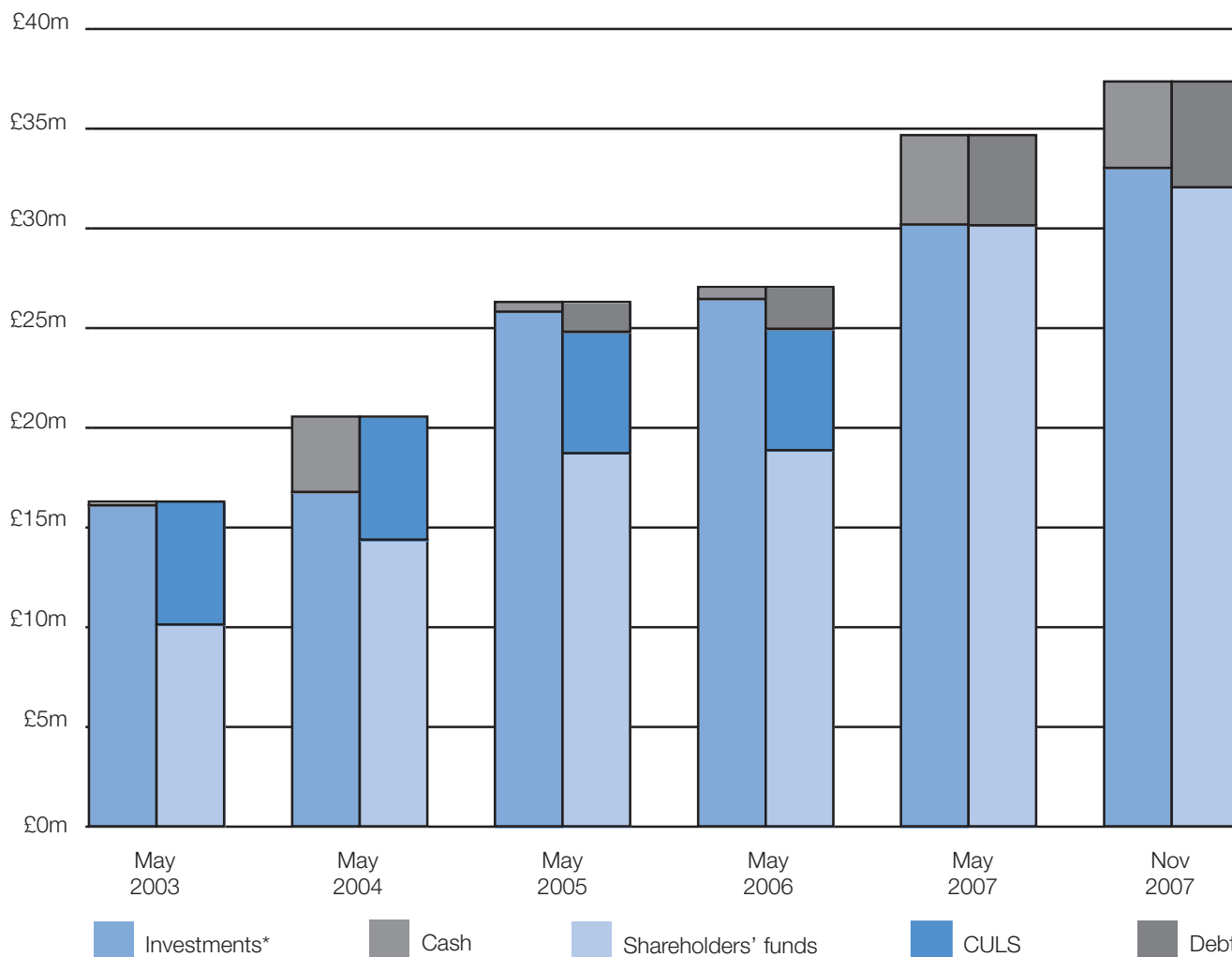
Eclectic's investment policy is flexible and permits the Investment Manager to make investments worldwide across all sectors and in a variety of financial instruments. Thus the Company may invest in shares, bonds, convertibles and other types of securities where suitable opportunities arise. It may also invest in unlisted securities where the attractiveness of the investment justifies the risks and lower liquidity associated with such investments.

The Company aims to maximise value for shareholders by holding a relatively concentrated portfolio of securities and by investing in instruments appropriate to respective investments. The Company may use bank debt, derivative instruments such as CFDs, financial futures, options and warrants to enhance its investment performance.

It may, from time to time, seek to actively protect the portfolio and balance sheet from major corrections by the use of foreign currency hedges, interest rate hedges, stock market put options and similar instruments. The Company presently holds a significant number of long dated FTSE and S&P Index put option spreads. Furthermore, the Company looks to invest in instruments that provide additional protection such as convertible notes.

### Eclectic portfolio progression and capital structure

(From 1 June 2002 to 30 November 2007)



\*includes current net assets and non-current liabilities excluding bank loans and overdrafts

Source: Eclectic Investment Trust plc

During the six months to 30 November 2007, the Company's NAV increased to 175.8p a rise of 6.2%. This is a very satisfactory result in the light of worldwide stock market volatility, a period during which the FTSE All Share Index declined by 4.6%. The value of the Company's investments has generally held up well during these difficult markets, while the derivatives purchased have protected the downside in the portfolio. The share price rose by 5.4% to close the period at 167.0p, a discount of 5% to NAV, which is narrow compared to discounts generally on investment companies, which have increased substantially over recent months.

Positive progress has continued to be made in the development of a more globally diversified portfolio with an increase in the number of positions and a slight reduction in the concentration of the ten largest holdings. The Investment Manager's Report on page 4 details the key events and development of the portfolio.

Looking ahead, worldwide economic conditions and conflicting market forces seem likely to continue to result in volatile markets and a challenging investment environment. However the derivative investments purchased by the Investment Manager should continue to provide downside protection. Nevertheless, tentative plans are being developed for a projected fund raising to increase the resources of the Company when deemed propitious.

As reported in the Company's Annual Report in September 2007, the Company and other claimants decided to appeal against the judgment in the case relating to the investment in New Cap Reinsurance Holdings Limited and an appeal was lodged in October 2007. Further announcements concerning this matter will be made as appropriate.



**Anthony Bushell**

Chairman

18 January 2008

# INVESTMENT MANAGER'S REPORT

Eclectic has continued to demonstrate NAV growth and the diversification and refocusing of the portfolio has continued during this six month period.

## Portfolio Review and Asset Allocation

The ten largest investments at 30 November 2007 accounted for 72.5% of the gross assets at that date (73.3% at 31 May 2007) with two investments, Austral Pacific Energy and Argus Group, entering the top ten holdings. Austral Pacific Energy is an oil and gas exploration company; Eclectic invested in 8% convertible redeemable preferred 2010 shares during the period. Argus Group is Bermuda's largest local insurance company. The holdings in Resolute Mining and Global Mining Investments were reduced following significant increases in their share prices since the last year end, resulting in the generation of profits on sales of £1.5m. Overall sales of investments for the period totalled £5.5m and purchases £6.9m.

The convertible exchangeable preference shares in News & Media NZ were exchanged for ordinary shares in Independent News & Media. The holding has subsequently been sold.

The portfolio comprises 33 companies, compared to 28 at the last year end, reflecting the ongoing development of the portfolio as a whole. The Investment Manager will continue to seek attractive opportunities in both new and existing sectors and markets but maintaining a relatively concentrated portfolio. During the six months to 30 November 2007, new investments were made in India, Malaysia and the UK.

The largest holding in the portfolio continues to be Trust Company, which accounted for 25.8% of Gross Assets (against 28.0% at 31 May 2007) although the share price had declined to A\$11.72 from A\$12.19 during the six month period on general market weakness. The value of the investment in Global Equity Market Securities rose marginally to NZ\$1.55 as the maturity date in January 2008 approaches. At that date, investors will receive NZ\$1 plus 67% of the increase in the best performing of the S&P 500, FTSE 100 and Nikkei 250 since December 2002, calculated on an average basis over 18 months before maturity. Based on the levels of these indices as at the reporting date, the gross return to investors would be NZ\$1.68. The major investments are listed on page 5 of this report.

## Balance Sheet and Financial Gearing

Over the six month period, borrowings rose from £4.5m to £5.3m with gearing on gross assets rising correspondingly to 14.2% from 13.0%. Interest rates were not hedged. Cash and short term deposits held at the period end totalled £4.3m.

## Hedging Strategy

Over the period, the Investment Manager has taken out both equity and currency hedges. The equity hedge is implemented through put option spreads in both S&P and FTSE, while the NZ\$ currency exposure and part of the A\$ exposure has been hedged back into Sterling. Investment in equity put options amounted to a net £1.9 million and at 31 December 2007, 100% of total assets have been hedged for a 5% fall in the market. Furthermore five investments in the Company's ten largest investments are convertible redeemable securities which will provide additional protection in the event of deteriorating market conditions. Contracts for difference have again been utilised to gain additional exposure to the market and selected investments. During the six months under review, stock market conditions and movements resulted in a net profit on derivatives of £1.2m.

## Return

The consolidated profit after tax for the half-year on the capital account was £2.17m and on revenue account was a loss of £0.03m, £2.14m in total.

## Outlook

Given ongoing uncertain market conditions the Investment Manager is hopeful of identifying further attractive opportunities which will allow the portfolio to be diversified and refocused in line with the Company's investment mandate while hedging strategies will be continued to protect the existing portfolio.

## Ingot Capital Management Pty Ltd

Investment Manager

18 January 2008

## Ordinary shares unless otherwise stated

| This<br>Period                                                                       | Last<br>Year | Company (Country)<br>Description                                                                                                           | At 30 November 2007  |                            |
|--------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------|
|                                                                                      |              |                                                                                                                                            | Fair Value<br>£'000s | % of total<br>gross assets |
| 1                                                                                    | (1)          | <b>Trust Company Limited (Australia)</b><br>Trustee and financial services                                                                 | <b>9,635</b>         | <b>25.84</b>               |
| 2                                                                                    | (2)          | <b>Global Equity Market Securities Limited – 0% 18/01/2008 (New Zealand)</b><br>Capital guaranteed investment product                      | <b>4,028</b>         | <b>10.80</b>               |
| 3                                                                                    | (3)          | <b>Société des Bains de Mer (Monaco)</b><br>Property & leisure company                                                                     | <b>3,472</b>         | <b>9.31</b>                |
| 4                                                                                    | (–)          | <b>Austral Pacific Energy Ltd – 8% Conv Preferred 06/07/2010 (New Zealand)</b><br>Oil & gas exploration                                    | <b>2,432</b>         | <b>6.52</b>                |
| 5                                                                                    | (4)          | <b>The Law Debenture Corporation p.l.c. (UK)</b><br>Investment trust and trustee services                                                  | <b>2,147</b>         | <b>5.76</b>                |
| 6                                                                                    | (5)          | <b>Independent News &amp; Media PLC (Ireland)</b><br>Media company                                                                         | <b>1,401</b>         | <b>3.76</b>                |
| 7                                                                                    | (6)          | <b>eBet Limited – Ordinary and 10% Redeemable Conv Notes 30/09/2010 (Australia)</b><br>Gaming systems                                      | <b>1,058</b>         | <b>2.84</b>                |
| 8                                                                                    | (7)          | <b>Intellect Holdings Limited – Ordinary, 4% Conv Notes 05/01/2010<br/>&amp; Options 31/12/2009 (Australia)</b><br>Point of sale equipment | <b>1,008</b>         | <b>2.70</b>                |
| 9                                                                                    | (–)          | <b>Argus Group Holdings Limited (Bermuda)</b><br>Insurance                                                                                 | <b>983</b>           | <b>2.63</b>                |
| 10                                                                                   | (8)          | <b>DTI Group Limited – 10% Conv Notes 20/06/2009 (Australia)</b><br>Transport management systems                                           | <b>860</b>           | <b>2.31</b>                |
| <b>Ten largest investments</b>                                                       |              |                                                                                                                                            | <b>27,024</b>        | <b>72.47</b>               |
| <b>Other investments (23)</b>                                                        |              |                                                                                                                                            | <b>4,863</b>         | <b>13.04</b>               |
| <b>Total investments</b>                                                             |              |                                                                                                                                            | <b>31,887</b>        | <b>85.51</b>               |
| <b>Current assets less current liabilities (excluding bank loans and overdrafts)</b> |              |                                                                                                                                            | <b>5,405</b>         | <b>14.49</b>               |
| <b>Gross assets</b>                                                                  |              |                                                                                                                                            | <b>37,292</b>        | <b>100.00</b>              |

# CONSOLIDATED INCOME STATEMENT

|                                                                       | Half-year ended<br>30 November 2007<br>(Unaudited) |                  |                | Half-year ended<br>30 November 2006<br>(Unaudited) |                  |                | Year ended<br>31 May 2007<br>(Audited) |                  |                |
|-----------------------------------------------------------------------|----------------------------------------------------|------------------|----------------|----------------------------------------------------|------------------|----------------|----------------------------------------|------------------|----------------|
|                                                                       | Revenue<br>£'000                                   | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                                   | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                       | Capital<br>£'000 | Total<br>£'000 |
| <b>Income</b>                                                         |                                                    |                  |                |                                                    |                  |                |                                        |                  |                |
| Investment income (see note 2)                                        | 563                                                | -                | 563            | 436                                                | -                | 436            | 1,101                                  | 74               | 1,175          |
| Other income (see note 2)                                             | 26                                                 | -                | 26             | 4                                                  | -                | 4              | 21                                     | -                | 21             |
| Gains on investment held at fair value<br>through profit or loss:     |                                                    |                  |                |                                                    |                  |                |                                        |                  |                |
| Non current assets                                                    | -                                                  | 840              | 840            | -                                                  | 4,659            | 4,659          | -                                      | 9,118            | 9,118          |
| Gains on current assets held at fair value<br>through profit or loss: |                                                    |                  |                |                                                    |                  |                |                                        |                  |                |
| Derivatives                                                           | -                                                  | 1,178            | 1,178          | -                                                  | (186)            | (186)          | -                                      | (2,092)          | (2,092)        |
| Forward currency contracts                                            | -                                                  | 30               | 30             | -                                                  | (64)             | (64)           | -                                      | (349)            | (349)          |
| Exchange differences                                                  | -                                                  | 133              | 133            | -                                                  | 44               | 44             | -                                      | (91)             | (91)           |
|                                                                       | <b>589</b>                                         | <b>2,181</b>     | <b>2,770</b>   | 440                                                | 4,453            | 4,893          | 1,122                                  | 6,660            | 7,782          |
| <b>Expenses</b>                                                       |                                                    |                  |                |                                                    |                  |                |                                        |                  |                |
| Investment management fee                                             | (91)                                               | -                | (91)           | (67)                                               | -                | (67)           | (165)                                  | (556)            | (721)          |
| Other expenses                                                        | (138)                                              | (15)             | (153)          | (317)                                              | (625)            | (942)          | (490)                                  | (694)            | (1,184)        |
| Finance costs                                                         | (376)                                              | -                | (376)          | (220)                                              | -                | (220)          | (507)                                  | -                | (507)          |
|                                                                       | <b>(605)</b>                                       | <b>(15)</b>      | <b>(620)</b>   | (604)                                              | (625)            | (1,229)        | (1,162)                                | (1,250)          | (2,412)        |
| <b>(Loss)/profit before tax</b>                                       | <b>(16)</b>                                        | <b>2,166</b>     | <b>2,150</b>   | (164)                                              | 3,828            | 3,664          | (40)                                   | 5,410            | 5,370          |
| Taxation                                                              | (14)                                               | -                | (14)           | (11)                                               | -                | (11)           | (36)                                   | (6)              | (42)           |
| <b>(Loss)/profit for the period</b>                                   | <b>(30)</b>                                        | <b>2,166</b>     | <b>2,136</b>   | (175)                                              | 3,828            | 3,653          | (76)                                   | 5,404            | 5,328          |
| <b>Earnings per Ordinary share</b> (see note 4)                       | <b>(0.16)p</b>                                     | <b>11.88p</b>    | <b>11.72p</b>  | (1.36)p                                            | 29.92p           | 28.56p         | (0.50)p                                | 35.48p           | 34.98p         |

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under the guidance published by The Association of Investment Companies. All items in the above statement derive from continuing operations.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ECLECTIC INVESTMENT TRUST PLC  
HALF-YEAR REPORT

## For the half-year ended 30 November 2007 (Unaudited)

|                              | Ordinary<br>share<br>capital<br>£'000 | Share redemption<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Capital<br>reserve<br>realised<br>£'000 | Capital<br>reserve<br>unrealised<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|------------------------------|---------------------------------------|--------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------|----------------|
| At 31 May 2007               | 4,557                                 | 7,049                                | 500                                       | 14,515                                  | 5,053                                     | (1,499)                     | 30,175         |
| Profit/(loss) for the period | -                                     | -                                    | -                                         | 2,490                                   | (324)                                     | (30)                        | 2,136          |
| Ordinary dividend paid       | -                                     | -                                    | -                                         | -                                       | -                                         | (273)                       | (273)          |
| At 30 November 2007          | 4,557                                 | 7,049                                | 500                                       | 17,005                                  | 4,729                                     | (1,802)                     | 32,038         |

## For the half-year ended 30 November 2006 (Unaudited)

|                               | Ordinary<br>share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | CULS<br>reserve<br>£'000 | Capital<br>reserve<br>realised<br>£'000 | Capital<br>reserve<br>unrealised<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|-------------------------------|---------------------------------------|---------------------------|-------------------------------------------|--------------------------|-----------------------------------------|-------------------------------------------|-----------------------------|----------------|
| At 31 May 2006                | 3,005                                 | 2,522                     | 500                                       | 208                      | 10,213                                  | 3,951                                     | (1,261)                     | 19,138         |
| (Loss)/profit for the period  | -                                     | -                         | -                                         | -                        | (262)                                   | 4,090                                     | (175)                       | 3,653          |
| Ordinary dividend paid        | -                                     | -                         | -                                         | -                        | -                                       | -                                         | (180)                       | (180)          |
| Transfer to retained earnings | -                                     | -                         | -                                         | (9)                      | -                                       | -                                         | 9                           | -              |
| Conversion of 2007 Loan Stock | 1,414                                 | 4,123                     | -                                         | (190)                    | -                                       | -                                         | -                           | 5,347          |
| At 30 November 2006           | 4,419                                 | 6,645                     | 500                                       | 9                        | 9,951                                   | 8,041                                     | (1,607)                     | 27,958         |

## For the year ended 31 May 2007 (Audited)

|                               | Ordinary<br>share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | CULS<br>reserve<br>£'000 | Capital<br>reserve<br>realised<br>£'000 | Capital<br>reserve<br>unrealised<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|-------------------------------|---------------------------------------|---------------------------|-------------------------------------------|--------------------------|-----------------------------------------|-------------------------------------------|-----------------------------|----------------|
| At 31 May 2006                | 3,005                                 | 2,522                     | 500                                       | 208                      | 10,213                                  | 3,951                                     | (1,261)                     | 19,138         |
| Profit/(loss) for the period  | -                                     | -                         | -                                         | -                        | 4,302                                   | 1,102                                     | (76)                        | 5,328          |
| Ordinary dividend paid        | -                                     | -                         | -                                         | -                        | -                                       | -                                         | (180)                       | (180)          |
| Transfer to retained earnings | -                                     | -                         | -                                         | (18)                     | -                                       | -                                         | 18                          | -              |
| Conversion of 2007 Loan Stock | 1,552                                 | 4,527                     | -                                         | (190)                    | -                                       | -                                         | -                           | 5,889          |
| At 31 May 2007                | 4,557                                 | 7,049                     | 500                                       | -                        | 14,515                                  | 5,053                                     | (1,499)                     | 30,175         |

# CONSOLIDATED BALANCE SHEET

|                                                                      | <b>30 November<br/>2007<br/>(Unaudited)<br/>£'000</b> | 30 November<br>2006<br>(Unaudited)<br>£'000 | 31 May<br>2007<br>(Audited)<br>£'000 |
|----------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|--------------------------------------|
| <b>Non current assets</b>                                            |                                                       |                                             |                                      |
| Investments held at fair value through profit or loss                | <b>31,887</b>                                         | 30,471                                      | 29,666                               |
| <b>Current assets</b>                                                |                                                       |                                             |                                      |
| Investments held at fair value through profit or loss                | <b>2</b>                                              | 2                                           | 2                                    |
| Derivatives held at fair value through profit or loss                | <b>4,890</b>                                          | 644                                         | 2,476                                |
| Forward currency contracts held at fair value through profit or loss | <b>7,095</b>                                          | 4,245                                       | 4,494                                |
| Other receivables                                                    | <b>495</b>                                            | 961                                         | 6,663                                |
| Cash and cash equivalents                                            | <b>4,318</b>                                          | 356                                         | 4,503                                |
|                                                                      | <b>16,800</b>                                         | 6,208                                       | 18,138                               |
| <b>Total assets</b>                                                  | <b>48,687</b>                                         | 36,679                                      | 47,804                               |
| <b>Current liabilities</b>                                           |                                                       |                                             |                                      |
| Derivatives held at fair value through profit or loss                | <b>(3,745)</b>                                        | (64)                                        | (2,395)                              |
| Forward currency contracts held at fair value through profit or loss | <b>(6,948)</b>                                        | (4,256)                                     | (4,500)                              |
| Corporation tax payable                                              | <b>-</b>                                              | (16)                                        | -                                    |
| Other payables                                                       | <b>(702)</b>                                          | (156)                                       | (6,196)                              |
| Bank loans and overdrafts                                            | <b>(5,254)</b>                                        | (3,696)                                     | (4,538)                              |
|                                                                      | <b>(16,649)</b>                                       | (8,188)                                     | (17,629)                             |
| <b>Total assets less current liabilities</b>                         | <b>32,038</b>                                         | 28,491                                      | 30,175                               |
| <b>Non current liabilities</b>                                       |                                                       |                                             |                                      |
| Convertible Loan Stock 2007                                          | <b>-</b>                                              | (533)                                       | -                                    |
| <b>Net assets</b>                                                    | <b>32,038</b>                                         | 27,958                                      | 30,175                               |
| <b>Equity attributable to equity shareholders</b>                    |                                                       |                                             |                                      |
| Ordinary share capital                                               | <b>4,557</b>                                          | 4,419                                       | 4,557                                |
| Share premium                                                        | <b>7,049</b>                                          | 6,645                                       | 7,049                                |
| Capital redemption reserve                                           | <b>500</b>                                            | 500                                         | 500                                  |
| Equity component of Convertible Loan Stock 2007                      | <b>-</b>                                              | 9                                           | -                                    |
| Capital reserve – realised                                           | <b>17,005</b>                                         | 9,951                                       | 14,515                               |
| Capital reserve – unrealised                                         | <b>4,729</b>                                          | 8,041                                       | 5,053                                |
| Revenue reserve                                                      | <b>(1,802)</b>                                        | (1,607)                                     | (1,499)                              |
| <b>Total equity</b>                                                  | <b>32,038</b>                                         | 27,958                                      | 30,175                               |
| <b>Net Asset Value per Ordinary share</b> (see note 3)               | <b>175.75p</b>                                        | 158.16p                                     | 165.53p                              |

# CONSOLIDATED CASH FLOW STATEMENT

ECLECTIC INVESTMENT TRUST PLC  
HALF-YEAR REPORT

|                                                         | <b>Half-year<br/>ended<br/>30 November<br/>2007<br/>(Unaudited)<br/>£'000</b> | Half-year<br>ended<br>30 November<br>2006<br>(Unaudited)<br>£'000 | Year ended<br>31 May<br>2007<br>(Audited)<br>£'000 |
|---------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------|
| Net cash outflow from operating activities              | <b>(933)</b>                                                                  | (771)                                                             | (2,106)                                            |
| <b>Investing activities</b>                             |                                                                               |                                                                   |                                                    |
| Purchases of investments                                | <b>(7,046)</b>                                                                | (1,530)                                                           | (10,908)                                           |
| Sales of investments                                    | <b>7,219</b>                                                                  | 593                                                               | 14,745                                             |
| Net cash inflow/(outflow) from investing activities     | <b>173</b>                                                                    | (937)                                                             | 3,837                                              |
| <b>Net cash (outflow)/inflow before financing</b>       | <b>(760)</b>                                                                  | (1,708)                                                           | 1,731                                              |
| Net cash inflow from financing activities               | <b>66</b>                                                                     | 1,499                                                             | 2,218                                              |
| <b>(Decrease)/increase in cash and cash equivalents</b> | <b>(694)</b>                                                                  | (209)                                                             | 3,949                                              |
| Exchange movements                                      | <b>188</b>                                                                    | (10)                                                              | (27)                                               |
| <b>Change in cash and cash equivalents</b>              | <b>(506)</b>                                                                  | (219)                                                             | 3,922                                              |
| Cash and cash equivalents at beginning of period        | <b>4,497</b>                                                                  | 575                                                               | 575                                                |
| <b>Cash and cash equivalents at end of period</b>       | <b>3,991</b>                                                                  | 356                                                               | 4,497                                              |

## Reconciliation of profit before taxation to net cash outflow from operating activities

|                                            |                |         |         |
|--------------------------------------------|----------------|---------|---------|
| Profit before taxation                     | <b>2,150</b>   | 3,664   | 5,370   |
| Gains on investments held at fair value    | <b>(840)</b>   | (4,659) | (9,118) |
| Exchange differences                       | <b>(133)</b>   | (44)    | 91      |
| Increase in debtors                        | <b>(528)</b>   | (140)   | (6,684) |
| Increase in accrued income                 | <b>(50)</b>    | (12)    | (44)    |
| (Decrease)/increase in creditors           | <b>(1,518)</b> | 422     | 8,320   |
| Taxation                                   | <b>(14)</b>    | (11)    | (59)    |
| Notional interest charge CULS 2007         | <b>-</b>       | 9       | 18      |
| Net cash outflow from operating activities | <b>(933)</b>   | (771)   | (2,106) |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Accounting policies

The condensed consolidated financial statements of the Group for the half-year ended 30 November 2007 have been prepared on a basis consistent with the accounting policies adopted by the Company in its statutory accounts for the year ended 31 May 2007.

The condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These 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, to the extent that IFRS have been adopted by the European Union.

Where presentational guidance set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("the SORP") issued by The Association of

Investment Companies in January 2003 (revised December 2005) is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The financial information for the year ended 31 May 2007 included in this half-year report has been taken from the Company's full accounts, which for the year to 31 May 2007 carry an unqualified audit report and did not include statements under Section 237(2) or (3) of the Companies Act 1985 and which have been filed with the Registrar of Companies.

The Income Statement includes the results of the Company and its subsidiary and, together with the Consolidated Statement of Changes in Equity, Consolidated Balance Sheet and Consolidated Cash Flow Statement at 30 November 2007 are unaudited and do not constitute full statutory accounts within the meaning of Section 240 of the Companies Act 1985.

## 2. Income

|                            | <b>Half-year<br/>ended<br/>30 November<br/>2007<br/>(Unaudited)<br/>£'000</b> | Half-year<br>ended<br>30 November<br>2006<br>(Unaudited)<br>£'000 | Year ended<br>31 May<br>2007<br>(Audited)<br>£'000 |
|----------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------|
| Overseas investment income | <b>389</b>                                                                    | 254                                                               | 806                                                |
| UK investment income       | <b>32</b>                                                                     | 21                                                                | 77                                                 |
| Fixed interest income      | <b>142</b>                                                                    | 161                                                               | 292                                                |
| Deposit interest           | <b>26</b>                                                                     | 4                                                                 | 21                                                 |
|                            | <b>589</b>                                                                    | 440                                                               | 1,196                                              |

## 3. Net Asset Value per Ordinary share

|                                            | <b>30 November<br/>2007<br/>(Unaudited)</b> | 30 November<br>2006<br>(Unaudited) | 31 May<br>2007<br>(Audited) |
|--------------------------------------------|---------------------------------------------|------------------------------------|-----------------------------|
| Consolidated Net Asset Values attributable | <b>£32,038,000</b>                          | £27,958,000                        | £30,175,000                 |
| Ordinary shares in issue at the period end | <b>18,229,502</b>                           | 17,676,598                         | 18,229,502                  |
| Net Asset Value per Ordinary share         | <b>175.75p</b>                              | 158.16p                            | 165.53p                     |

#### 4. Earnings per Ordinary share

|                                                                       | <b>Half-year<br/>ended<br/>30 November<br/>2007<br/>(Unaudited)</b> | Half-year<br>ended<br>30 November<br>2006<br>(Unaudited) | Year ended<br>31 May<br>2007<br>(Audited) |
|-----------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------|
| <b>Total earnings per Ordinary share</b>                              |                                                                     |                                                          |                                           |
| Total earnings                                                        | <b>£2,136,000</b>                                                   | £3,653,000                                               | £5,328,000                                |
| Weighted average number of Ordinary shares in issue during the period | <b>18,229,502</b>                                                   | 12,791,789                                               | 15,229,017                                |
| Total earnings per Ordinary share                                     | <b>11.72p</b>                                                       | 28.56p                                                   | 34.98p                                    |

The total earnings per Ordinary share detailed above can be further analysed between revenue and capital, as below:

#### Revenue earnings per Ordinary share

|                                                                       |                   |            |            |
|-----------------------------------------------------------------------|-------------------|------------|------------|
| Revenue earnings                                                      | <b>£(30,000)</b>  | £(175,000) | £(76,000)  |
| Weighted average number of Ordinary shares in issue during the period | <b>18,229,502</b> | 12,791,789 | 15,229,017 |
| Revenue earnings per Ordinary share                                   | <b>(0.16)p</b>    | (1.36)p    | (0.50)p    |

#### Capital earnings per Ordinary share

|                                                                       |                   |            |            |
|-----------------------------------------------------------------------|-------------------|------------|------------|
| Capital earnings                                                      | <b>£2,166,000</b> | £3,828,000 | £5,404,000 |
| Weighted average number of Ordinary shares in issue during the period | <b>18,229,502</b> | 12,791,789 | 15,229,017 |
| Capital earnings per Ordinary share                                   | <b>11.88p</b>     | 29.92p     | 35.48p     |

#### 5. Investments in other closed-ended investment funds

The Company may invest more than 15% of its total assets in other closed-ended investment funds.

#### 6. Investment trust status

It is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as an Investment Trust Company set out in Section 842 of the Income and Corporation Taxes Act 1998.

## INTERIM MANAGEMENT REPORT

The Directors are required to provide an Interim Management Report in accordance with the UK Listing Authority's Disclosure and Transparency Rules and accordingly consider that the Chairman's Statement and Investment Manager's Report on pages 3 and 4 of this half-year report, the following statement on related party transactions, and the Directors' Responsibility Statement below, together constitute the Interim Management Report for the Company for the six months ended 30 November 2007.

The Directors confirm that no material related party transactions were undertaken by the Company in the first six months of the current financial year. There have been no changes to the related party disclosures set out in the Annual Report of the Company for the year ended 31 May 2007.

The half-year report for the six months ended 30 November 2007 has not been reviewed by the Company's Auditor Grant Thornton UK LLP.

## DIRECTORS' RESPONSIBILITY STATEMENT

The non-executive Directors listed at the back of this half-year report confirm that to the best of their knowledge:

- (a) the condensed set of financial statements, which has been prepared in accordance with International Financial Reporting Standards, gives a true and fair view of the assets, liabilities, financial position and profit of the Company;
- (b) the Interim Management Report includes a fair review; as required by Disclosure and Transparency Rule 4.2.7R; of important events that have occurred during the first six months of the financial year, their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year and;

- (c) the Interim Management Report includes a fair review of the information concerning related parties transactions as required by Disclosure and Transparency Rule 4.2.8R.

The half-year report was approved by the Board on 18 January 2008 and the above responsibility statement was signed on its behalf by:

**Anthony Bushell**  
Chairman

## Directors

A F Bushell (Chairman)  
P I Burrows  
B C Hervey  
W J McLeland

## Investment Manager

Ingot Capital Management Pty Ltd  
Level II  
1 York Street  
Sydney 2000  
Australia  
www.ingotcm.com

## Company Secretary and Registered Office

Phoenix Administration Services Limited  
Springfield Lodge  
Colchester Road  
Chelmsford  
Essex  
CM2 5PW  
Tel: 01245 398950  
E-mail: info@phoenixadmin.co.uk

## Auditor

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

## Registrars

Capita Registrars  
Northern House  
Woodsome Park  
Feney Bridge  
Huddersfield  
West Yorkshire  
HD8 0LA  
Tel: 0871 664 0300 – calls cost 10p per minute  
plus network extras  
(from outside the UK: +44 208 639 3399)

## Custodian

The Northern Trust Company  
London Branch  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

## Brokers

Arbuthnot Securities Limited  
20 Ropemaker Street  
London  
EC2Y 9AR  
www.arbuthnot.co.uk

## Shareholder Relations

Copies of the Company's annual and half-year reports are available from the Company Secretary, Phoenix Administration Services Limited. The price of the Company's Ordinary shares is listed daily in the Financial Times. The Company's web-site at **www.eclectictrust.com** is updated daily and provides information about the Company including 15 minute delayed prices, all RNS news announcements and a share price graph. An on-line share dealing facility is available from Hemscott Group Limited which can be accessed from the link on the Company's web-site.

## Individual Savings Account ('ISA')

Eclectic Investment Trust plc is eligible to be held in an ISA account, subject to HM Revenue and Customs' limits.

