

Troy Income & Growth Trust plc

Half Yearly Report
31 March 2011



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The Company's investment objective is to provide shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

Financial Highlights

	31 March 2011	30 September 2010	% change
Equity shareholders' funds (£'000)	56,724	53,807	+5.4
Net asset value per share	51.50p	48.06p	+7.2
Share price (mid market)	51.00p	47.75p	+6.8
Discount to net asset value	1.0%	0.7%	

Total Returns *

	Six months ended 31 March 2011	1 year ended 31 March 2011	From change of mandate 17 September 2009
Share price	+8.8%	+10.3%	+30.4%
Net asset value per share	+9.2%	+10.8%	+23.2%
FTSE All-Share Index	+8.5%	+8.7%	+21.1%

* Total return includes reinvesting the net dividend in the month that the share price goes ex-dividend.

Financial Calendar

May 2011	Announcement of unaudited interim results for the six months ended 31 March 2011
May 2011	Half Yearly Report posted to shareholders
29 July 2011	Third interim dividend 2010/2011 payable to shareholders
28 October 2011	Fourth interim dividend 2010/2011 payable to shareholders

Interim Board Report

Performance

I am pleased to report that the Company delivered a net asset value total return of 9.2% over the six month period. The share price total return of 8.8% differed very slightly due to the small day to day fluctuations in the premium/discount to net asset value. Both figures are ahead of the 8.5% recorded by the FTSE All-Share Index. This performance was achieved whilst exposing investors to lower levels of risk as demonstrated by the Company's net asset value being subject to less volatility than the market as a whole.

Background

The returns from the market and the behaviour of investors over the six month period to 31 March 2011 was undoubtedly influenced by the Chairman of the Federal Reserve, Ben Bernanke, and the speech that he made at the Jackson Hole Summit in August 2010. He used this forum to indicate that a second round of Quantitative Easing (QEII) was under consideration and would be implemented should the economic outlook worsen sufficiently. Three months later, in November 2010, \$600bn of additional extraordinary monetary stimulus was announced. Most interestingly QEII was launched with the frank admission that one of the objectives of the policy was to reflate asset prices and drive a wealth effect. The Wall Street idiom that investors should not 'fight the Fed' proved true and the FTSE All-Share total return for the period was 8.5%. Such a return from the UK equity market was especially remarkable when the other headline events that took place during the period are considered. Japan, the world's 3rd largest economy, suffered a magnitude 9 earthquake and subsequent tsunami that killed tens of thousands and devastated industry and assets; and the Middle East witnessed some of the most significant social and political change for the region in living memory. Closer to home, Ireland was forced to request an €85bn bailout to resolve the liquidity crisis caused by its failed banking system.

Company changes

The evolution of the Company has continued. The Board has initiated the transfer of the administration of the Company's savings schemes from Aberdeen Asset Management. In future this service will be outsourced to a service provider accountable to the Company. The transition has resulted in a temporary increase in the supply of shares to the market which has tested and proven the robustness of the discount control mechanism.

The Board has also reviewed the allocation of the investment management fee and finance costs comparing our approach to other similar trusts and in relation to the Board's expectation of future returns. These costs were previously charged 50% to capital and 50% to revenue. As a result of the review they have been allocated 65% to capital and 35% to revenue from 1 October 2010.

Gearing

It remains the opinion of the manager that the current valuation of the market does not represent a sufficient opportunity to warrant exposing investors to the higher level of risk associated with gearing. As such the Company remains un-g geared but continues to have the facilities in place to take advantage of a suitable opportunity should the market provide one. The option to gear remains under constant review by the Board.

Dividends

The quarterly dividend rate has been increased to 0.4725p (+5%) for the first and second quarter. Barring unforeseen circumstances it is the Board's intention that the third will be 0.4725p and the fourth will be a minimum of 0.4725p.

Outlook

The supply of money continues to be a significant factor in determining the direction of markets. In this context the end of the second round of US Quantitative Easing in June is an event that cannot be ignored. It is unclear at the present time if we will see further monetary stimulus announced after the current programme of US treasury purchases ends. For some time we have held the view that economic growth in Western economies will remain muted and that equity valuations are such that the upside on offer to investors is limited. In this context the Company will remain defensively positioned but alert to opportunities should they arise.

R G Hanna

Chairman

25 May 2011



Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company's investment activities and include market price risk (comprising interest rate risk, foreign currency risk and other price risk), liquidity risk and credit risk. Other risks faced by the Company include breach of regulatory rules which could lead to suspension of the Company's Stock Exchange Listing, financial penalties, or a qualified audit report. Breach of Section 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains. An explanation of the principal risks and how they are managed is contained in the Directors Report within the Annual Report and Accounts for the year ended 30 September 2010.

The Company's principal risks and uncertainties have not changed since the date of the annual report and are not expected to change for the remaining six months of the Company's financial year.

Directors' Responsibility Statement

The Directors are responsible for preparing the half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of interim financial statements contained within the half yearly financial report have been prepared in accordance with International Accounting Standard 34; and,
- the Interim Board Report includes a fair review of the information required by 4.2.7R (indication of important events during the first six months of the financial year and description of principal risks and uncertainties for the remaining six months of the year) and 4.2.8R (disclosure of related party transactions and changes therein) of the FSA's Disclosure and Transparency Rules.

The half yearly financial report for the six months to 31 March 2011 comprises the Interim Board Report, the Directors' Responsibility Statement and a condensed set of financial statements.

For and on behalf of the Board

R G Hanna

Chairman

25 May 2011

Investment Portfolio – Ordinary Shares

As at 31 March 2011

	Market value £'000	Total portfolio %
Ordinary Shares		
Royal Dutch Shell	3,051	5.5
Vodafone	2,471	4.4
Reynolds American	2,438	4.4
Unilever	2,279	4.1
British American Tobacco	2,251	4.0
GlaxoSmithKline	2,176	3.9
Diageo	2,133	3.8
Imperial Tobacco	2,120	3.8
Centrica	2,114	3.8
HSBC Holdings	2,051	3.6
Ten largest investments	23,084	41.3
National Grid	1,901	3.4
BP	1,816	3.3
Pennon Group	1,810	3.2
Provident Financial	1,726	3.1
Tesco	1,619	2.9
Nestle	1,616	2.9
Close Brothers Group	1,521	2.7
Astrazeneca	1,432	2.6
Schroders	1,408	2.5
BG Group	1,396	2.5
Twenty largest investments	39,329	70.4
Amlin	1,333	2.4
ICAP	1,320	2.4
Greggs	1,273	2.3
United Utilities	1,183	2.1
Rathbone Brothers	1,155	2.1
Sage Group	1,112	2.0
Severn Trent	1,062	1.9
Coca-Cola	1,035	1.8
PayPoint	993	1.8
Primary Health Properties	957	1.7
Thirty largest investments	50,752	90.9
Reckitt Benckiser Group	640	1.1
Dairy Crest	610	1.1
Standard Chartered	602	1.1
Associated British Foods	546	1.0
Lancashire Holdings	316	0.6
Hotel Corp	11	0.0
Total ordinary shares	53,477	95.8

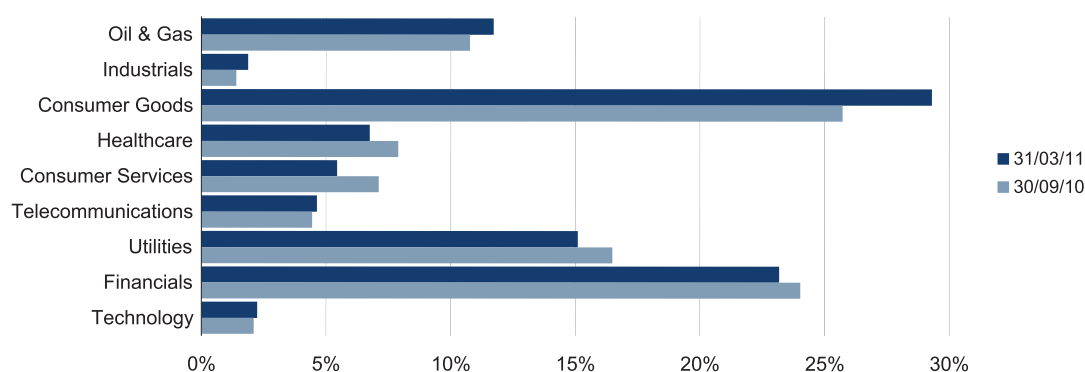
Investment Portfolio – Other Investments

As at 31 March 2011

	Market value £'000	Total portfolio %
Convertibles		
Balfour Beatty 10.75p	225	0.4
Total convertibles	225	0.4
Preference shares		
Co-operative Bank 9.25%	1,557	2.8
Standard Chartered 8.25%	575	1.0
Total preference shares	2,132	3.8
Total investments	55,834	100.0

Portfolio Analysis

Analysis of Listed Equity Portfolio



Distribution of Assets and Liabilities

As at 31 March 2011

	Valuation at 30 September 2010		Purchases	Sales	Appreciation/ (depreciation)	Valuation at 31 March 2011	
	£'000	%	£'000	£'000	£'000	£'000	%
Listed investments							
Ordinary shares	49,574	92.2	3,161	(3,150)	3,892	53,477	94.2
Convertibles	224	0.4	–	–	1	225	0.4
Other fixed interest	2,104	3.9	–	–	28	2,132	3.8
	51,902	96.5	3,161	(3,150)	3,921	55,834	98.4
Current assets	2,122	3.9				1,539	2.7
Current liabilities	(217)	(0.4)				(649)	(1.1)
Net assets	53,807	100.0				56,724	100.0
Net asset value per share	48.06p					51.50p	

Consolidated Income Statement

	Notes	Six months ended 31 March 2011 (unaudited)			Six months ended 31 March 2010 (unaudited)			Year ended 30 September 2010 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue	Capital	Total
Gains on investments held at fair value		–	3,921	3,921	–	4,982	4,982	–	4,765	4,765
Currency (losses)/gains		–	(7)	(7)	–	–	–	–	2	2
Income	2	1,337	–	1,337	1,280	–	1,280	2,650	–	2,650
Investment management fees	1	(74)	(137)	(211)	(53)	(53)	(106)	(151)	(151)	(302)
VAT recoverable on investment management fees		19	19	38	–	–	–	–	–	–
Other administrative expenses		(178)	–	(178)	(218)	–	(218)	(357)	–	(357)
Finance costs of borrowing	1	(5)	(10)	(15)	(7)	(8)	(15)	(8)	(8)	(16)
Profit before taxation		1,099	3,786	4,885	1,002	4,921	5,923	2,134	4,608	6,742
Taxation	3	(12)	–	(12)	(12)	–	(12)	(30)	–	(30)
Profit for the period		1,087	3,786	4,873	990	4,921	5,911	2,104	4,608	6,712
Earnings per Ordinary share (pence)	5	0.98	3.41	4.39	0.83	4.10	4.93	1.80	3.94	5.74

The total column of this statement represents the Group's Income Statement prepared in accordance with International Financial Reporting Standards ("IFRS"). The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

All income and losses are attributable to the equity holders of the parent company. There are no minority interests.

No operations were acquired or discontinued during the period.

The Group does not have any income or expense that is not included in the profit for the period, and therefore the "profit for the period" is also the "total comprehensive income for the period."

Consolidated Balance Sheet

	As at 31 March 2011 (unaudited) £'000	As at 31 March 2010 (unaudited) £'000	As at 30 September 2010 (audited) £'000
Non-current assets			
Ordinary shares	53,477	52,165	49,574
Convertibles	225	236	224
Other fixed interest	2,132	2,291	2,104
Investments held at fair value through profit or loss	55,834	54,692	51,902
Current assets			
Accrued income and prepayments	403	267	344
Cash and cash equivalents	1,136	1,212	1,778
Total current assets	1,539	1,479	2,122
Total assets	57,373	56,171	54,024
Current liabilities			
Trade and other payables	(649)	(412)	(217)
Total current liabilities	(649)	(412)	(217)
Net assets	56,724	55,759	53,807
Issued capital and reserves attributable to equity holders of the parent			
Called-up share capital	30,486	30,486	30,486
Share premium account	45	53,204	53,204
Special reserve	52,484	1,969	249
Capital reserve	(28,849)	(32,322)	(32,635)
Revenue reserve	2,558	2,422	2,503
Equity shareholders' funds	56,724	55,759	53,807
Net asset value per Ordinary share (pence)	51.50	48.25	48.06

Consolidated Statement of Changes in Equity

Six months ended 31 March 2011 (unaudited)

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2010	30,486	53,204	249	(32,635)	2,503	53,807
Total comprehensive income for the period	–	–	–	3,786	1,087	4,873
Equity dividends	–	–	–	–	(1,032)	(1,032)
Cancellation of share premium	–	(53,204)	53,204	–	–	–
Shares issued from treasury	–	45	1,126	–	–	1,171
Shares bought back into treasury	–	–	(2,095)	–	–	(2,095)
Balance at 31 March 2011	30,486	45	52,484	(28,849)	2,558	56,724

Six months ended 31 March 2010 (unaudited)

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2009	30,486	53,204	4,658	(37,243)	2,887	53,992
Total comprehensive income for the period	–	–	–	4,921	990	5,911
Equity dividends	–	–	–	–	(1,455)	(1,455)
Shares bought back into treasury	–	–	(2,689)	–	–	(2,689)
Balance at 31 March 2010	30,486	53,204	1,969	(32,322)	2,422	55,759

Year ended 30 September 2010 (audited)

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2009	30,486	53,204	4,658	(37,243)	2,887	53,992
Total comprehensive income for the year	–	–	–	4,608	2,104	6,712
Equity dividends	–	–	–	–	(2,488)	(2,488)
Costs of cancellation of share premium account	–	–	(40)	–	–	(40)
Shares issued from treasury	–	–	213	–	–	213
Shares bought back into treasury	–	–	(4,582)	–	–	(4,582)
Balance at 30 September 2010	30,486	53,204	249	(32,635)	2,503	53,807

Consolidated Cash Flow Statement

	Six months ended 31 March 2011 (unaudited) £'000	Six months ended 31 March 2010 (unaudited) £'000	Year ended 30 September 2010 (audited) £'000
Cash flows from operating activities			
Investment income received	1,283	1,237	2,548
Deposit interest received	2	–	–
Other cash receipts	38	540	538
Administrative expenses paid	(349)	(332)	(741)
Cash generated from operations	974	1,445	2,345
Finance costs paid	(15)	(15)	(16)
Taxation	(3)	(235)	(261)
Net cash inflows from operating activities	956	1,195	2,068
Cash flows from investing activities			
Purchases of investments	(2,760)	(4,484)	(9,427)
Sales of investments	3,125	6,620	14,136
Net cash inflow from investing activities	365	2,136	4,709
Net cash inflow before financing	1,321	3,331	6,777
Financing activities			
Proceeds of issue of shares	1,171	–	213
Cost of share buy backs	(2,095)	(2,560)	(4,582)
Dividends paid	(1,032)	(1,455)	(2,488)
Costs of cancellation of share premium account	–	–	(40)
Net cash outflow from financing activities	(1,956)	(4,015)	(6,897)
Net decrease in cash and short term deposits	(635)	(684)	(120)
Cash and short term deposits at the start of the period	1,778	1,896	1,896
Effect of foreign exchange rate changes	(7)	–	2
Cash and short term deposits at the end of the period	1,136	1,212	1,778

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 – 'Interim Financial Reporting', as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). They have also been prepared using the same accounting policies applied for the year ended 30 September 2010 financial statements, apart from the allocation of certain expenses. During the period the Board reviewed the allocation of the investment management fee and finance costs which were allocated 50% to revenue and 50% to capital. It was felt that these expenses should now be allocated 35% to revenue and 65% to capital to reflect the Board's expectations of future returns.

(b) Dividends payable

Dividends are recognised in the period in which they are paid.

	Six months ended 31 March 2011	Six months ended 31 March 2010	Year ended 30 September 2010
	£'000	£'000	£'000
2. Income			
Income from listed investments			
UK dividend income	1,254	997	2,239
Overseas dividend income	81	281	409
Underwriting income	–	2	2
	1,335	1,280	2,650
Other income from investment activity			
Interest on recoverable VAT on management fees	2	–	–
	2	–	–
Total income	1,337	1,280	2,650

3. Taxation

Following changes in the Finance Bill 2009 dividends and other distributions from foreign companies received on or after 1 July 2009 have largely been exempt from UK corporation tax. However, the Company continues to be subject to irrecoverable US withholding tax of 15% on income received from US portfolio holdings.

Notes to the Accounts (continued)

4. The following table shows the revenue for each period less the dividends declared in respect of the financial period to which they relate.

	Six months ended 31 March 2011^A	Six months ended 31 March 2010 ^B	Year ended 30 September 2010 ^C
	£'000	£'000	£'000
Revenue	1,087	990	2,104
Dividends declared	(1,049)	(1,066)	(2,081)
	38	(76)	23

^A Dividends declared relate to the first two interim dividends (both 0.4725p each) declared in respect of the financial year 2010/2011.

^B Dividends declared relate to the first two interim dividends (both 0.45p each) declared in respect of the financial year 2009/2010.

^C Dividends declared relate to the four interim dividends declared in respect of the financial year 2009/2010 totalling 1.8p.

	Six months ended 31 March 2011	Six months ended 31 March 2010	Year ended 30 September 2010
	p	p	p
5. Return and net asset value per share			
Revenue return	0.98	0.83	1.80
Capital return	3.41	4.10	3.94
Total return	4.39	4.93	5.74

The figures above are based on the following:

	£'000	£'000	£'000
Revenue return	1,087	990	2,104
Capital return	3,786	4,921	4,608
Total return	4,873	5,911	6,712

Weighted average number of Ordinary shares

in issue	111,102,661	119,943,077	116,936,176
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The net asset value per share is based on net assets attributable to shareholders of £56,724,000 (31 March 2010 – £55,759,000; 30 September 2010 – £53,807,000) and on 110,141,432 (31 March 2010 – 115,551,182; 30 September 2010 – 111,948,182) Ordinary shares in issue at the period end.

6. Ordinary share capital

During the six months ended 31 March 2011 there were 4,190,000 Ordinary shares of 25p each repurchased by the Company at a total cost of £2,095,206 and placed in treasury. During the six months ended 31 March 2010 there were 5,862,350 Ordinary shares repurchased at a total cost of £2,689,151 and placed in treasury. During the year ended 30 September 2010 there were 9,915,350 Ordinary shares repurchased at a total cost of £4,582,436 and placed in treasury. During the six months ended 31 March 2011 there were 2,383,250 Ordinary shares re-issued from treasury for proceeds totalling £1,171,342. During the six months ended 31 March 2010 there were no Ordinary shares re-issued from treasury. During the year ended 30 September 2010 there were 450,000 Ordinary shares re-issued from treasury for proceeds totalling £213,500.

7. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 March 2011 includes gains of £8,675,000 (31 March 2010 – gains of £6,522,000; 30 September 2010 – gains of £5,223,000) which relate to the revaluation of investments held at the reporting date.

8. Transaction costs

During the period expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Consolidated Income Statement. The total costs were as follows:

	Six months ended	Six months ended	Year ended
	31 March 2011	31 March 2010	30 September 2010
	£'000	£'000	£'000
Purchases	17	24	51
Sales	4	9	21
	21	33	72

9. Publication of non-statutory accounts

The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 31 March 2011 and 31 March 2010 has not been audited.

The information for the year ended 30 September 2010 has been extracted from the 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 or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

10. This Half-Yearly Financial Report was approved by the Board on 25 May 2011.

Corporate Information

Directors

Ronald G Hanna
Ian M Boyd
Kevin Hart
David Warnock

Manager

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Solicitors

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Calls to this number from a BT landline are charged at 8p per minute.
Other telephony providers' costs may vary.
Lines are open 8.30 am to 5.30 pm Monday to Friday.

Website

www.tigt.co.uk

