



THE LINDSELL TRAIN INVESTMENT TRUST PLC

Interim Report for the six months
ended 30 September 2004

Directors

Rhoderick Swire (Chairman)
Donald Adamson
Michael Lindsell
Michael Mackenzie

Investment Manager

Lindsell Train Limited
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Company Secretary and Registered Office

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The Lindsell Train Investment Trust plc

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The Lindsell Train Investment Trust plc

The Lindsell Train Investment Trust plc

The Lindsell Train Investment Trust plc is an investment trust listed on the London Stock Exchange. The Company invests in equities, fixed interest, cash, Lindsell Train Limited and Lindsell Train Funds (up to a limit of 25% of NAV at cost).

Objective of the Company

To maximise long-term total returns subject to the avoidance of loss of absolute value and with a minimum objective to maintain the real purchasing power of Sterling capital, as measured by the annual average yield on the 2.5% Consolidated Loan Stock.

The Benchmark

The annual average yield on the 2.5% Consolidated Loan Stock.

Financial highlights

Performance comparisons in the current performance period (1 April 2004 - 30 September 2004)

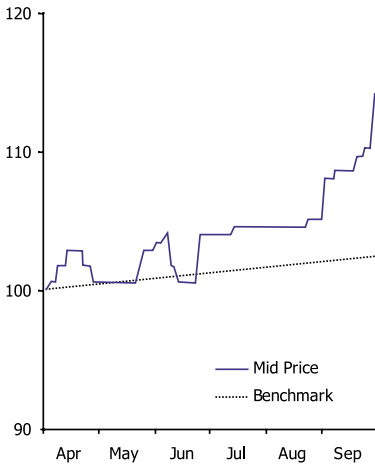
Middle market share price per ordinary share	+14.2%
Net Asset Value per ordinary share	+9.7%
Benchmark*	+2.5%
MSCI World Index (Sterling)	+0.4%
UK RPI Inflation (all items - year on year)	+1.9%

* The index of the annual average yield on the 2.5% Consolidated Loan Stock between the relevant dates.

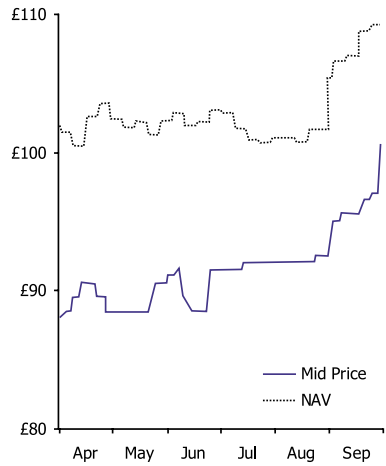
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Financial highlights *continued*

**The Lindsell Train Investment Trust plc
Price performance relative to the Benchmark
from 1 April 2004 to 30 September 2004**



**The Lindsell Train Investment Trust plc
Price performance relative to NAV
from 1 April 2004 to 30 September 2004**



Unadjusted for £1.45 dividend paid in July 2004.

Source: Bloomberg & Lindsell Train Limited.

The Lindsell Train Investment Trust plc

Chairman's Statement

The share price and net asset value of your Company significantly outperformed both its benchmark and world equity markets over the last 6 months. The comparative figures are listed on page 2. Since the Company's inception the benchmark, a market-based proxy for UK inflation, has risen at 5.1% per annum having advanced 20.0% until the end of September 2004. By contrast actual measured inflation has annualised at 2.6% with the Retail Price Index rising 10.0% over the same period. With the recent strong performance of the net asset value ('NAV'), the total return* from an investment in the Company amounting to 12.5% since inception, an annual rate of 3.3%, has failed to beat the benchmark, although it has achieved the objective of preserving the real value of shareholders' capital. Unfortunately, reflecting the discount the shares trade to the NAV, the market value of shareholders' capital remains somewhat lower and has thus far delivered a total return* of 3.3% or 0.9% per annum.

Recent performance is encouraging for shareholders not only from the perspective of achieving significantly improved returns, but also as demonstration of how effective the Managers' long-term strategic approach to investment can be. In early 2002 the Company bought its first investment in Glenmorangie. The Manager, in the 2002 annual report, described the investment in the last independent quoted scotch single malt whisky distiller as 'a wonderful store of value... only very early into the exploitation of its potential as a global brand'. Recognising that control of Glenmorangie was dominated by two holders, a family trust and Brown Foreman Inc., the Company needed 'to share similar ambitions and time horizons as these two strategic investors', in making a substantial investment in the shares that traded infrequently. The Company continued to accumulate shares over the next two years whenever investor interest was at a low ebb and shares became available. By March 2004 the Company had 7.4% of its assets invested between the two classes of shares. In August the controlling family decided to sell their stake which attracted bidding interest from six spirits companies that has now just culminated with an offer to all shareholders from Mötet Hennessy valuing the company at over £300m compared to the market value of approximately £130m when the Company first made the investment two and a half years ago. While welcoming the latest sudden uplift in value, any satisfaction is tempered by a realisation that investments like Glenmorangie are rare and hard to find and therefore difficult to replace. The Company must console itself with an uplift in value since March of 78% of the Glenmorangie 'A' shares and 115% of the 'B' shares, which together contributed to 69% of the positive return generated over the last six months.

There were only two other notable performers in the period, Nintendo, up 25.0% and the Finsbury Growth and Income Trust ('FGIT') up 10.4% whose good performance was also in part attributable to Glenmorangie. The holding in FGIT was the only new security bought over the last six months. Your Directors independently sanctioned this investment as was necessary because Lindsell Train Limited is FGIT's investment advisor. In April 2004 FGIT's board committed to a buyback policy at a discount of 5% to NAV. This allowed the placing of a large block of shares held by one investor with a variety of others including the Lindsell Train Investment Trust. Your Company made the investment on its own merits, though at the same time it had the effect of expressing confidence in the FGIT's board's strategy, a key client of Lindsell Train Limited.

The Lindsell Train Investment Trust plc

I have mentioned before that the success of Lindsell Train Limited is inextricably linked to the performance of its Funds. The best performance has been generated in the UK equity long only product, as exemplified by the FGIT and this should lead to opportunities for Lindsell Train Limited to expand assets under management with similar mandates in the future. It is encouraging to note the improved performance of all other Lindsell Train Funds including your Company, the Lindsell Train Investment Trust, the Lindsell Train Global Media Fund (up 8% in 2004) and the Lindsell Train Japan Fund (up 15% in 2004). These performances, if sustained, should provide more opportunities to garner more assets. As all Lindsell Train Funds are managed strategically with highly concentrated positions and low turnover, they are often highly differentiated from their peers, which may prove an added benefit if the performance is sustained.

The rise in UK short-term interest rates, to which the Company's borrowing is linked, caused some reassessment of the extent of its gearing (net borrowings/shareholders' equity). It was reduced to 15% from 25% through sales of bonds and equities. It has risen with the additional investment in Glenmorangie which has a market value of 15.3% of net assets at the end of September. The only position sold in its entirety was a 1.1% holding in Instinet.

It is pleasing to reflect on my comments to you six months ago that there were bound to be times when the strategic approach to investment applied to the Company's investments might be out of fashion but how quickly things might change for the better. I believe that this has only just begun.

R M Swire

Chairman

29 November 2004

* Total return includes dividends of £1.30 in 2003 and £1.45 in 2004.

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Investment Manager's Report

We are sticking to the strategy we articulated for your Trust's investment portfolio more than three years ago. The strategy rests on the observation that the financial markets, or, at least, those we are familiar with, are in an unusual phase. During this phase, the returns being earned from owning equity assets as a class, are not adequately compensating for the risk. In other words, bonds are beating stocks, as they have in the UK for a decade or more.

We are under no illusion that such a state of affairs is permanent. Scratch us and we are equity bulls. However, anticipation of such a phase prompted us to build a substantial weighting in fixed interest assets for the Trust at its outset over three and a half years ago, a weighting that has not only protected shareholder's capital during a notable equity bear market, but has continued to generate more than acceptable real returns. For instance, the particular long duration UK and US government bonds we own in the Trust have gained 5.9% and 2.6% respectively in capital terms over the first nine months of 2004, excluding any income, returns markedly ahead of their local equity markets. Looking forward, our challenge, as we see it, is to dismantle that fixed interest weighting in favour of, almost certainly, equities as close to the inflexion point when stocks start outpacing bonds as possible.

Of course, we have no idea when such an inflexion point will arise, although we have an idea that it will coincide with another juncture, which unfortunately can also only be identified in hindsight, namely the point at which inflation in the developed world ceases to surprise investors by how modest it remains. The best we can do, we think, is to respond to our instinct for investment value. This means we will sell our fixed interest holdings when we no longer feel that the real income returns they offer offset the risk of future inflation. Or when the opportunities for equities in general, or more likely in individual equities, are so tantalising that selling a gilt to access the opportunity seems like a no-brainer.

As to where our sense of such values lie today, we have not, of late, actually bought any fixed interest assets for the Trust, signalling that the best of the bond bull market is probably behind us. Nonetheless, we still regard our holdings in preference shares, offering net dividend yields in excess of 6.0% as exceptionally good value. The Halifax 6.125% preference shares we own have returned over 8.0% year-to-date in total and we still see the scope for double-digit annual returns from these instruments over the next year or two. Meanwhile, we were taken to task by a shareholder a few weeks ago. In one of our monthly reports on the Trust we commented that any eventual takeover of Glenmorangie could present us with a meaningful reinvestment problem, because we have no current equity ideas that begin to compare with the opportunity Glenmorangie offered. Nonsense, retorted our shareholder, there is always something to buy or sell in the equity market, a chance to earn a quick 5.0 or 10.0%. He's right, of course, but 5-10.0% trades are not our expertise and we still prefer to wait on the next big no-brainer, than to shake a stick at a myriad of smaller ones.

Perhaps the following discussion will illustrate our conundrum and the sort of equity opportunity we are waiting for. One investment manager whose views we keep a close eye on is Bill Miller, the manager of Legg Mason's extraordinarily successful US Value Fund. Miller is currently broadly constructive about the outlook for the US equity market, but reserves his real optimism for companies that, as he puts it, meet the rule of 10. What he means is that, in his opinion, any equity that offers a combination of starting dividend yield and long term dividend growth rate that sums to 10.0% or more offers excellent value. He is indifferent as to whether the yield is 1.0% and the growth 9.0%, or, say, yield of 5.0%

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and growth of the same. We think about this measure, particularly in the context of the UK stock market and see it as a challenging hurdle. The FT All-Share Index, for example, yields 3.1% today, with dividend growth averaging certainly no more than 5.0%. On this basis, the UK market "scores" 8/10 on Miller's test, approaching but not reaching outstanding value. Meanwhile, the largest company on the London Exchange, BP, 8.5% of the entire index, offers a dividend yield of 2.9% and has just increased its most recent quarterly dividend by only 1.4% over the comparable distribution last year, for a score of less than 5/10. As a further for instance, in the Finsbury Growth and Income Trust, where we are pretty much required to maintain a fully invested equity portfolio and which, therefore, comprises our best ideas in the UK stock market, only 8 of the holdings, much less than 50.0% of the total, meet the rule of 10 and 6 of those 8 we already own in your Trust, directly or through the other Funds. The point is that, for us at least, great equity ideas are in short supply, a shortage that so far appears confirmed by the generally anaemic performance of equity markets in 2004.

One stock that we have added to is Diageo. This share met Miller's requirement at our point of purchase, with a historic yield on our book cost of 4.25% and recent dividend growth of 7.5% per annum and we will happily buy more on comparable terms. Even here, though, the company has indicated that future dividend growth will fall into the range of 5-6.0% per annum.

In summary, our strategy is to continue to earn what we expect will be satisfactory returns from the fixed interest holdings, but to gladly sell down that fixed interest exposure when we are presented with the combination of business excellence and investment value that we perceive in a Diageo. In the meantime, if any shareholder is aware of an opportunity to match that of Glenmorangie, would they please let us know about it!

Nick Train

Investment Manager
Lindsell Train Limited
29 November 2004

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Statement of Total Return

	Six months to 30 September 2004 Unaudited		
	Revenue	Capital	Total
	£'000	£'000	£'000
Gains on investments	—	1,699	1,699
Exchange differences	—	(5)	(5)
Gains/(losses) on forward currency contracts	—	38	38
Income	431	—	431
Investment management fee	(48)	—	(48)
Other expenses	(57)	(1)	(58)
	<hr/>	<hr/>	<hr/>
Net return before finance costs and taxation	326	1,731	2,057
Interest payable and similar charges	(109)	—	(109)
	<hr/>	<hr/>	<hr/>
Return on ordinary activities before tax	217	1,731	1,948
Tax on ordinary activities	(1)	—	(1)
	<hr/>	<hr/>	<hr/>
Return on ordinary activities after tax for the period	216	1,731	1,947
Dividends in respect of equity shares	—	—	—
	<hr/>	<hr/>	<hr/>
Transfer to reserves	216	1,731	1,947
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Return per ordinary share	£1.08	£8.65	£9.73
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The revenue column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

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Six months to 30 September 2003			Year ended 31 March 2004		
Unaudited			Audited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
—	901	901	—	2,029	2,029
—	6	6	—	(68)	(68)
—	(4)	(4)	—	24	24
388	—	388	775	—	775
(45)	—	(45)	(92)	—	(92)
(65)	(2)	(67)	(111)	(2)	(113)
278	901	1,179	572	1,983	2,555
(66)	—	(66)	(159)	—	(159)
212	901	1,113	413	1,983	2,396
(6)	—	(6)	(6)	—	(6)
206	901	1,107	407	1,983	2,390
—	—	—	(290)	—	(290)
206	901	1,107	117	1,983	2,100
£1.03	£4.51	£5.54	£2.03	£9.92	£11.95

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Balance Sheet

	30 September 2004 Unaudited £'000	30 September 2003 Unaudited £'000	31 March 2004 Audited £'000
Fixed assets			
Investments	25,811	22,709	24,182
Current assets			
Debtors	863	1,267	907
Cash at bank and short-term deposits	748	8	7
	1,611	1,275	914
Creditors: amounts falling due within one year	(5,461)	(4,963)	(5,082)
Net current liabilities	(3,850)	(3,688)	(4,168)
Total assets less current liabilities	21,961	19,021	20,014
Capital and reserves			
Called up share capital	150	150	150
Special reserve	19,850	19,850	19,850
Capital reserve - realised	(582)	351	(33)
Capital reserve - unrealised	2,054	(1,692)	(226)
Revenue reserve	489	362	273
Equity shareholders' funds	21,961	19,021	20,014
Net asset value per Ordinary Share	£109.80	£95.11	£100.07

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Cash Flow Statement

	Six months to 30 September 2004 Unaudited £'000	Six months to 30 September 2003 Unaudited £'000	Year ended 31 March 2004 Audited £'000
Net cash inflow from operating activities	372	316	593
Returns on investment and servicing of finance	(106)	(63)	(153)
Taxation	(1)	(6)	(8)
Financial investment	68	(1,103)	(1,522)
	333	(856)	(1,090)
Equity dividends paid	(290)	(260)	(260)
Increase/(decrease) in cash	43	(1,116)	(1,350)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period	43	(1,116)	(1,350)
Foreign exchange movements	(5)	6	(68)
Opening net debt	(4,074)	(2,656)	(2,656)
Closing net debt	(4,036)	(3,766)	(4,074)
Represented by			
Cash at bank	748	8	7
Overdrafts	(4,784)	(3,774)	(4,081)
	(4,036)	(3,766)	(4,074)

Reconciliation of Movements in Shareholders' Funds

	Six months to 30 September 2004 Unaudited £'000	Six months to 30 September 2003 Unaudited £'000	Year ended 31 March 2004 Audited £'000
Opening shareholders' funds	20,014	17,914	17,914
Net revenue for the period	216	206	407
Dividend	—	—	(290)
Capital surplus for the period	1,731	901	1,983
Closing shareholders' funds	21,961	19,021	20,014

The Lindsell Train Investment Trust plc

Notes to the Interim Accounts

1. The financial information for the year ended 31 March 2004 included in this half-year report has been taken from the Company's full accounts, which for the year to 31 March 2004 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.
2. The financial statements for the period to 30 September 2004 have been prepared on the basis consistent with the accounting policies adopted by the Company in its statutory accounts for the year ended 31 March 2004.
3. The Statement of Total Return for the six months to 30 September 2004, six months to 30 September 2003 and year to 31 March 2004 have been prepared in accordance with the Statement of Recommended Practice January 2003 "Financial Statements of investment Trust Companies" which have been adopted by the Company.
4. The Statement of Total Return includes the results of the Company and together with the Balance Sheet and Cash Flow Statement at 30 September 2004, are unaudited and do not constitute full statutory accounts within the meaning of Section 240 of the Companies Act 1985.
5. The net asset value per Ordinary Share is based on net assets at 30 September 2004 of £21,961,000 (31 March 2004: £ 20,014,000 and 30 September 2003: 19,021,000) and on 200,000 Ordinary Shares in issue at 30 September 2004 (31 March 2004 and 30 September 2003: 200,000).
6. Returns per Ordinary Share:

The calculation of the revenue return per Ordinary Share is based on net revenue on ordinary activities after taxation of £216,000 for the six months to 30 September 2004 (31 March 2004: £407,000 and 30 September 2003: £206,000) divided by 200,000 (31 March 2004 and 30 September 2003: 200,000) being the weighted average number of Ordinary Shares in issue during the period.

The calculation of the capital return per Ordinary Share is based on net capital profit of £1,731,000 for the six months to 30 September 2004 (31 March 2004: £1,983,000 and 30 September 2003: £901,000) divided by 200,000 (31 March 2004 and 30 September 2003: 200,000) being the weighted average number of Ordinary Shares in issue during the period.

7. The investment in Lindsell Train Limited (representing 25% of the Manager) is held as part of the investment portfolio. Accordingly, the shares are accounted for and disclosed in the same way as other investments in the portfolio. The valuation of the Company's investment in the Manager, Lindsell Train Limited, is calculated at the end of each quarter on the basis of fair value as determined by the Directors of the Company. The valuation process is formula based and takes into account inter alia, the net assets of Lindsell Train Limited, the value of the fund under its management and the moving average of its monthly earnings.
8. Following the publication of the Investment Entities (Listing Rules and Conduct of Business) Instrument 2003 on 29 October 2003 the Company announced that it is the Company's policy to invest no more than 15% of its gross assets in other UK listed investment companies (including UK listed investment trusts) as defined in chapter 21 of the Listing Rules.
9. It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an Investment Trust Company set out in Section 842 of the Income and Corporation Taxes Act 1988.

By order of the Board

Phoenix Administration Services Limited
Secretary
29 November 2004

The Lindsell Train Investment Trust plc

Portfolio Holdings at 30 September 2004

(All Ordinary Shares unless otherwise stated)

<i> Holding</i>	<i> Security</i>	<i> Market value</i> £'000	<i> % of</i> <i> total assets</i>
US\$3,850,000	US Treasury 6.25% 15/05/2030	2,525	11.50
36,416	Lindsell Train Global Media (Distributor) Inc	2,271	10.34
35,094	Lindsell Train Japan (Distributor) Inc	2,101	9.57
1,463,000	HBOS 9.25% Non - Cumulative Preferred	2,081	9.47
130,250	Glenmorangie 'A' (Limited Voting)	2,071	9.43
269,457	Barr (AG)	1,921	8.75
£3,350,000	2.5% Consolidated Loan Stock	1,778	8.10
£2,500,000	UK Treasury 2.5%	1,323	6.02
44,130	Glenmorangie 'B'	1,280	5.83
293,654	Cadbury Schweppes	1,248	5.68
127,118	Wolverhampton & Dudley Breweries	1,129	5.14
15,500	Nintendo	1,048	4.77
1,013,126	Halifax 6.125% Non - Cumulative Preferred	990	4.51
420,000	Finsbury Growth & Income Trust	838	3.82
115,000	Diageo	793	3.61
666	Lindsell Train Limited *	764	3.48
217,000	Reuters Group	676	3.08
118,000	Reed Elsevier	572	2.60
18,000	Dow Jones & Co	404	1.84
(9)	FTSE 100 Index Future 17 December 2004	(2)	(0.01)
		<hr/>	<hr/>
	Total investments	25,811	117.53
	Net current liabilities	(3,850)	(17.53)
		<hr/>	<hr/>
	Total assets less current liabilities	<u>21,961</u>	<u>100.00</u>

* Unlisted investment

The Lindsell Train Investment Trust plc

Investment Portfolio at 30 September 2004

Breakdown by Industry Sector

Long Term Fixed Interest		
Bonds	25.62%	
Preference Stock*	13.98%	
		39.60%
Equities		
Beverages	27.62%	
Lindsell Train Funds	19.91%	
Media	12.29%	
Consumer Products	5.68%	
Breweries	5.14%	
Investment Companies	3.82%	
Investment Management	3.48%	
Index Future	(0.01)%	
		77.93%
Cash		(17.53)%
		<u>100.00%</u>

Breakdown by Geography

Long Term Fixed Interest		
UK*	28.10%	
USA	11.50%	
		39.60%
Equities		
UK	51.41%	
Japan	14.34%	
World-wide	10.34%	
USA	1.84%	
		77.93%
Cash		
USA	3.52%	
Europe	0.01%	
Japan	(2.82)%	
UK	(18.24)%	
		(17.53)%
		<u>100.00%</u>

Breakdown by Currency

£		61.27%
US\$		36.77%
Yen		1.95%
Euro		0.01%
		<u>100.00%</u>

* Includes Halifax 6.125% Non - Cumulative Preferred and HBOS 9.25% Non - Cumulative Preferred although, strictly speaking, these are equity investments.

Company Secretary and Registered Office

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The Lindsell Train Investment Trust plc

Registered in England 4119429