



THE LINDSELL TRAIN INVESTMENT TRUST PLC

Interim Report for the six months
ended 30 September 2006

Directors

Rhoderick Swire (Chairman)

Donald Adamson

Dominic Caldecott

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 2006 - 30 September 2006)

| | |
|--|--------------|
| Middle market share price per ordinary share# | +7.6% |
| Net Asset Value per ordinary share^ | +5.2% |
| Benchmark* | +2.1% |
| MSCI World Index (Sterling) | -4.4% |
| UK RPI Inflation (all items) | +2.3% |

^ Adjusted to include the £1.75 dividend paid on 26 July 2006.

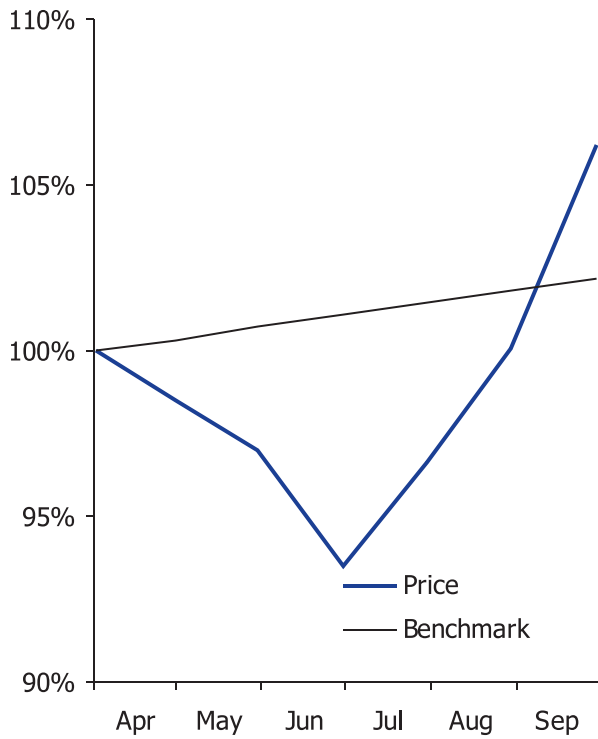
* The index of the annual average yield on the 2.5% Consolidated Loan Stock between the relevant dates.

Calculated on a total return basis.

THE LINSELL TRAIN INVESTMENT TRUST PLC

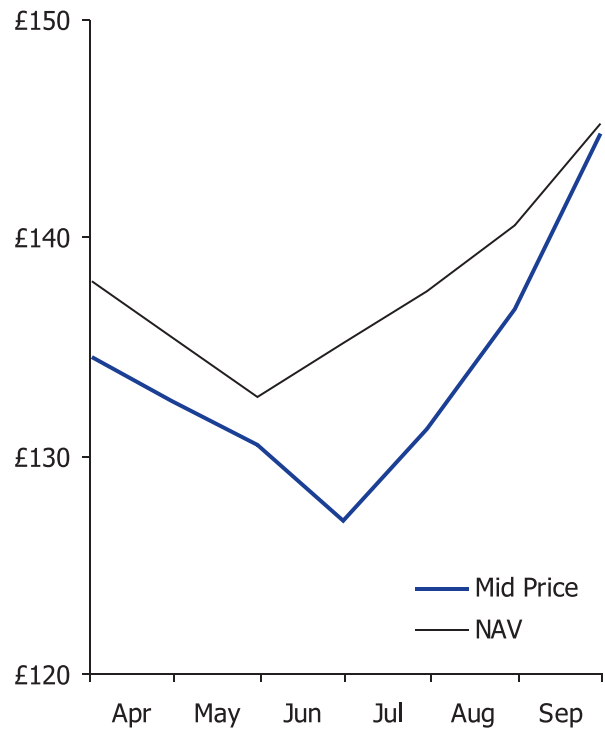
Financial highlights continued

**The Linsell Train Investment Trust plc
Price performance relative to the Benchmark
from 1 April 2006 to 30 September 2006**



Unadjusted for the £1.75 dividend paid in July 2006.

**The Linsell Train Investment Trust plc
Price performance relative to NAV
from 1 April 2006 to 30 September 2006**



Source: Bloomberg & Linsell Train Limited.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Chairman's Statement

I am pleased to report a continued rise in the net asset value ('NAV') of 5.2% over the first half of the current financial year. The performance exceeded that of the benchmark (+2.1%) and global markets as measured by the MSCI index in Sterling (-4.4%). The negative performance of global markets was entirely due to the weakness of the US Dollar versus Sterling, something that also restrained the rise in the Company's NAV on account of its 30% exposure to US Dollar denominated securities.

The share price performed better rising 7.6%, narrowing the discount to the NAV to almost parity by the end of September.

The rise in the NAV was in a large part due to the strong performance of Nintendo (+40% since March 2006) as well as an important contribution from the Lindsell Train Japan Fund up (+14%), admittedly following a disappointing 2005. It is encouraging to observe that assets such as these can help enhance the upward momentum in the NAV at a time when some other parts of the portfolio, notably the holdings in long term fixed interest, have in aggregate, stagnated. Other notable contributors to performance were the large holdings in AG Barr (+17%) and Wolverhampton and Dudley Breweries (+13%) reflecting the continuing strong dividend growth from these important drinks franchises.

It is interesting to reflect that over five years from its establishment, the portfolio now has, at 13, an optimum number of investments in different companies, the Manager having originally characterised a range of 10-15 to investors when the Company was launched in 2001. Still some positions remain under-sized and may take more years to build. This long-term and cautious approach to selecting securities is unusual in the investment management industry these days and is a differentiating characteristic of your Company. In addition, I believe it is an attribute that has contributed to the logic and transparency behind the investment decisions and, ultimately, helped enhance returns.

There was, disappointingly, a lack of growth in assets under management at Lindsell Train Limited in the first half of the year. However Lindsell Train did launch its new UK Equity Fund in July, specifically targeted at institutional investors with a minimum subscription of £500,000 which had by early November grown to a size of £42m. I remain confident that, with the growing history of strong performance, the prospects for the management company to grow its funds under management remain good.

This year, not only are your Company's average borrowings higher than last year but also their cost has increased following recent rises in short-term interest rates. This extra financing cost exceeds the increase in revenues from growing dividends. I believe the Company's potential in the short-term to grow dividends at the annualised rate of 10% achieved in the last three years will be reduced.

R M Swire

Chairman

27 November 2006

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Investment Manager's Report

This was another quiet six months for portfolio activity. What there was consisted of three types.

First, we executed a switch between two preference shares. Specifically, we sold the HBOS 6.475% holding and invested the proceeds into HBOS 9.25% stock. We conducted this trade for two reasons. By doing so we not only accessed a marginally higher dividend yield at the terms offered, we also and much more significant, switched out of an instrument with a fixed life into one which is irredeemable. The former preference share has a call option in 2024, at the issuer's discretion. This feature, in our view, puts a cap on the capital upside, while providing no protection to the downside (because the issuer is not obliged to redeem at par). The irredeemable paper, by contrast, offers theoretically unlimited upside - because it can carry on rising in price for as long as long-term inflation expectations keep falling. We still think that any growth scare for the global, US or UK economies will be accompanied by a sharp decline in inflation expectations, which will tend to push up the prices of both the irredeemable preference shares and irredeemable gilts within the portfolio.

Notwithstanding this expression of our belief that long-dated, high calibre fixed interest assets have a place in a portfolio targeting absolute returns, our second activity over the period was to continue to reduce our holding in US Treasury bonds. We sold not because we are negative about the asset class – which has indeed rallied strongly in recent weeks, but because we identified more attractive equity assets.

Last, therefore, we bought some ordinary shares – adding modestly to the longstanding positions in Cadbury Schweppes and Reed Elsevier. In addition, we initiated one new holding – in eBay. This last is one of the most remarkable and profitable companies we know and, moreover, has been on our "watch-list" for years. For years, however, the valuation of eBay's stock has been too challenging for us. Between December 2004 and mid 2006 though, eBay's price more than halved, as it became clear that the company's growth rate is, inevitably, slowing. We took advantage and bought two tranches of stock, the second at, in hindsight, a multi-year low in the price, which has subsequently rebounded strongly, making for a 30.0% gain in US Dollars in short order. Therein lies a frustration, because, similar to our newer holdings in Clarins and Heineken, which also rallied almost immediately we began to buy, the eBay position, at 1.6% of assets is well below targeted size. As with the other two, we must wait and hope that some dislocation in the markets offers us an opportunity to resume accumulation.

Shareholders can correctly assume that the relatively modest activity of the last six months signifies a lot of enthusiasm on our part about the constitution and the constituents of the portfolio. Some of those constituents have the potential to rise materially over the next few years. Nintendo, in particular, is an important investment for your Company. It is not only held directly in the portfolio, but is the largest holding in both the Lindsell Train Global Media and Japan Funds. On this basis, the "look through" exposure to Nintendo amounts to over 8.5%. Its shares hit a new high as this report is written, as investors anticipate the impending launch of Nintendo's newest home gaming console, the Wii. These gains mean that Nintendo stock has now trebled since its low in May 2003. We hope this is just the beginning and use the performance of Apple's share price over the same period as an inspiration. Apple bottomed at US\$6.56 in April 2003. Since then, as its iPod has become ubiquitous, the price has gained nearly 13-fold to about US\$85.00. Remarkably, Nintendo's ultimate opportunity may be even greater than Apple's, because in addition to engineering two innovative pieces of hardware (the DS handheld and now the Wii), Nintendo also creates game software, from which exceptional profits can be earned. By contrast, although Apple engineered iPod, it has no economic claim on the content played over the device.

N Train

Investment Manager
Lindsell Train Limited
27 November 2006

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Income Statement

| | Six months to 30 September 2006 | | |
|---|--|----------------|--------------|
| | Unaudited | | |
| | Revenue | Capital | Total |
| | £'000 | £'000 | £'000 |
| Gains on investments | — | 1,180 | 1,180 |
| Exchange differences | — | (85) | (85) |
| Gains on forward currency contracts | — | 71 | 71 |
| Income | 579 | — | 579 |
| Investment management fee | (84) | — | (84) |
| Other expenses | (87) | (1) | (88) |
| | <hr/> | <hr/> | <hr/> |
| Net return before finance costs and tax | 408 | 1,165 | 1,573 |
| Interest payable and similar charges | (138) | — | (138) |
| | <hr/> | <hr/> | <hr/> |
| Return on ordinary activities before tax | 270 | 1,165 | 1,435 |
| Tax on ordinary activities | (5) | — | (5) |
| | <hr/> | <hr/> | <hr/> |
| Return on ordinary activities after tax for the period | 265 | 1,165 | 1,430 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Return per Ordinary Share | £1.33 | £5.82 | £7.15 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

The total columns of this statement represent the profit and loss accounts of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

No operations were acquired or discontinued during the period.

A statement of total recognised gains and losses is not required as all gains and losses of the Company have been reflected in the above statement.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

| | Six months to 30 September 2005 Unaudited | | | Year ended 31 March 2006 Audited | | |
|---------|---|-------|---------|--|--------|--|
| Revenue | Capital | Total | Revenue | Capital | Total | |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| — | 1,527 | 1,527 | — | 3,512 | 3,512 | |
| — | 53 | 53 | — | 61 | 61 | |
| — | 10 | 10 | — | 43 | 43 | |
| 466 | — | 466 | 961 | — | 961 | |
| (66) | — | (66) | (141) | — | (141) | |
| (72) | (1) | (73) | (132) | (3) | (135) | |
| 328 | 1,589 | 1,917 | 688 | 3,613 | 4,301 | |
| (83) | — | (83) | (197) | — | (197) | |
| 245 | 1,589 | 1,834 | 491 | 3,613 | 4,104 | |
| (2) | — | (2) | (4) | — | (4) | |
| 243 | 1,589 | 1,832 | 487 | 3,613 | 4,100 | |
| £1.21 | £7.95 | £9.16 | £2.43 | £18.07 | £20.50 | |

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Reconciliation of Movements in Shareholders' Funds

| | Share capital £'000 | Special reserve £'000 | Capital reserve realised £'000 | Capital reserve unrealised £'000 | Revenue reserve £'000 | Total £'000 |
|---|---------------------------|-----------------------------|---|---|-----------------------------|----------------|
| For the six months ended 30 September 2006 | | | | | | |
| Net assets at 31 March 2006 | 150 | 19,850 | 1,226 | 5,496 | 881 | 27,603 |
| Net profit from operating activities | — | — | (57) | 1,222 | 265 | 1,430 |
| Dividends paid | — | — | — | — | (350) | (350) |
| Net assets at 30 September 2006 | 150 | 19,850 | 1,169 | 6,718 | 796 | 28,683 |

| | Share capital £'000 | Special reserve £'000 | Capital reserve realised £'000 | Capital reserve unrealised £'000 | Revenue reserve £'000 | Total £'000 |
|---|---------------------------|-----------------------------|---|---|-----------------------------|----------------|
| For the six months ended 30 September 2005 | | | | | | |
| Net assets at 31 March 2005 | 150 | 19,850 | 1,124 | 1,985 | 704 | 23,813 |
| Net profit from operating activities | — | — | 47 | 1,542 | 243 | 1,832 |
| Dividends paid | — | — | — | — | (310) | (310) |
| Net assets at 30 September 2005 | 150 | 19,850 | 1,171 | 3,527 | 637 | 25,335 |

| | Share capital £'000 | Special reserve £'000 | Capital reserve realised £'000 | Capital reserve unrealised £'000 | Revenue reserve £'000 | Total £'000 |
|---|---------------------------|-----------------------------|---|---|-----------------------------|----------------|
| For the year ended 31 March 2006 | | | | | | |
| Net assets at 31 March 2005 | 150 | 19,850 | 1,124 | 1,985 | 704 | 23,813 |
| Net profit from operating activities | — | — | 102 | 3,511 | 487 | 4,100 |
| Dividends paid | — | — | — | — | (310) | (310) |
| Net assets at 31 March 2006 | 150 | 19,850 | 1,226 | 5,496 | 881 | 27,603 |

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Balance Sheet

| | 30 September 2006 Unaudited £'000 | 30 September 2005 Unaudited £'000 | 31 March 2006 Audited £'000 |
|---|--|--|--------------------------------------|
| Fixed Assets | | | |
| Investments held at fair value through profit or loss | 32,662 | 27,834 | 31,442 |
| Current assets | | | |
| Debtors | 960 | 1,004 | 1,032 |
| Cash at bank | 1,471 | 937 | 1,467 |
| | 2,431 | 1,941 | 2,499 |
| Creditors: amounts falling due within one year | (6,410) | (4,440) | (6,338) |
| Net current liabilities | (3,979) | (2,499) | (3,839) |
| Total assets less current liabilities | 28,683 | 25,335 | 27,603 |
| Capital and reserves | | | |
| Called up share capital | 150 | 150 | 150 |
| Special reserve | 19,850 | 19,850 | 19,850 |
| | 20,000 | 20,000 | 20,000 |
| Capital reserve - realised | 1,169 | 1,171 | 1,226 |
| Capital reserve - unrealised | 6,718 | 3,527 | 5,496 |
| Revenue reserve | 796 | 637 | 881 |
| Equity shareholders' funds | 28,683 | 25,335 | 27,603 |
| Net asset value per Ordinary Share | £143.41 | £126.67 | £138.01 |

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Cash Flow Statement

| | Six months to 30 September 2006 Unaudited £'000 | Six months to 30 September 2005 Unaudited £'000 | Year ended 31 March 2006 Audited £'000 |
|--|--|---|--|
| Net cash inflow from operating activities | 488 | 349 | 710 |
| Returns on investments and servicing of finance | (136) | (78) | (185) |
| Taxation | (10) | (3) | (4) |
| Financial investment | (65) | (1,118) | (2,716) |
| | 277 | (850) | (2,195) |
| Equity dividends paid | (350) | (310) | (310) |
| Decrease in cash | (73) | (1,160) | (2,505) |
| Reconciliation of net cash flow to movement in net debt | | | |
| Decrease in cash in the period | (73) | (1,160) | (2,505) |
| Exchange movements | (85) | 53 | 61 |
| Opening net debt | (4,037) | (1,593) | (1,593) |
| Closing net debt | (4,195) | (2,700) | (4,037) |
| Represented by | | | |
| Cash at bank | 1,471 | 937 | 1,467 |
| Overdrafts | (5,666) | (3,637) | (5,504) |
| | (4,195) | (2,700) | (4,037) |
| Reconciliation of operating profit to net cash inflow from operating activities | | | |
| Profit before finance costs and taxation | 1,573 | 1,917 | 4,301 |
| Gains on investments held at fair value | (1,180) | (1,527) | (3,512) |
| Losses/(gains) on exchange movements | 85 | (53) | (61) |
| Decrease in other debtors | 23 | 8 | 23 |
| Decrease/(increase) in accrued income | 53 | 10 | (34) |
| Decrease in creditors | (66) | (6) | (7) |
| Net cash inflow from operating activities | 488 | 349 | 710 |

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Notes to the Interim Accounts

1. The financial information for the year ended 31 March 2006 included in this half-year report has been based upon the Company's full accounts, which for the year to 31 March 2006 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 2006 have been prepared on a basis consistent with the accounting policies adopted by the Company in its statutory accounts for the year ended 31 March 2006.
3. The Income Statement for the six months ended 30 September 2006, six months to 30 September 2005 and year to 31 March 2006 have been prepared in accordance with the Statement of Recommended Practice issued in January 2003 revised December 2005, "Financial Statement of Investment Trust Companies" which have been adopted by the Company.
4. The Income Statement includes the results of the Company and together with the Reconciliation of Movements in Shareholders' Funds, Balance Sheet, and Cash Flow Statement at 30 September 2006, 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 2006 of £28,683,000 (31 March 2006: £27,603,000 and 30 September 2005: £25,335,000) and on 200,000 Ordinary Shares in issue at 30 September 2006 (31 March 2006 and 30 September 2005: 200,000).
6. Returns per Ordinary Share:
The total return per Ordinary Share is based on net gain on ordinary activities after taxation of £1,430,000 for the six months to 30 September 2006 (31 March 2006: £4,100,000 and 30 September 2005: £1,832,000) divided by 200,000 (31 March 2006 and 30 September 2005: 200,000) Ordinary Shares being the weighted average number of Ordinary Shares in issue during the period.

The total return per Ordinary Share figure detailed above can be further analysed between revenue and capital, as below:

Revenue return:

The revenue return per Ordinary Share is based on net gain on ordinary activities after taxation of £265,000 for the six months to 30 September 2006 (31 March 2006: £487,000 and 30 September 2005: £243,000) divided by 200,000 (31 March 2006 and 30 September 2005: 200,000) Ordinary Shares being the weighted average number of Ordinary Shares in issue during the period.

Capital return:

The capital return per Ordinary Share is based on net gain on ordinary activities after taxation of £1,165,000 for the six months to 30 September 2006 (31 March 2006: £3,613,000 and 30 September 2005: £1,589,000) divided by 200,000 (31 March 2006 and 30 September 2005: 200,000) Ordinary Shares being the weighted average number of Ordinary Shares in issue during the period.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Notes to the Interim Accounts continued

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 funds under 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 Listing Rule 15.
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
27 November 2006

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Portfolio Holdings at 30 September 2006

(All Ordinary Shares unless otherwise stated)

| Holding | Company | Market value £'000 | % of total assets |
|----------------|---|-------------------------------|------------------------------|
| 2,383,700 | HBOS 9.25% Non-Cumulative Preferred | 3,748 | 13.07 |
| 269,457 | Barr (AG) | 3,061 | 10.67 |
| 38,092 | Lindsell Train Global Media (Distributor) Inc | 2,990 | 10.42 |
| 386,500 | Cadbury Schweppes | 2,195 | 7.65 |
| 232,000 | Diageo | 2,188 | 7.63 |
| £3,350,000 | 2.5% Consolidated Loan Stock | 1,979 | 6.90 |
| 127,118 | Wolverhampton & Dudley Breweries | 1,827 | 6.37 |
| 16,000 | Nintendo | 1,761 | 6.14 |
| US\$2,605,000 | US Treasury 6.25% 15/05/2030 | 1,676 | 5.84 |
| 35,094 | Lindsell Train Japan (Distributor) Inc | 1,634 | 5.70 |
| 666 | Lindsell Train Limited * | 1,611 | 5.62 |
| £2,500,000 | UK Treasury 2.5% | 1,505 | 5.25 |
| 420,000 | Finsbury Growth & Income Trust | 1,258 | 4.38 |
| 206,500 | Reed Elsevier | 1,223 | 4.26 |
| 131,500 | Pearson | 999 | 3.48 |
| 227,000 | Reuters Group | 986 | 3.44 |
| 36,900 | Heineken | 775 | 2.70 |
| 38,092 | Clarins | 479 | 1.67 |
| 29,250 | eBay | 444 | 1.55 |
| 18,000 | Dow Jones & Co | 323 | 1.13 |
| | | <hr/> | <hr/> |
| | Total investments | 32,662 | 113.87 |
| | Net current liabilities | (3,979) | (13.87) |
| | | <hr/> | <hr/> |
| | Total assets less current liabilities | 28,683 | 100.00 |
| | | <hr/> <hr/> | <hr/> <hr/> |

* Unlisted investment

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Investment Portfolio at 30 September 2006

Breakdown by industry sector

Long-term fixed interest

| | | |
|-------------------|--------|---------------|
| Bonds | 17.99% | |
| Preference Stock* | 13.07% | |
| | | 31.06% |

Equities

| | | |
|------------------------------|--------|---------------|
| Beverages | 21.00% | |
| Media | 18.45% | |
| Lindsell Train Funds | 16.12% | |
| Consumer Products | 7.65% | |
| Breweries | 6.37% | |
| Investment Management | 5.62% | |
| Investment Companies | 4.38% | |
| Personal Care | 1.67% | |
| Software & Computer Services | 1.55% | |
| | | 82.81% |

Cash

(13.87)%

100.00%

Breakdown by geography

Long-term fixed interest

| | | |
|-----|--------|---------------|
| UK* | 25.22% | |
| USA | 5.84% | |
| | | 31.06% |

Equities

| | | |
|------------|--------|---------------|
| UK | 53.50% | |
| World-wide | 14.79% | |
| Japan | 11.84% | |
| USA | 2.68% | |
| | | 82.81% |

Cash

| | | |
|--------|----------|-----------------|
| USA | 5.05% | |
| Japan | 0.08% | |
| Europe | (2.34)% | |
| UK | (16.66)% | |
| | | (13.87)% |

100.00%

Breakdown by currency

| | |
|------|--------|
| £ | 62.06% |
| US\$ | 29.69% |
| Yen | 6.22% |
| Euro | 2.03% |

100.00%

* Includes HBOS 9.25% Non - Cumulative Preferred although, strictly speaking, this is an equity investment.

Company Secretary and registered office
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Chelmsford Essex CM2 5PW
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