THE ESTABLISHMENT INVESTMENT TRUST PLC

Half-year report for the six months
ended 30 September 2011

BDT
INVEST

Directors

Sir David Cooksey GBE (Chairman)
Gregory Shenkman
Henry Thornton
Richard Thornton
Tom Waring
Harry Wells

Investment Manager

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Registered Auditor

Grant Thornton UK LLP
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Registered in England & Wales No. 4355437

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Objective of the Company

The investment objective of the Company is to achieve long-term capital growth from an international portfolio of securities. The preservation of capital is of primary importance to the investment objective.

The Company aims to achieve absolute returns and is not managed by reference to any equity or bond index or benchmark.

Investment Policy

- To invest primarily in equities issued by companies listed on regulated markets. With the prior approval of the Board, the Company may invest in unlisted securities.
- The Company holds, and expects to retain, a circa 15% economic interest in its Investment Manager, BDT Invest LLP via its investment in BDT Investment Management Limited.
- Up to 30% of net assets may be invested in investment products managed by BDT Invest LLP. The Company may also hold positions in investment products managed by third parties.
- Up to a maximum of 15% (at cost at the date of investment) may be invested in any one security.
- The Company may borrow up to a maximum of 50% of net assets.

Financial Highlights

Performance comparisons in the current performance period (1 April 2011 – 30 September 2011)

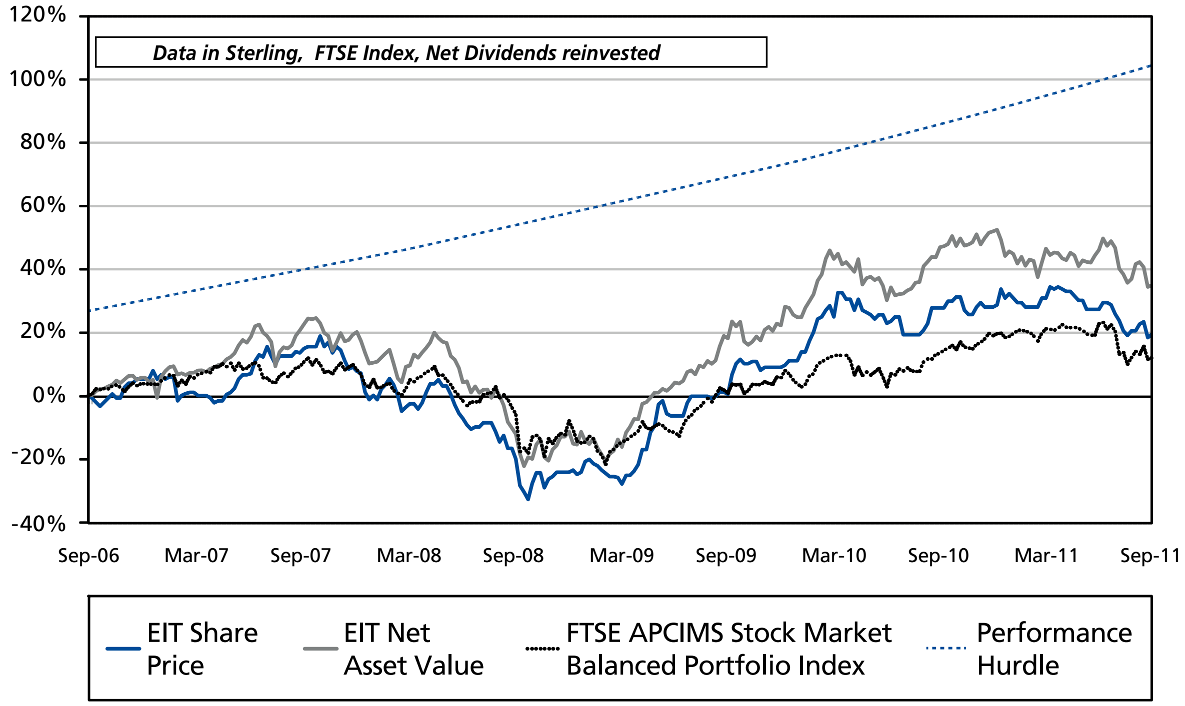
	30 September 2011	31 March 2011	**Change**
Share Price	**167.00p**	185.00p	**(9.73)%**
Net asset value	**191.05p**	208.94p	**(8.56)%**
Performance Fee Hurdle #	**275.38p**	262.27p	**5.00%**
Adjusted Market Capitalisation #	**193.12p**	204.01p	**(5.34)%**
FTSE APCIMS Stock Market Balanced Portfolio Index			**(6.85)%**
UK Equity *			**(11.65)%**
World Equity *			**(13.99)%**
Japan *			**(3.78)%**
Asia ex Japan Equity *			**(18.76)%**
UK Bond *			**10.93%**

The Adjusted Market Capitalisation of an Ordinary Share at 30 September 2011 is based on the average share price for September 2011 of 168.97p plus dividends paid of 24.15p since the last performance fee was paid. As this was below the Performance Fee Hurdle of 275.38p at the half-year end, no performance fee provision has been made.

* MSCI Indices converted into sterling, except the UK Bond which is a FTSE index. All indices are total return.

Financial Highlights continued

Share Price performance relative to the Net Asset Value,
Performance Hurdle and FTSE APCIMS Stock Market Balanced Portfolio Index (APCIMS Index)
since 1 October 2006 to 30 September 2011 (total return).



Chairman's Statement

During the first half of the financial year the share price declined by 9.7% while the net asset value decreased by 8.6%. Including the final dividend, paid in August 2011, the total return numbers were a little better, -8.4% and -7.4% respectively. In comparison the FTSE APCIMS Stock Market Balanced Portfolio Index declined by 6.9% over the period.

The global equity rally, which saw prices rise gently after the Lehman Brothers inspired lows of early 2009, came to an abrupt halt in the third quarter of 2011 as the few remaining believers in the rosy scenario of a normal economic recovery, driven by ultra loose monetary policy, lost faith. To reiterate earlier annual and interim reports, it is the belief of your Board that the fundamental problem across the Western economies is one of excessive debt at a household and, more recently, at a Government level. Across Europe, in particular, there remains excessive leverage in the financial sector. A prolonged period of deleveraging and muted economic growth lies ahead.

Generally speaking Asian economies are open and trade orientated so it is not a surprise that the increasingly bleak economic outlook in the West has dented growth projections in the region. Asian equity markets continue to be perceived, correctly or otherwise, as "high risk" and so it is unsurprising – especially given their strong outperformance over the past few years – that equities across the Asian region have underperformed during the period under review. For the six months to 30th September, the MSCI Asia ex Japan Equity Index fell 18.8% in sterling terms while the MSCI World Index declined by 14.0%.

While credit growth in China in recent years has undoubtedly been excessive, the broader picture across much of Asia remains encouraging, driven by positive demographic trends, ongoing urbanisation and rising consumption. With one or two notable exceptions, leverage remains low at a household, banking and Government level. Valuations look increasingly attractive following recent market declines and your Board is optimistic that the Company is well positioned to deliver returns to shareholders in the period that lies ahead.

I am delighted to welcome Gregory Shenkman to the Board. Greg, has extensive experience of Asian Capital markets and the Investment Industry.

The Board has proposed an interim dividend of 1.7p per Ordinary Share, an increase of 6.3% compared to the prior year.

Sir David Cooksey GBE
Chairman
24 November 2011

Investment Manager's Report

The Chairman's statement notes the -8.4% and -7.4% total return in the share price and net asset value respectively during the period under review. During the past six months the Ordinary shares have moved from a discount of 11.5% to a discount of 12.6%. For comparative purposes, the MSCI United Kingdom Index fell 11.6%, the MSCI World Index 14.0%, the MSCI Asia ex Japan Index 18.8% and the MSCI Japan Index 3.8% during the period under review.

The strong relative performance of Japan is noteworthy. In part this reflects the depressed state of the market following the Fukushima nuclear accident but it also reflects a market trading at rock bottom valuations. In addition the Yen remains the least ugly of the major currencies despite spiralling Government debt levels. The near 10% commitment to Japan, via the two BDT Invest LLP Funds, proved helpful. While we see few reasons for Japan to re-rate any time soon, the value on offer is comforting.

The position in Gold Bullion Securities proved extremely helpful in the first half, delivering a return of nearly 16% in Sterling terms. In September, your Manager reduced the position from 14% of assets to approximately 8%, feeling that the price had become severely extended. We would expect to rebuild the position into any significant weakness – Gold remains an attractive asset in a world beset by continuous central bank quantitative easing.

The unfolding sovereign debt crisis in the Eurozone continues to dominate investor sentiment and we see little reason to be anything other than pessimistic regarding the likelihood of any sustainable improvement in growth prospects. Conversely the prospects for the American economy appear to us to be a little brighter. While the finances of Government at both a Federal and State level remain difficult, there are some small signs of life in the manufacturing and housing industries. Importantly leverage in the US banking sector has been substantially reduced since 2008, in sharp contrast with Europe, where leverage in the financial system remains extremely high.

Reduced global growth expectations have impacted the open and trade orientated Asian economies and we would expect growth forecasts for 2012 to continue to be trimmed. This cyclical factor, however, is more than offset by the secular growth drivers detailed in previous reports – namely positive demographics, on-going urbanisation and rising consumption. The vast majority of the Company's investments remain committed to a range of well-managed, domestically orientated businesses with solid balance sheets and excellent growth prospects.

If there is one concern within the Asian region, it is the very rapid growth of credit in China since early 2009. Credit booms are generally followed by a bust. While not entirely dismissive of these concerns, we caution against applying simple free market economic theory too rigidly to an economy that remains, to a large extent, controlled by the State. If there is to be a significant slowdown, it will manifest itself in stagnant or declining investment levels. This is of real concern to the commodity sector given that the global demand for hard commodities such as iron ore, coal, lead, zinc and copper continues to be driven almost singlehandedly by China. Your Company has virtually no exposure to commodities.

The share price and net asset value have held up reasonably well during the recent correction which has taken regional valuations back to attractive levels and this leaves your Manager optimistic of delivering a stronger second half result.

BDT Invest LLP
Investment Manager
24 November 2011

Income Statement

	Notes	Revenue £'000	Six months ended 30 September 2011 Unaudited Capital £'000	Total £'000
(Losses)/gains on investments		–	(3,669)	(3,669)
Exchange gains/(losses) on currency balances		–	3	3
Income	5	931	–	931
Investment management fees		(31)	(124)	(155)
Other expenses		(165)	(3)	(168)
Net return before finance costs and tax		735	(3,793)	(3,058)
Interest payable and similar charges		–	–	–
Return on ordinary activities before tax		735	(3,793)	(3,058)
Tax on ordinary activities	8	(40)	–	(40)
Return on ordinary activities after tax for the financial period		695	(3,793)	(3,098)
Return per Ordinary Share	9	3.47p	(18.96)p	(15.49)p

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 revenue and capital columns are supplementary to this and are prepared under the guidance published by the Association of Investment Companies.

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.

No operations were acquired or discontinued during the period.

Six months ended 30 September 2010 Unaudited Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2011 Audited Revenue £'000	Capital £'000	Total £'000
–	484	484	–	266	266
–	(56)	(56)	–	(18)	(18)
854	–	854	1,440	–	1,440
(29)	(116)	(145)	(59)	(236)	(295)
(165)	(1)	(166)	(337)	(1)	(338)
660	311	971	1,044	11	1,055
–	–	–	–	–	–
660	311	971	1,044	11	1,055
(83)	–	(83)	(180)	–	(180)
577	311	888	864	11	875
2.89p	1.55p	4.44p	4.32p	0.05p	4.37p

Reconciliation of Movements in Shareholders' Funds

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the six months ended 30 September 2011					
At 31 March 2011	**5,000**	**14,701**	**20,954**	**1,134**	**41,789**
Return on ordinary activities after tax for the financial period	**–**	**–**	**(3,793)**	**695**	**(3,098)**
Dividends paid	**–**	**–**	**–**	**(480)**	**(480)**
At 30 September 2011	**5,000**	**14,701**	**17,161**	**1,349**	**38,211**

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the six months ended 30 September 2010					
At 31 March 2010	5,000	14,701	20,943	1,050	41,694
Return on ordinary activities after tax for the financial period	–	–	311	577	888
Dividends paid	–	–	–	(460)	(460)
At 30 September 2010	5,000	14,701	21,254	1,167	42,122

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2011					
At 31 March 2010	5,000	14,701	20,943	1,050	41,694
Return on ordinary activities after tax for the financial year	–	–	11	864	875
Dividends paid	–	–	–	(780)	(780)
At 31 March 2011	5,000	14,701	20,954	1,134	41,789

Balance Sheet

	Note	30 September 2011 Unaudited £'000	30 September 2010 Unaudited £'000	31 March 2011 Audited £'000
Fixed assets				
Investments held at fair value through profit or loss		**33,740**	39,694	37,983
Current assets				
Debtors		**255**	174	1,799
Cash at bank		**4,298**	2,334	2,073
		4,553	2,508	3,872
Creditors: amounts falling due within one year		**(82)**	(80)	(66)
Net current assets		**4,471**	2,428	3,806
Net assets		**38,211**	42,122	41,789
Capital and reserves				
Called up share capital		**5,000**	5,000	5,000
Share premium		**14,701**	14,701	14,701
Capital reserve		**17,161**	21,254	20,954
Revenue reserve		**1,349**	1,167	1,134
Equity shareholders' funds		**38,211**	42,122	41,789
Net asset value per Ordinary Share	6	**191.05p**	210.61p	208.94p

Registered in England & Wales No. 4355437

Cash Flow Statement

	Six months ended 30 September 2011 Unaudited £'000	Six months ended 30 September 2010 Unaudited £'000	Year ended 31 March 2011 Audited £'000
Net cash inflow from operating activities	**1,058**	966	777
Taxation	**(137)**	(109)	(308)
Financial investment	**1,781**	(1,772)	(1,363)
Net cash inflow/(outflow) before financing	**2,702**	(915)	(894)
Equity dividends paid	**(480)**	(460)	(780)
Increase/(decrease) in cash in the period	**2,222**	(1,375)	(1,674)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period	**2,222**	(1,375)	(1,674)
Exchange movements	**3**	(56)	(18)
Opening net funds	**2,073**	3,765	3,765
Closing net funds	**4,298**	2,334	2,073
Represented by			
Cash at bank	**4,298**	2,334	2,073
Reconciliation of operating (loss)/profit to net cash inflow from operating activities			
Net return before finance costs and taxation	**(3,058)**	971	1,055
Losses/(gains) on investments held at fair value	**3,669**	(484)	(266)
(Gains)/losses on exchange movements	**(3)**	56	18
Increase in other debtors	**(1)**	(1)	(1)
Decrease/(increase) in accrued income	**435**	411	(28)
Increase/(decrease) in creditors	**16**	13	(1)
Net cash inflow from operating activities	**1,058**	966	777

Notes to the Financial Statements

1. The financial information for the year ended 31 March 2011 included in this half-year report has been based upon the Company's full accounts, which for the year to 31 March 2011 carried an unqualified audit report and did not include statements under Sections 498(2) or 498(3) of the Companies Act 2006. Those accounts have been filed with the Registrar of Companies.

2. The financial statements for the six months ended 30 September 2011 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 2011.

3. The Income Statement for the six months ended 30 September 2011, the six months ended 30 September 2010 and the year ended 31 March 2011 have been prepared in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued by The Association of Investment Companies in January 2009, which has 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 2011, are unaudited and do not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006.

5. Income

	Six months ended 30 September 2011 Unaudited £'000	Six months ended 30 September 2010 Unaudited £'000	Year ended 31 March 2011 Audited £'000
Overseas dividends	**900**	832	1,413
Overseas fixed interest income	**–**	2	1
UK dividends	**31**	20	26
	931	854	1,440

6. Net asset value per Ordinary Share

	Six months ended 30 September 2011 Unaudited	Six months ended 30 September 2010 Unaudited	Year ended 31 March 2011 Audited
Net assets attributable	**£38,211,000**	£42,122,000	£41,789,000
Ordinary Shares in issue at the period end	**20,000,000**	20,000,000	20,000,000
Net asset value per Ordinary Share	**191.05p**	210.61p	208.94p

7. The aggregate maximum investments which may be made in BDT Products is 30% of net assets. Aggregate investments in BDT Products at 30 September 2011 totalled 18.98% of net assets. BDT Invest LLP rebates management fees in respect of BDT Products back to the Company. The Company additionally owns shares in BDT Investment Management Limited which equate to 0.81% of net assets.

Notes to the Financial Statements continued

8. Effective rate of tax

The effective rate of tax reported in the revenue column of the Income Statement for the six months ended 30 September 2011 is 5.44% (year ended 31 March, 2011: 17.24% and six months ended 30 September 2010: 12.58%) based on revenue return before tax of £735,000 (year ended 31 March 2011: £1,044,000 and six months ended 30 September 2010: £660,000). This differs from the standard rate of tax, 26% (year ended 31 March 2011 and six months ended 30 September 2010: 28%) as a result of income not taxable for Corporation Tax purposes.

9. Return per Ordinary Share

	Six months ended 30 September 2011 Unaudited	Six months ended 30 September 2010 Unaudited	Year ended 31 March 2011 Audited
Total return per Ordinary Share			
Total return	**£(3,098,000)**	£888,000	£875,000
Weighted average number of Ordinary Shares in issue during the period	**20,000,000**	20,000,000	20,000,000
Total return per Ordinary Share	**(15.49)p**	4.44p	4.37p

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

	Six months ended 30 September 2011 Unaudited	Six months ended 30 September 2010 Unaudited	Year ended 31 March 2011 Audited
Revenue return per Ordinary Share			
Revenue return	**£695,000**	£577,000	£864,000
Weighted average number of Ordinary Shares in issue during the period	**20,000,000**	20,000,000	20,000,000
Revenue return per Ordinary Share	**3.47p**	2.89p	4.32p
Capital return per Ordinary Share			
Capital return	**£(3,793,000)**	£311,000	£11,000
Weighted average number of Ordinary Shares in issue during the period	**20,000,000**	20,000,000	20,000,000
Capital return per Ordinary Share	**(18.96)p**	1.55p	0.05p

10. Interim dividend

The Directors have declared an interim dividend of 1.70p per Ordinary Share in respect of the year ending 31 March 2012. The shares will be quoted ex-dividend on 30 November 2011 and the dividend will be paid on 16 December 2011, to Shareholders on the register on 2 December 2011.

11. The Company holds (via a 17.04% ownership of BDT Investment Management Limited) an effective economic interest of 16.24% in the Investment Manager, BDT Invest LLP. Accordingly, the shares in BDT Investment Management Limited are accounted for and disclosed in the same way as other investments in the portfolio. The valuation of the Company's investment in BDT Investment Management Limited is calculated at the end of each quarter on the basis of fair value as determined by Directors of the Company.

Notes to the Financial Statements continued

The valuation process during and as at the end of the half-year period to 30 September 2011 was based on the average of book value of BDT Invest LLP, 2% of the value of funds under its management and two times its annual management charges (excluding performance fees).

12. 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 Sections 1158 and 1159 of the Corporation Tax Act 2010.

By order of the Board
Phoenix Administration Services Limited
Corporate Secretary
24 November 2011

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the UK Listing Authority's Disclosure Rules and Transparency Rules and consider that the Chairman's Statement and the Investment Manager's Report on pages 4 to 5 of this 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 September 2011.

The principal risks to the Company are in respect of foreign currency; interest rates; market prices; liquidity and credit risk, and the Chairman's Statement and Investment Manager's Report set out any uncertainties in respect of these and any other risks to the Company, for the remaining six months of the financial year.

The Directors confirm that no 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 March 2011.

The half-year report for the six months ended 30 September 2011 has not been reviewed by the Company's Auditors Grant Thornton UK LLP.

Directors' Responsibility Statement

The Directors listed at the front of this half-year report being the persons responsible, confirm that to the best of their knowledge:

(a) the condensed set of Financial Statements, which has been prepared in accordance with the Accounting Standards Board's pronouncements on interim reporting, gives a true and fair view of the assets, liabilities and financial position and profit of the Company;

(b) the Interim Management Report includes a fair review; as required by Disclosure and Transparency Rule 4.2.7 R; 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 4.2.8 R.

The half-year report was approved by the Board on 24 November 2011 and the above Responsibility Statement was signed on its behalf by:

Sir David Cooksey GBE
Chairman

Portfolio Holdings at 30 September 2011

(All equity shares unless otherwise stated)

Holding	Company	Fair value £'000	% of total assets
2,400,000	Singapore Telecommunications	3,748	9.81
300,000	BDT Invest Oriental Focus Fund 'B'†	3,632	9.51
30,000	Gold Bullion Securities	3,029	7.93
480,000	BDT Invest Japanese Focus Fund 'B'†	2,554	6.68
1,300,000	China Taiping Insurance	1,597	4.18
5,000,000	Jasa Marga	1,451	3.80
530,000	ITC	1,375	3.60
200,000	BDT Invest Japanese Smaller Companies Fund 'B'†	1,066	2.79
800,000	Lafarge Malayan Cement	1,055	2.76
1,780,000	First Pacific	1,013	2.65
26,000,000	REXLot Holdings	997	2.61
56,000	Jardine Strategic Holdings	923	2.41
1,500,000	Want Want China Holdings	865	2.26
800,000	Farglory Land Development	843	2.21
100,000	Housing Development Finance Corporation	840	2.20
10,800	Petrochina (ADR)	835	2.19
6,300,000	Holcim Indonesia	819	2.14
6,000,000	First Ship Lease Trust	813	2.13
180,000	Siam City Cement	803	2.10
1,710	Samsung Electronics	782	2.05
16,500,000	Metro Pacific Investments Corporation	664	1.74
742,000	Uni-President Enterprise	623	1.63
3,950,000	Rojana Industrial Park	591	1.54
900,000	Minth Group	530	1.39
30,000	Rotork	466	1.22
2,000	Lindsell Train Investment Trust	426	1.11
1,700,000	Ayala Land	364	0.95
162,000	Siam Commercial Bank	353	0.92
128,012	BDT Investment Management Limited*	309	0.81
183,215	Bedlam Asset Management*	284	0.74
1,316,666	Rojana Industrial Park (Warrants 18/07/2016)	90	0.24
	Total investments	33,740	88.30
	Net current assets	4,471	11.70
	Net assets	**38,211**	**100.00**

* Unlisted investments

† BDT Invest Irish domiciled and listed funds

Analysis of Investment Portfolio at 30 September 2011

Sector Analysis	**Fair value £'000**	**% of total assets**
Investment Companies	8,935	23.38
Construction & Building Materials	4,128	10.80
Telecommunications Services	3,748	9.81
Steel & Other Metals	3,029	7.93
Speciality & Other Finance	2,760	7.22
Real Estate	1,888	4.94
Insurance	1,597	4.18
Food Producers & Processors	1,488	3.89
Tobacco	1,375	3.60
Diversified Industrials	1,013	2.65
Oil & Gas	835	2.19
Transport	813	2.13
Electronic & Electrical Equipment	782	2.05
Automobiles	530	1.39
Support Services	466	1.22
Banks	353	0.92
Total investments	33,740	88.30
Net current assets	4,471	11.70
Net assets	**38,211**	**100.00**

Geographical Analysis (based on listing or domicile)	**Fair value £'000**	**% of total assets**
Ireland†	7,252	18.98
Singapore	5,484	14.35
Hong Kong	5,002	13.09
United Kingdom	4,514	11.81
Indonesia	2,270	5.94
India	2,215	5.80
Thailand	1,837	4.80
Taiwan	1,466	3.84
Malaysia	1,055	2.76
Philippines	1,028	2.69
United States	835	2.19
South Korea	782	2.05
Total investments	33,740	88.30
Net current assets	4,471	11.70
Net assets	**38,211**	**100.00**

Classification of Assets	**Fair value £'000**	**% of total assets**
Equities	33,740	88.30
Net current assets	4,471	11.70
Net assets	**38,211**	**100.00**

† BDT Invest Irish domiciled and listed funds – BDT Invest Oriental Focus Fund 'B', BDT Invest Japanese Focus Fund 'B' and BDT Invest Japanese Smaller Companies Fund 'B'.

The Establishment Investment Trust plc
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