

WORSLEY INVESTORS LIMITED

Half Year Report and Condensed Unaudited Consolidated Financial Statements

For the six months ended 30 September 2021

WORSLEY INVESTORS LIMITED

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WORSLEY INVESTORS LIMITED

Performance Summary

	30 September 2021	31 March 2021	% change
Net Asset Value (“NAV”) per share	42.84p	41.55p	3.11%
Share price ¹	30.80p	28.00p	10.00%
Share price discount to NAV	28.10%	32.60%	n.c

	Six month period ended 30 September 2021	Six month period ended 31 December 2020
Earnings per share ²	0.95p	2.00p

Total return	Six month period ended 30 September 2021	9 month period ended 31 March 2021
NAV Total Return ³	3.11%	8.77%
Share price Total Return ⁴		
- Worsley Investors Limited	10.00%	15.25%
- FTSE All Share Index	7.95%	26.71%
- FTSE Real Estate Investment Trust Index	11.86%	19.93%

Worsley Associates LLP (‘Worsley Associates’) was appointed on 31 May 2019 as Investment Advisor (the “Investment Advisor”) to Worsley Investors Limited (the “Company”). At an EGM held on 28 June 2019, an ordinary resolution was passed to adopt new Investment Objective and Policy. The Investment Objective and Policy are set out on pages 22 and 23.

As previously announced, the Company has changed its accounting year end from 30 June to 31 March.

Past performance is not a guide to future performance.

¹ Mid-market share price (source: Shore Capital and Corporate Limited).

² Earnings per share based on the net profit for the period of £0.434 million (31 December 2020: net profit of £0.675 million) and the weighted average number of Ordinary Shares in issue during the period of 33,740,929 (31 December 2020: 33,740,929).

³ On a *pro forma* basis, which includes adjustments as necessary to take account of the effect of capital alterations during the period. NAV Total Return is a measure showing how the NAV per share has performed over a period of time, taking into account both capital returns and any dividends paid to shareholders.

⁴ A measure showing how the share price has performed over a period of time, taking into account both capital returns and any dividends paid to shareholders.

Source: Worsley Associates LLP and Shore Capital and Corporate Limited.

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Chairman's Statement

These are our first Half Year Report and Condensed Unaudited Consolidated Financial Statements since moving our financial year end to 31 March each year and consequently they are the first produced to a 30 September reporting date.

Results

The Company made steady progress in sometimes choppy market conditions. Our overall Net Asset Value ("NAV") return for the six months was +3.11% and our Share Price Total Return was +10.0% over the same period. The latter measure was largely driven by the continued narrowing of the discount of our share price to our NAV per share, which was 28.1% at 30 September 2021 having improved from 32.6% at 31 March 2021. At our previous half year (30 June 2021), the discount stood at 36.4%.

There were three principal components to our overall NAV return: the rental flow (net of property expenses) from the Curno cinema, the returns on our core equity strategy, and foreign exchange translation gains on the value of our Euro-denominated assets (principally Curno), which in this period, ran marginally in our favour. In very broad terms, these three components contributed 45%, 38% and 17% of our NAV returns. Due to the continued compounding of returns from our core equity portfolio, and even against the headwind of the foreign exchange movement, the proportion of our NAV invested in Curno continued to fall, albeit more modestly than in previous reporting periods, to 55% from 58% as at 31 March 2021 and from 66% at 30 June 2020.

The six-month rate of return on our core equity strategy was +5.45%. This compares to a total return of +7.95% for the FTSE All Share Index ("ASI"), which is the most commonly used measure of equity market performance for UK-listed equities. While the ASI provides useful market context, it is of limited value as a direct comparator to our core equity strategy given its very different construction being dominated by a handful of very large international companies with our portfolio concentrated on smaller issuers, with a typical market capitalisation of under £600 million and sometimes much less than that. We also focus on special or value anomaly situations and so our returns are typically concentrated around the timing of changes or events, in relation to those specific investee companies, which release the latent value in our positions and the timings of which are not necessarily correlated with general market moves.

The capital currently available for our core equity strategy is now essentially fully deployed and, as positions have matured, some harvesting of gains and recycling into new investments is under way. As at 6 December, the core portfolio has a market value of approximately £6.46 million, nearly 60% above cost, and has an internal rate of return of some 80% p.a. over the last twelve months. That is an excellent result by any standards, although returns will tend to be more "lumpy" than general market returns and not always delivered according to the same timetable.

With respect to Curno, you will note that the external valuer, Knight Frank, has maintained its assessment of the current value of the asset given its caution over the scarcity of comparable sales evidence during the pandemic lock-down and its uncertainty over the course of future events. While we respect its view, the Investment Advisor and the Board hoped and believed that the normalisation of trading, the significantly improved financial standing of the tenant's parent company group, and the regularisation of rental payments should warrant a re-appraisal of the appropriate yield and capital value of the asset. The reported return on the asset over the period has consequently been a combination of net rental and foreign exchange translation only with no local currency/Euro capital appreciation.

The Investment Advisor gives more granular insight into investment activity in its report on pages 5 to 7.

Strategic Priorities

It remains our strategic priority to release the capital tied up in Curno for use in our core equity strategy and, as our Investment Advisor discusses in its report, the marketing process has recently recommenced. Once we have released the capital and have redeployed it in our core equity strategy, we shall revisit the topic of raising further share capital to expand the Company and improve its economies of scale. That would be an appropriate juncture to make an assessment of the Company's consequent dividend policy.

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Chairman's Statement, continued

Outlook

We have all become aware of the emergence of a new COVID-19 variant, labelled the "Omicron" variant by the World Health Organisation. At the time of writing, it is probably fair to say that more is not known than is known about its public health and economic implications. Reports indicate that it has a substantially higher rate of transmissibility than previous variants, and although it may be less likely to cause severe disease and mortality in most patients, it remains potentially fatal for some, in particular the unvaccinated. The combination of higher incidence albeit with lower proportions of hospitalisation may yet present a very large, perhaps unmanageable, absolute number of hospitalisations. Currently, it is too early for us to assess how great a setback Omicron is or will be. On the face of it, this may turn back the clock by several months as travel restrictions, social distancing measures, working from home and the like are re-introduced by governments while they race to increase vaccination rates and booster programmes and we wait for new vaccines to be developed.

In the very short time since the news broke, stock markets have retreated modestly overall and more materially for COVID-sensitive sectors such as airlines, hospitality, and the like. It remains to be seen if this becomes a more substantial decline as in the early part of 2020. Whether it does or not, what is probable is that as solutions are developed, economies, markets and companies will once again begin to recover as they did from the second half of 2020. What is not yet determinable is the precise timing and extent of such developments, positive and negative. For our core equity strategy, if there is a substantial market decline, we would expect it will provide an enriched opportunity set where more share prices are at least temporarily disconnected from underlying values and which will in many instances become profit vehicles for those of us who can look ahead to the normalisation of activity afterwards. For the Curno asset, we shall have to see what (if any) effect the Omicron news has on potential buyer appetite in the immediate future. In the meantime, Curno generates a very good ungeared rate of return for a property asset, albeit not as exciting a rate of return as we expect over time from our core equity strategy. It also benefits from a substantial parent company guarantee within a group which recently raised very significant amounts of equity for strategic development.

On behalf of the Board, I would like to thank our Investment Advisor, Worsley Associates LLP, for the encouraging progress they continue to make in repositioning our portfolio and to thank you, our shareholders, for your continuing support.

W. Scott
Chairman
15 December 2021

WORSLEY INVESTORS LIMITED

Investment Advisor's Report

Investment Advisor

The Investment Advisor, Worsley Associates LLP, is regulated by the FCA and is authorised to provide investment management and advisory services.

In the period under review, the equities portfolio remained fully invested, and the Investment Advisor has been focussed on its development and overseeing investor interest in the Curno cinema, on which the operational impact of COVID-19 pandemic is increasingly historical.

Curno Cinema Complex

The Group's Italian multiplex cinema complex, located in Curno, on the outskirts of Bergamo, is let in its entirety to UCI Italia S.p.A. ("UCI").

The cinema lease remains as amended in June 2020.

The key rental terms of the lease, which has a final termination date of 31 December 2042, are:

Base Rent

1 March 2021 to 31 December 2021 - €915,000 per annum.

Thereafter to be indexed annually to 100% of the Italian ISTAT Consumer Index on an upwards-only basis.

Variable Rent

Incremental rent is payable at the rate of €1.50 per ticket sold above a minimum threshold of 350,000 tickets per year up to 450,000 tickets per year, rising in 50,000 ticket stages above this level up to €2.50 per extra ticket.

Tenant Guarantee

The lease benefits from a rental guarantee of an initial €13 million, reducing over 15 years to €4.5 million, given by a U.K. domiciled European holding company for the UCI group, United Cinemas International Acquisitions Limited, which has latest published shareholders' funds of £375.4 million.

Tenant break option

UCI has the right to terminate the lease on 30 June 2035.

Trading

The cinema, having been closed at the beginning of the period because of COVID-19 related regional regulations, reopened on 20 May 2021. Since then, trading has steadily built, aided in particular after period end by a strong slate of new movie releases.

Rentals have resumed their regular pattern of monthly payment and remain current.

Valuation

As at 30 September 2021, the Group's independent asset valuer, Knight Frank LLP, fair valued the Curno cinema at €9.6 million (30 June 2021: €9.6 million), and this figure has been adopted in these Financial Statements.

As noted previously, it had been the Board's expectation that the valuation of the Curno cinema would increase once the enhanced rental under the June 2020 amendment began to be generated by the property from 1 March 2021 onwards.

Notwithstanding this, the valuer chose to retain an unchanged valuation by dint of increasing the yield at which it capitalised the rental. The rationale for this conservative approach was that, at the time of producing its report, there was still very limited market evidence upon which for it to rely. This factor is expected to abate somewhat once, post COVID-19, the Italian Real Estate market returns to more usual levels of activity.

In view of the return to regular rental arrangements, we have been liaising with several Italian real estate advisers which have reported interest from a number of investors. The Group will retain the Curno cinema until a disposal can be effected at a price which the board believes properly reflects its medium term prospects.

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Investment Advisor's Report, continued

Investment Strategy

The Investment Advisor's strategy allies the taking of holdings in British quoted securities priced at a deep discount to their intrinsic value, as determined by a comprehensive and robust research process. Most of these companies will have smaller to mid-sized equity market capitalisations, which will in general not exceed £600 million. It is intended to secure influential positions in such British quoted securities, with the employment of activism as necessary to drive highly favourable outcomes.

During September and the first week of October, the prices of British equities drifted downwards, with the U.K. Government announcing increases in NIC to fund social care reform and the expectation of widespread monetary tightening internationally. From that point such concerns eased and, aided by the U.S. reopening its borders to air travel, sentiment improved, with the U.K. market trending upwards for five weeks to reach, following good U.K. GDP figures, a post COVID-19 high on 11 November. From mid-November, British equities again faltered somewhat, reflecting renewed worries that interest rate increases were imminent.

Events took a dramatic turn on 26 November with the emergence of the Omicron COVID-19 variant, and the U.K.'s announcement of the restoration of certain associated restrictions. As a direct consequence, the U.K. market fell almost 4% in a day, although since then there has been a judicious recovery, on a view that the impact of the new variant would be significantly less than initially feared. Share prices, in the Company's target universe of British smaller companies, which had peaked at the end of August, have in the subsequent period been rather less buoyant than the overall market.

The Company's portfolio has remained fully invested during the reporting period. This includes a previously undisclosed holding of some 1.7% of Net Assets in Hurricane Energy plc ('Hurricane') July 2022 US\$ 7.5% bonds, which are listed on The International Stock Exchange. Hurricane has a market capitalisation of £80.7 million and operates the Lancaster oil field on the Rona Ridge, west of the Shetland Isles. Our holding was purchased at an average of 63.6% of par. As at 31 October 2021, the Hurricane group is estimated to have held cash slightly in excess of the then remaining principal value of the Bonds, which subsequent repurchases have reduced to some US\$80 million. In addition, Hurricane has forecast average operating cash inflows of US\$7 million/month until the end of May 2022, and recent out turns have been in line with this.

The biggest portfolio position continues to be the shareholding of just over 4% in Smiths News plc, England's major distributor of newspapers and magazines. In early November, Smiths News published its 2021 preliminary results, which disclosed increased profitability as COVID-19 pressures eased, reorganisation costs much reduced from previous years, and a better-than-expected reduction in debt. Together with some significant one-off non-trading receipts due before the end of 2021, significant special dividends are in prospect.

The Northamber and Shepherd Neame shareholdings are unchanged since the Annual Report. Preliminary (less than 2% of Net Assets) holdings are also held in 10 other companies. During the period we completed the exit of several positions, crystallising substantial gains over their cost. Other than Hurricane one new position was initiated.

As at 6 December 2021 the Company's portfolio, which had a total cost of £4.09 million and a combined market value of some £6.46 million, comprised 14 stocks. The surplus on the portfolio was a little under 60% of cost, a level which continues significantly to understate the annualised return and remains very acceptable.

Results for the period

Cash revenue for the period to 30 September 2021 from Curno was €457,500 (£393,000) (31 December 2020: €69,200 (£62,000)). The rental received in the comparative period reflected the five-month holiday granted under the 2020 lease amendment.

Property expenses, mainly local Curno property taxes, of some €85,000 (£73,000) (31 December 2020: €87,000 (£79,000)), were incurred.

General and administrative expenses of £267,000 (31 December 2020: £273,000) were broadly in line with expectations, even allowing for legal costs relating to the Curno lease of €4,800 (£4,100) and the update of the articles of association (£4,300). As intimated in the last Annual Report, in the new policy year a step change in premium levels within the D&O liability insurance market has largely consumed the benefit from the completion of the *amortisation* of the property disposal warranty insurance entered into in May 2017 (31 December 2020: £7,200) There was also an increase in AUM-based costs because of the growth in the value of the portfolio during calendar year 2021.

Transaction charges incurred on equity acquisitions were £2,000 (31 December 2020: £16,000), reflecting a lower than usual level of portfolio activity.

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Investment Advisor's Report, continued

The Group's normalised ongoing operating costs for the full year are expected to be similar to an *annualisation* of the level for the first six months of the fiscal year. Prior to the ultimate sale of Curno there is now limited scope for significant reduction in the overall cost base.

The equities portfolio performed strongly in the first three months of the period before a retracement in the second three months, resulting in a £0.275 million net investment gain for the period as a whole (31 December 2020: £1.012 million).

Taxation is payable on an ongoing basis on Italian income and in Luxembourg, with a small legacy exposure in Germany. For the period an amount of £14,000 (31 December 2020: £47,000) was expensed. In addition, VAT, predominantly Italian, of some £53,000 was paid.

The Group continues to expect *operating* cash flow (that is prior to allowance for equity income) to be broadly neutral on an ongoing basis.

Net Assets at 30 September 2021 were £14.453 million, which compares with the £14.019 million contained in the 31 March 2021 Annual Report. The increase is principally because of the net impact of the profit in the period of £0.321 million augmented by a £78,000 increase in the pound sterling fair value of the Curno property.

Financial Position

The Group's Statement of Financial Position as at 30 September 2021 continued to be solid with £418,000 held in cash and no debt. Supplemented by the ready liquidity of the equity portfolio and positive ongoing cash flows the financial position remains good.

In due course the sale of the Curno cinema will provide further resources for equity investment.

Euro

As at 30 September 2021, some 58% of Total Assets are denominated in Euros, of which the Curno property was some 55% of Total Assets, down from 58% as at 31 March 2021. The pound sterling Euro cross rate moved slightly during the period from 1.175 as at 31 March 2021 to 1.164 as at 30 September 2021. This cross rate will continue to be a potentially significant influence on the level of Group Net Assets until Curno's disposal.

Outlook

U.K. stock market prices were strong in the first half of 2021 and U.K. GDP has now recovered to the level of March quarter 2020. As previously reported, the Worsley investment strategy, which is company centric, is relatively less affected by such influences.

The reopening of cinemas in Italy, which has undertaken a commendable COVID-19 vaccination programme, had no impact on rental receipts, but nonetheless is an essential prerequisite to any disposal of the Group's Curno cinema.

The major stock markets would appear to have formed the view that, notwithstanding associated precautionary restrictions, the Omicron COVID-19 variant will not prove to cause a major economic disruption. Nevertheless, we remain of the view that the extraordinary policy measures adopted in response to the COVID-19 pandemic in general have had distortionary impacts which will only become apparent as they are unwound.

The permanently altered landscape for certain industries will certainly lead to serious demands on a significant number of companies. Some of these will unsurprisingly fail to meet market expectations.

Despite the obvious challenges, such dislocations as caused by the pandemic in fact inevitably lead to considerable company mispricing and are thus a fertile source of opportunity, which provides valuable feedstock for our strategy to exploit.

The Company's equity portfolio, viewed against such a climate for future activity, is considered well positioned.

Worsley Associates LLP

15 December 2021

WORSLEY INVESTORS LIMITED

Interim Management Report

A description of the important events which have occurred during the first six months of the financial year and their impact on the performance of the Company as shown in the Financial Statements is given in the Chairman's Statement, the Investment Advisor's Report and the Notes to the Financial Statements and are incorporated here by reference.

Statement of principal risks and uncertainties

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board, through its Risk Committee, has carried out a robust assessment of the principal risks and uncertainties facing the Company, using a comprehensive risk matrix as the basis for analysing the Company's system of internal controls while monitoring the investment limits and restrictions set out in the Company's investment objective and policy.

The principal risks assessed by the Board relating to the Company were disclosed in the Annual Financial Report for the nine-month period ended 31 March 2021. The principal risks disclosed include investment risk, operational risk, accounting, legal and regulatory risk, financial risks, foreign exchange risk and COVID-19. A detailed explanation of these can be found on page 17 of the Annual Financial Report. The Board and Investment Advisor do not consider these risks to have materially changed during the six months ended 30 September 2021 and they are not expected to change in the remainder of the financial year.

Going concern

The Directors, at the time of approving the Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. The lease income generates enough cash flows to pay on-going expenses. The Directors have considered the cash position and performance of the current capital invested of the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Financial Statements.

Going concern is assessed over a minimum period of 12 months from the approval of these Financial Statements. The Board considers there to be no material uncertainty due to the fact that the Group currently has no borrowing, retains a significant cash balance and that the Company's equity investments comprise predominantly readily realisable securities.

Interim Report is Unaudited

This Interim Report has not been audited, nor reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

Responsibility Statement

We confirm to the best of our knowledge that:

- the Condensed Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; as required by Disclosure Guidance & Transparency Rule ("DTR") 4.2.4R of the UK's Financial Conduct Agency ("FCA"); and
- the Interim Management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events which have occurred during the first six months of the financial year and 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 year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions which have taken place in the first six months of the current financial year and which have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report which could do so.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

On behalf of the Board

W. Scott
Chairman
15 December 2021

WORSLEY INVESTORS LIMITED

Condensed Unaudited Consolidated Statement of Comprehensive Income For the six months ended 30 September 2021

		For the six month period to 30 September 2021 (Unaudited) £000s	For the six month period to 31 December 2020 (Unaudited) £000s
	Notes		
Gross property income	3 & 6	369	385
Property operating expenses	3 & 6	(73)	(79)
Net property income		296	306
Net gain on investments at fair value through profit or loss	7	275	1,012
Lease incentive movement	3	24	(323)
Other income		7	-
General and administrative expenses	4	(267)	(273)
Operating profit		335	722
Profit before tax		335	722
Income tax expense		(14)	(47)
Profit for the period		321	675
Other comprehensive income/(loss)			
Foreign exchange translation gain/(loss)		113	(107)
Total items which are or may be reclassified to profit or loss		434	(107)
Total comprehensive profit for the period		434	568
Basic and diluted earnings per ordinary share (pence)	5	0.95	2.00

The accompanying notes on pages 13 to 20 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED

Condensed Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Revenue reserve (Unaudited) £000s	Distributable reserve (Unaudited) £000s	Foreign currency reserve (Unaudited) £000s	Total equity (Unaudited) £000s
Balance at 1 April 2021	(44,972)	47,263	11,728	14,019
Profit for the period	321	-	-	321
Other comprehensive income	-	-	113	113
Balance at 30 September 2021	(44,651)	47,263	11,841	14,453

For the six months ended 31 December 2020

	Revenue reserve (Unaudited) £000s	Distributable reserve (Unaudited) £000s	Foreign currency reserve (Unaudited) £000s	Total equity (Unaudited) £000s
Balance at 1 July 2020	(46,629)	47,263	12,256	12,890
Profit for the period	675	-	-	675
Other comprehensive loss	-	-	(107)	(107)
Balance at 31 December 2020	(45,954)	47,263	12,149	13,458

The accompanying notes on pages 13 to 20 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED

Condensed Unaudited Consolidated Statement of Financial Position

As at 30 September 2021

		30 September 2021 (Unaudited) £000s	31 March 2021 (Audited) £000s
	Notes		
Non-current assets			
Investment property	6	7,430	7,336
Lease incentive		818	834
Total non-current assets		8,248	8,170
Current assets			
Cash and cash equivalents		418	486
Investments held at fair value through profit or loss	7	6,161	5,504
Trade and other receivables	8	36	264
Tax receivable		4	52
Total current assets		6,619	6,306
Total assets		14,867	14,476
Non-current liabilities			
Provisions		43	42
Deferred tax payable		73	74
Total non-current liabilities		116	116
Current liabilities			
Trade and other payables	9	144	167
Tax payable		154	174
Total current liabilities		298	341
Total liabilities		414	457
Total net assets		14,453	14,019
Equity			
Revenue reserve		(44,651)	(44,972)
Distributable reserve		47,263	47,263
Foreign currency reserve		11,841	11,728
Total equity		14,453	14,019
Number of ordinary shares		33,740,929	33,740,929
Net asset value per ordinary share (pence)	11	42.84	41.55

The Financial Statements on pages 9 to 20 were approved by the Board of Directors and authorised for issue on 15 December 2021. They were signed on its behalf by:

W. Scott
Chairman

The accompanying notes on pages 13 to 20 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED
Condensed Unaudited Consolidated Statement of Cash Flows
For the sixth months ended 30 September 2021

		For the six month period to 30 September 2021 (Unaudited) £000s	For the six month period to 31 December 2020 (Unaudited) £000s
	Notes		
Operating activities			
Profit before tax		335	722
Adjustments for:			
Net gains on investments held at fair value through profit or loss	7	(275)	(1,012)
Dividend income		66	5
Decrease in trade and other receivables		168	16
Increase/(decrease) in provisions		1	(1)
Decrease in trade and other payables		(23)	(67)
Purchase of investments held at fair value through profit or loss	7	(529)	(1,866)
Sale of investments held at fair value through profit or loss	7	80	23
Net cash used in from operations		(177)	(2,180)
Tax paid		65	17
Net cash outflow from operating activities		(112)	(2,163)
Effects of exchange rate fluctuations		44	(5)
Decrease in cash and cash equivalents		(68)	(2,168)
Cash and cash equivalents at start of the period		486	2,632
Cash and cash equivalents at the period end		418	464

The accompanying notes on pages 13 to 20 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED

Notes to the Condensed Unaudited Consolidated Financial Statements

For the six months ended 30 September 2021

1. Operations

Worsley Investors Limited (the "Company") is a limited liability, closed-ended investment company incorporated in Guernsey. The Company historically invested in commercial property in Europe which was held through Subsidiaries. The Company's current investment objective is to provide Shareholders with an attractive level of absolute long-term return, principally through the capital appreciation and exit of undervalued securities. The existing real estate asset of the Company will be realised in an orderly manner, that is with a view to optimising the disposal value of such asset.

The Condensed Unaudited Consolidated Financial Statements (the "Financial Statements") of the Company for the period ended 30 September 2021 comprise the Financial Statements of the Company and its Subsidiaries (together referred to as the "Group").

Worsley Associates LLP was appointed on 31 May 2019 as Investment Advisor to the Company.

Please refer to the Investment Policy on page 22 and 23. The Company's registered office is included on page 24.

2. Significant accounting policies

Basis of preparation

These Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as required by DTR 4.2.4R, the Listing Rules of the London Stock Exchange and applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's last Annual Report and Audited Consolidated Financial Statements for the nine-month period ended 31 March 2021.

The same accounting policies and methods of computation are followed in the Interim Financial Report as compared with the most recent Annual Financial Statements for the nine-month period ended 31 March 2021.

Going concern

The Directors, at the time of approving the Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. The lease income generates enough cash flows to pay on-going expenses. The Directors have considered the cash position and performance of the current capital invested of the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Financial Statements.

Going concern is assessed over a minimum period of 12 months from the approval of these Financial Statements. The Board consider there to be no material uncertainty owing to the fact that the Group currently has no borrowing, retains a significant cash balance and that the Company's equity investments comprise predominantly readily realisable securities.

3. Gross property income

Gross property income for the period ended 30 September 2021 amounted to £0.369 million (31 December 2020: £0.385 million). The Group leases out its investment property under an operating lease which is structured in accordance with local practices in Italy. The Group's lease agreement in place as at 30 September 2021 was unchanged from that disclosed in the Company's Audited Annual Financial Statements for the year ended 31 March 2021.

Property income

	30 September 2021 £000s (Unaudited)	31 December 2020 £000s (Unaudited)
Property income received (net of lease incentives)	393	62
Straight-lining of lease incentives	(24)	323
Property income	369	385

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 30 September 2021, continued

3. Gross property income, continued

Expense from services to tenants, other property operating and administrative expenses

	30 September 2021 £000s (Unaudited)	31 December 2020 £000s (Unaudited)
Property expenses arising from investment property which generates income	73	79
Total property operating expenses	73	79

There were no property expenses arising from investment property which did not generate income.

4. General and administrative expenses

	30 September 2021 £000s (Unaudited)	31 December 2020 £000s (Unaudited)
Administration fees	60	54
General expenses	31	49
Audit fees	22	21
Legal and professional fees	17	17
Directors' fees (note 13)	23	23
Insurance costs	12	16
Corporate broker fees	13	13
Investment Advisor fees (note 13)	89	80
Total	267	273

5. Basic and diluted earnings per ordinary share (pence)

The basic and diluted earnings per share for the Group is based on the net profit for the period of £0.321 million (31 December 2020: net profit of £0.675 million) and the weighted average number of Ordinary Shares in issue during the period of 33,740,929 (31 December 2020: 33,740,929). There are no instruments in issue which could potentially dilute earnings or loss per Ordinary Share.

6. Investment property

	30 September 2021 (Unaudited) £000s	31 March 2021 (Audited) £000s
Valuation of investment property before lease incentive adjustment at beginning of period/year	8,170	8,696
Foreign exchange translation	78	(526)
Independent external valuation	8,248	8,170
Adjusted for: Lease incentive*	(818)	(834)
Fair value of investment property at the end of the period/year	7,430	7,336

* The Lease incentive is separately classified as a non-current asset within the Consolidated Statement of Financial Position and to avoid double counting is hence deducted from the independent property valuation to arrive at fair value for accounting purposes.

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 30 September 2021, continued

6. Investment property, continued

The property is carried at fair value. The lease incentive granted to the tenant is amortised over the term of the lease. In accordance with IFRS, the external independent valuation is reduced by the carrying amount of the lease incentive as at the valuation date. Quarterly valuations are carried out at 31 March, 30 June, 30 September and 31 December by Knight Frank LLP, external independent valuers.

The resultant fair value of investment property is analysed below by valuation method, according to the levels of the fair value hierarchy. The different levels have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 which are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability which are not based on observable market data (unobservable inputs).

The investment property (Curno) is classified as Level 3.

The significant assumptions made relating to its independent valuation are set out below:

Significant assumptions	30 September 2021 (Unaudited)	31 March 2021 (Audited)
Gross estimated rental value per square metre p.a.	114.00€	114.00€
Equivalent yield	9.10%	9.10%

The external valuer has carried out its valuation using the comparative and investment methods. The external valuer has made the assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions. The market analysis has been undertaken using market knowledge, enquiries of other agents, searches of property databases, as appropriate and any information provided to them. The external valuer has adhered to the RICS Valuation – Professional Standards.

An increase/decrease in ERV (Estimated Rental Value) will increase/decrease valuations, while an increase/decrease to yield decreases/increases valuations. The table below sets out the sensitivity of the independent property valuation to changes of 50 basis points in Fair Value.

Movement		30 September 2021 (Unaudited)	31 March 2021 (Audited)
Increase of 50 basis points	Property valuation equivalent yield	Decrease of €0.5 million	Decrease of €0.5 million
Decrease of 50 basis points	Property valuation equivalent yield	Increase of €0.5 million	Increase of €0.5 million
Increase of 50 basis points	Gross estimate rental value	Increase of €0.04 million	Increase of €0.04 million
Decrease of 50 basis points	Gross estimate rental value	Decrease of €0.06 million	Decrease of €0.06 million

Property assets are inherently difficult to value owing to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date. Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in Gross Domestic Product (“GDP”), employment trends, inflation and changes in interest rates. Changes in GDP may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest rates may affect the cost of financing for real estate companies.

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 30 September 2021, continued

6. Investment property, continued

Both rental income and property values may be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or the insolvency of tenants, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. The Investment Advisor addresses market risk through a selective investment process, credit evaluations of tenants, ongoing monitoring of tenants and through effective management of the property.

The valuation report received from the independent valuer included a 'Material Valuation Uncertainty' paragraph in relation to the market risks linked to the COVID-19 pandemic: this paragraph explains that the valuer has attached less weight to previous market evidence for comparison purposes to achieve an informed opinion on value. The valuer therefore recommends that a higher degree of caution should be attached to this valuation compared to valuations carried out under normal circumstances.

7. Investments at fair value through profit or loss ("FVTPL")

	30 September 2021 £000s (Unaudited)	31 March 2021 £000s (Audited)
Opening book cost	3,353	1,615
Total unrealised gains at beginning of period	2,151	69
Fair value of investments at FVTPL at beginning of period	5,504	1,684
Purchases	529	1,895
Sales	(81)	(217)
Realised gains	24	60
Unrealised gains	185	2,082
Total investments at FVTPL	6,161	5,504
Closing book cost	3,825	3,353
Total unrealised gains at end of period	2,336	2,151
Total investments at FVTPL	6,161	5,504

	30 September 2021 £000s (Unaudited)	31 December 2020 £000s (Unaudited)
Realised gains	24	10
Unrealised gains	185	993
Total gains on investments at FVTPL	209	1,003
Investment income	66	9
Total gains on financial assets at FVTPL	275	1,012

The fair value of investments at FVTPL are analysed below by valuation method, according to the levels of the fair value hierarchy. The different levels have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 which are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability which are not based on observable market data (unobservable inputs).

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 30 September 2021, continued

7. Investments at fair value through profit or loss (“FVTPL”), continued

The following table analyses within the fair value hierarchy the Company’s financial assets at fair value through profit or loss:

30 September 2021	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Fair value through profit or loss				
- Investments	4,712	1,449	-	6,161

As at 30 September 2021, within the Company’s financial assets classified as Level 2, securities totalling £869,021 are traded on the London Stock Exchange or AIM, with securities of £334,050 being traded on the Aquis Exchange and £245,709 being traded on The International Stock Exchange. The Level 2 securities are valued at the traded price as at the period end and no adjustment has been deemed necessary to these prices. However, although these are traded, they are not regularly traded in significant volumes and hence have been classified as level 2.

31 March 2021	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Fair value through profit or loss				
- Investments	3,976	1,527	-	5,503

As at 31 March 2021, within the Company’s financial assets classified as Level 2, securities totalling £1,227,000 are traded on the London Stock Exchange or AIM, with the remaining securities of £300,000 being traded on the Aquis Exchange.

The valuation and classification of the investments are reviewed on a regular basis. The Board determines whether or not transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input which is significant to the fair value measurement as a whole) at the end of each reporting period.

8. Trade and other receivables

	30 September 2021 £000s (Unaudited)	31 March 2021 £000s (Audited)
Rent receivable	-	183
Investment income receivable	4	-
VAT receivable	-	53
Prepayments	32	28
Total	36	264

The carrying values of trade and other receivables are considered to be approximately equal to their fair value.

9. Trade and other payables

	30 September 2021 £000s (Unaudited)	31 March 2021 £000s (Audited)
Investment Advisor’s fee (note 13)	16	14
Administration fees	30	10
Legal and professional fees	-	8
Audit fee	24	40
Directors’ fees payable (note 13)	-	2
Other	74	93
Total	144	167

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying values of trade and other payables are considered to be approximately equal to their fair value.

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 30 September 2021, continued

10. Share capital

	30 September 2021	9 months ended
	Number of shares	31 March 2021
	(Unaudited)	Number of shares
		(Audited)
Shares of no par value issued and fully paid		
Balance at the start of the period	33,740,929	33,740,929
Balance at the end of the period	33,740,929	33,740,929

	30 September 2021	9 months ended
	£000s	31 March 2021
	(Unaudited)	£000s
		(Audited)
Balance at the start of the period	14,019	12,890
Profit for the period and other comprehensive income	434	1,129
Balance at the end of the period	14,453	14,019

No shares were issued by the Company during the period (31 March 2021: none).

11. Net asset value per ordinary share

The Net Asset Value per Ordinary Share at 30 September 2021 is based on the net assets attributable to the ordinary shareholders of £14.453 million (31 March 2021: £14.019 million) and on 33,740,929 (31 March 2021: 33,740,929) ordinary shares in issue at the Consolidated Statement of Financial Position date.

12. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's Audited Annual Financial Statements for the nine-month period ended 31 March 2021.

13. Related party transactions

The Directors are responsible for the determination of the Company's investment objective and policy and have overall responsibility for the Group's activities including the review of investment activity and performance.

Mr Nixon, a Director of the Company, is also Founding Partner and a Designated Member of Worsley Associates LLP ("Worsley"). The total charge to the Consolidated Income Statement during the period in respect of Investment Advisor fees to Worsley was £89,023 (31 December 2020: £80,409) of which £16,081 (31 March 2021: £14,014) remained payable at the period end.

Upon appointment of Worsley as Investment Advisor (31 May 2019), Mr Nixon waived his future Director's fee as he is a member of the Investment Advisor.

As at 30 September 2021, Mr Nixon held 29.88% of the shares in the Company (31 March 2021: 29.88%).

As at 30 September 2021, Mr Scott held 1.19% of the shares in the Company (31 March 2021: 1.19%).

The aggregate remuneration and benefits in kind of the Directors and directors of its subsidiaries in respect of the Company's period ended 30 September 2021 amounted to £23,019 (31 December 2020: £22,829) in respect of the Group of which £17,500 (31 December 2020: £17,500) was in respect of the Company. No amount remained payable at the period end (31 March 2021: £1,867).

All the above transactions were undertaken at arm's length.

WORSLEY INVESTORS LIMITED

Notes to the Condensed Unaudited Consolidated Financial Statements

For the six months ended 30 September 2021, continued

14. Capital commitments and contingent liability

As at 30 September 2021 the Company has no capital commitments (31 March 2021: no commitments).

Disposal of the Curno property may, depending on the terms, incur Italian taxes which would be material in the context of Shareholders' Funds. As at 30 September 2021 and up to the date of approval, no disposal was in discussion. As a result, no provision has been included in these Financial Statements.

15. Segmental analysis

As at 30 September 2021, the Group has two segments (31 March 2021: two).

The following summary describes the operations in each of the Group's reportable segments for the current period:

Property Group	Management of the Group's property asset.
Parent Company	Parent Company, which holds listed equity investments

Information regarding the results of each reportable segment is shown below. Performance is measured based on segment profit/(loss) for the period, as included in the internal management reports that are reviewed by the Board, which is the Chief Operating Decision Maker ("CODM"). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

(a) Group's reportable segments

30 September 2021	Continuing Operations		Total £000
	Property Group £000	Parent Company £000	
External revenue			
Gross property income	369	-	369
Property operating expenses	(73)	-	(73)
Other income	7	-	7
Net gain on investments at fair value through profit or loss	-	275	275
Lease incentive movement	24	-	24
Total segment revenue	327	275	602
Expenses			
General and administrative expenses	(74)	(193)	(267)
Total operating expenses	(74)	(193)	(267)
Profit before tax	253	82	335
Income tax charge	(14)	-	(14)
Profit after tax	239	82	321
Profit for the period	239	82	321
Total assets	8,601	6,266	14,867
Total liabilities	301	113	414

For the comparative 6-month period, the Group had one segment.

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 30 September 2021, continued

15. Segmental analysis, continued

(b) Geographical information

The Company is domiciled in Guernsey. The Group has subsidiaries incorporated in Europe.

The Group's revenue from external customers from continuing operations and information about its segment non-current assets by geographical location (of the country of incorporation of the entity earning revenue or holding the asset) are detailed below:

	Revenue from External Customers	Non-Current Assets
	For the six months ended 30 September 2021 £000	30 September 2021 £000
Europe	369	8,248
	<u>369</u>	<u>8,248</u>
	Revenue from External Customers	Non-Current Assets
	For the six months ended 31 December 2020 £000	31 March 2021 £000
Europe	385	8,170
	<u>385</u>	<u>8,170</u>

16. Subsequent events

There were no post period end events which require disclosure in these Financial Statements.

WORSLEY INVESTORS LIMITED

Portfolio statement (unaudited) as at 30 September 2021

	Currency	Fair value £'000	% of Group Net Assets
UCI Curno	EUR	8,248	57.07%
Less: lease incentive	EUR	(818)	(5.66%)
Total		7,430	51.41%
Smiths News Plc (formerly Connect Group Plc)	GBP	3,931	27.20%
Northamber Plc	GBP	501	3.47%
Shepherd Neame Ltd	GBP	269	1.86%
Hurricane Energy Plc - 7.5% Convertible Bond Snr 24/07/2022	USD	246	1.70%
Total disclosed securities		4,947	34.23%
Other securities (none greater than 2% of Net Assets)		1,214	8.40%
Total securities		6,161	42.63%
Total investments		13,591	94.04%

WORSLEY INVESTORS LIMITED

Investment Policy

Investment Objective and Policy Change

At an EGM held on 28 June 2019, an ordinary resolution was passed to adopt a new Investment Objective and Policy.

Investment Objective

The Company's investment objective is to provide shareholders with an attractive level of absolute long-term return, principally through the capital appreciation and exit of undervalued securities. The existing real estate asset of the Company will be realised in an orderly manner, that is with a view to optimising the disposal value of such asset.

Investment Policy

The Company aims to meet its objectives through investment primarily, although not exclusively, in a diversified portfolio of securities and related instruments of companies listed or admitted to trading on a stock market in the British Isles (defined as (i) the United Kingdom of Great Britain and Northern Ireland; (ii) the Republic of Ireland; (iii) the Bailiwicks of Guernsey and Jersey; and (iv) the Isle of Man). The majority of such companies will also be domiciled in the British Isles. Most of these companies will have smaller to mid-sized equity market capitalisations (the definition of which may vary from market to market, but will in general not exceed £600 million). It is intended to secure influential positions in such British quoted securities with the deployment of activism as required to achieve the desired results.

The Company, Property Trust Luxembourg 2 SARL and Multiplex 1 SRL ("the Group") may make investments in listed and unlisted equity and equity-related securities such as convertible bonds, options and warrants. The Group may also use derivatives, which may be exchange traded or over-the-counter.

The Group may also invest in cash or other instruments including but not limited to: short, medium or long term bank deposits in Pound sterling and other currencies, certificates of deposit and the full range of money market instruments; fixed and floating rate debt securities issued by any corporate entity, national government, government agency, central bank, supranational entity or mutual society; futures and forward contracts in relation to any other security or instrument in which the Group may invest; put and call options (however, the Group will not write uncovered call options); covered short sales of securities and other contracts which have the effect of giving the Group exposure to a covered short position in a security; and securities on a when-issued basis or a forward commitment basis.

The Group pursues a policy of diversifying its risk. Save for the Curno Asset until such time as it is realised, the Group intends to adhere to the following investment restrictions:

- not more than 30 per cent. of the Gross Asset Value at the time of investment will be invested in the securities of a single issuer (such restriction does not, however, apply to investment of cash held for working capital purposes and pending investment or distribution in near cash equivalent instruments including securities issued or guaranteed by a government, government agency or instrumentality of any EU or OECD Member State or by any supranational authority of which one or more EU or OECD Member States are members);
- the value of the four largest investments at the time of investment will not constitute more than 75 per cent of Gross Asset Value;
- the value of the Group's exposure to securities not listed or admitted to trading on any stock market will not exceed in aggregate 35 per cent. of the Net Asset Value;
- the Group may make further direct investments in real estate but only to the extent such investments will preserve and/or enhance the disposal value of its existing real estate asset. Such investments are not expected to be material in relation to the portfolio as a whole but in any event will be less than 25 per cent. of the Gross Asset Value at the time of investment. This shall not preclude Property Trust Luxembourg 2 SARL and Multiplex 1 SRL (the "Subsidiaries") from making such investments for operational purposes;
- the Company will not invest directly in physical commodities, but this shall not preclude its Subsidiaries from making such investments for operational purposes;

WORSLEY INVESTORS LIMITED

Investment Policy, continued

Investment Policy, continued

- investment in the securities, units and/or interests of other collective investment vehicles will be permitted up to 40 per cent. of the Gross Asset Value, including collective investment schemes managed or advised by the Investment Advisor or any company within the Group; and
- the Company must not invest more than 10 per cent. of its Gross Asset Value in other listed investment companies or listed investment trusts, save where such investment companies or investment trusts have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed investment companies or listed investment trusts.

The percentage limits above apply to an investment at the time it is made. Where, owing to appreciation or depreciation, changes in exchange rates or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment, any limit is breached by more than 10 per cent., the Investment Advisor will, unless otherwise directed by the Board, ensure that corrective action is taken as soon as practicable.

Borrowing and Leverage

The Group may engage in borrowing (including stock borrowing), use of financial derivative instruments or other forms of leverage provided that the aggregate principal amount of all borrowings shall at no point exceed 50 per cent. of Net Asset Value. Where the Group borrows, it may, in order to secure such borrowing, provide collateral or security over its assets, or pledge or charge such assets.

WORSLEY INVESTORS LIMITED

Corporate Information

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R. H. Burke
B. A. Nixon

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