FOUNDED
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THE INVESTMENT COMPANY PLC

REGISTERED No. 4205
ENGLAND AND WALES

Half-Yearly Report

for the six month period ended 31 December 2013

CORPORATE SUMMARY

Investment Objective

The Company's investment objective is to provide Shareholders with an attractive level of dividends coupled with capital growth over the long term, through investment in a portfolio of equities, preference shares, loan stocks, debentures and convertibles.

Summary of Investment Policy

In June 2013, the Company amended its investment policy, appointed an external investment manager, reorganised the Company's share capital and raised additional capital through a placing.

The Company will invest primarily in the equity securities of quoted UK companies with a wide range of market capitalisations, many of which are, or are expected to be, dividend paying, with anticipated dividend growth in the long term. The Company may also invest in large capitalisation companies, including FTSE 100 constituents, where this may increase the yield of the portfolio and where it is believed that this may increase shareholder value.

The Company will also make investments in preference shares, loan stocks, debentures, convertibles and related instruments of quoted UK companies. Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described below. The Company will not enter into uncovered short positions.

Risk diversification

Portfolio risk will be mitigated by investing in a diversified spread of investments. Investments in any one company shall not, at the time of acquisition, exceed 15% of the value of the Company's investment portfolio. In the long term, it is expected that the Company's investments will be a portfolio of between 40 and 60 securities, most of which will represent individually no more than 3% of the value of the Company's total investment portfolio, as at the time of acquisition.

The Company will not invest more than 10% of its gross assets, at the time of acquisition, in other listed closed-ended investment funds, whether managed by the Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

Unlisted investments

The Company may invest in unlisted securities from time to time subject to prior Board approval.

Investments in unlisted securities in aggregate will not exceed 5% of the value of the Company's investment portfolio as at the time of investment.

Borrowing and gearing policy
The Company may use gearing, including bank borrowings and the use of derivative instruments such as contracts for differences. The Company may borrow (through bank facilities and derivative instruments) up to 15% of net asset value ("NAV") (calculated at the time of borrowing).

Investment Strategy
The Manager intends to use a bottom-up investment approach for the portfolio, with a diversified portfolio of securities of various market capitalisation sizes. There will be a bias towards dividend paying smaller companies, but the portfolio will also include preference shares, loan stocks, debentures and convertibles with attractive yields.

The investment approach can be described as active and universal, as the Company will not seek to replicate any benchmark and will target a significant proportion of smaller company equities within an overall diversified portfolio. Potential investments are assessed against the key criteria including, *inter alia*, their yield, growth prospects, market positions, calibre of management and risk and cash resources.

A copy of the complete investment policy can be found in the Company's Annual Report and Accounts for the period ended 30 June 2013.

Dividend Policy
The Company will seek to maintain an annualised dividend yield of 6% of NAV (based on the opening NAV at the start of each financial year). It is intended that dividends of roughly equal size will be paid quarterly. This income will be paid out of revenue and/or capital, as appropriate.

Investment Manager
During the period to 31 December 2013, the Company was managed by Miton Capital Partners Limited. On 1 January 2014, the Investment Management Agreement was novated from Miton Capital Partners Limited to Miton Asset Management Limited ("Miton"), a subsidiary of Miton Group plc, an AIM quoted firm.

Miton is a leading multi-asset and equity fund management specialist. The group manages £3.1bn of assets (as at 31 December 2013) including eleven open-ended investment companies, four investment trusts and segregated client accounts.

Capital Structure
As at 31 December 2013 and the date of this report, the Group's share capital consisted of 4,772,049 ordinary shares of 50p each, of which 32,500 shares were held in Treasury and 4,739,549 shares were in circulation.

Total Assets and Net Asset Value
The Group had net assets of £18.8 million and a NAV of 395.7p per ordinary share at 31 December 2013.

Website
www.mitongroup.com/tic

TIC has a Manager with a distinctive philosophy

- Miton is an independent fund management company quoted on the AIM market with a robust balance sheet.
- Miton is distinctive in that many of its funds do not use traditional benchmarks because it believes savers are often more interested in maximising absolute return over time rather than chasing volatile returns relative to an index.
- Miton proposes investment strategies crafted for forthcoming trends rather than necessarily following the consensus.
- In addition, many of Miton's funds closely manage volatility, as well as maximising return, with an aim better to sustain its clients' assets through market cycles.

The day-to-day Managers

Gervais Williams

Gervais has been an equity portfolio manager since 1985 with a record of success at Framlington, Thornton and Gartmore, where for over 17 years he was Head of UK Small Companies and Irish Equities. He won the Grant Thornton Investor of the Year Award in both 2009 and 2010. He joined Miton in March 2011, where he is Managing Director of the Group.

Martin Turner

Martin qualified as a Chartered Accountant with Arthur Andersen, and also has extensive experience at Rothschild, Merrill Lynch and Collins Stewart, where as Head of Small/Mid-Cap Equities his role covered their research, sales and trading activities. Martin joined Miton in May 2011.

The wider team

George Godber

George has 12 years' experience in pan-European equities. He co-founded Matterley (now part of Charles Stanley) in 2008 and was co-manager of the Undervalued Assets Fund. George is currently ranked in Citywire's 1000 The World's Top Fund Managers. He joined Miton in December 2012 and his insights on the underlying tangible assets and cash flow will be available for the benefit of the TIC portfolio.

Georgina Hamilton

Georgina started her investment career with four years at Matterley, becoming the lead analyst on the Undervalued Assets Fund. She has a double first in Biological Anthropology and Natural Sciences from Jesus College, Cambridge. The Company's portfolio enjoys the benefit of her work on the true value of the tangible assets and cash flow mainly within FTSE 350 stocks. She joined Miton in October 2012.

Eric Moore

Eric has over 15 years investment experience with Gartmore and Insight Investment prior to joining PSigma. Eric graduated, with an honours degree in Philosophy, Politics and Economics, from Trinity College, Oxford and also has as MSc (Hons) in Cognitive Science from the University of Edinburgh. Eric has a busy programme meeting many of the FTSE 350 companies that will assist in keeping the Company's portfolio up-to-date with current trading. He joined the Miton UK Equities team with the acquisition of PSigma in July 2013.

Bill Mott

Bill is one of the best-known UK equity income fund managers in the UK market, having spent 30 years at Credit Suisse. His well-known, top down, thematic approach has identified particular inflection points in markets. He has a first class honours degree in Chemistry and a PhD in Quantum Physics. The Company's portfolio will take early advantage of the new trends as Bill identifies them. He joined the Miton Equities team with the acquisition of PSigma in July 2013.

SUMMARY OF RESULTS

	At 31 December 2013 (unaudited)	At 30 June 2013 (audited)	Change
Equity shareholders' funds	**18,754,012**	16,237, 484	15.5%
Number of ordinary shares in issue	**4,772,049**	4,772,049	
Net asset value per ordinary share	**395.69p**	342.60p	15.5%
Ordinary share price (mid)	**380.00p**	327.50p	16.0%
Discount to net asset value	**3.97%**	4.41%	

	6 months to 31 December 2013 (unaudited)	15 month period to 30 June 2013* (audited)
Total return per ordinary share	**58.59p**	71.41p
Dividend declared per ordinary share	**10p**	6p

* The Company extended its accounting period from 31 March 2013 to 30 June 2013.

FINANCIAL CALENDAR

February	Payment of second interim dividend for the year ending 30 June 2014.
	Announcement of Half-Yearly Financial Report.
May	Payment of third interim dividend for the year ending 30 June 2014.
August	Payment of fourth interim dividend for the year ending 30 June 2014.
September	Announcement of Annual Results.
November	Payment of first interim dividend for the year ending 30 June 2015.
December	Annual General Meeting.

CHAIRMAN'S STATEMENT

Half-year to 31 December 2013

This is my first interim statement for TIC since the reorganisation of the capital structure on 24 June 2013.

On the announcement of the reorganisation, the ordinary share price of the Company rose more closely to reflect the underlying NAV. Over the last six months, TIC's share price has appreciated further, reflecting the Company's NAV appreciation of 15.5%, to 395.7p. In addition, the Board has now initiated quarterly dividends that are planned to amount to a 6% yield, or 20.6p on the 342.6p NAV as at 30 June 2013. So far, two dividends of 5p per share, amounting to 10p in total, have been declared and paid for the quarters ended 30 September 2013 and 31 December 2013.

The £4.3m of new capital raised at the time of the reconstruction has been invested mainly in a range of smaller company equities that have appreciated in the period. The majority of the dividend income comes from premium yielding preference shares, loan stocks, debentures and enhanced capital notes ("ECN") where the scope for capital appreciation is often less pronounced.

Going forward it is anticipated that there will be greater issuance of convertible loan stocks and convertible preference shares by smaller quoted companies. In time, it is expected that a large portion of the Company's portfolio will be invested in convertibles such as these, as they have the advantage of not only paying a good running yield, but also come with the option of conversion, which can generate good capital gains if the relevant ordinary shares perform well.

Worldwide growth expectations moderated significantly during 2013. The Board believes the Company is well placed as this environment looks to favour smaller and microcap stocks because as a group they are better able to grow, even at times of economic stagnation. Historically, prior to the credit boom, smaller UK quoted companies outperformed for decades.

The Company has been granted approval from HM Revenue & Customs as an investment trust in accordance with UK Corporation Tax legislation. Further details can be found on page 10.

Sir David Thomson
Chairman

26 February 2014

MANAGER'S REPORT

Markets

Over the six month period to 31 December 2013 prospects for the UK economy have improved. This has been reflected in a further rise of UK equities, with the FTSE All-Share Index rising 9.7% in the period. However, the economic improvement has also led the US Federal Reserve to conclude that the time is now right for them to start reducing their policy of buying bonds, known as Quantitative Easing ("QE"). So, in contrast to equities, bond markets have fallen back over the period.

During the credit boom, midcap stocks generally have tended to outperform. The last two years have been marked by the outperformance of smaller stocks, and over the six month period the FTSE Smaller Companies Index (excluding investment companies) rose 23.8% and the FTSE AIM All-Share Index rose 23.0%.

Portfolio

The portfolio is principally invested in a range of preference shares, loan stocks, debentures and notes. Although the largest corporate exposure in the portfolio is to Lloyds Banking Group through a number of different ECNs, there are over 50 issuers from different companies in the portfolio. It is difficult to increase many of the holdings because they have obvious attractions and tend to be tightly held. On occasion, we find that they are redeemed, sometimes at a premium to their market prices, as happened during the period, in the case of the Skipton Building Society Floating Rate Notes.

The £4.3m of new capital raised by the Company, has therefore been invested in a range of individual equities that, together, offer the prospect of good and growing dividend income. Many smaller companies have already enjoyed a period of outperformance, but we continue to identify plenty of holdings where valuations appear far too low.

However, market trends are changing and we believe that smaller companies are well placed to enjoy a long period of outperformance. The change in attitudes to smaller quoted stocks is still nascent. Institutions tend to have little capital invested in smaller companies which are, by their nature, naturally diminutive in scale and under-researched. Yet, prior to the credit boom, institutional portfolios were fully weighted in smaller companies, given that their key advantage is that as a group they can grow even at time of economic austerity. We believe that institutional weightings in the smallest stocks will therefore be gradually rebuilt over the coming years.

As a corollary, we believe the growing interest in funding smaller companies will also lead to an increase in the issuance of convertible loan stocks and convertible preference shares. These instruments offer the new investor a regular income at a premium yield, along with the right to convert into the quoted shares if the relevant share price appreciates significantly. In December 2013, the portfolio invested approximately £0.6m in the first such issue: William Sinclair plc issued a Loan Note that pays an 11% yield initially, that is expected to fall back to 8% when the corporate debt ratios reduce. Along with the Loan Notes, came some detachable Warrants into William Sinclair plc at 80p. The additional debt has facilitated the company's move into a new single operation, and the business is anticipated to prosper going forward, and therefore their share price has already appreciated. Whilst such issues are currently relatively rare, they were more popular prior to the credit boom, and we anticipate they will be again.

Criteria for selecting new investments for the portfolio

There are five criteria that the managers use to determine the scope for the business to deliver good and growing dividends.

The prospect of turnover growth If a business is to sustain and grow its dividend, then the portfolio needs to invest in companies that will generate more cash in the coming years. Without decent turnover growth this is near-impossible to achieve over time.

Sustained or improving margins A business needs to deliver significant value to its customer base if it is to sustain decent margins. Unexpected cost increases cannot be charged on to customers if they are anything less than delighted with their suppliers. Turnover growth will not lead to improved cash generation if declining margins offset it.

A forward-looking management team Businesses often need to make commercial decisions on incomplete information. A thoughtful and forward-looking team has a better chance of making better decisions.

Robust balance sheet There are disproportionate advantages to having the independence of a strong balance sheet in a period of elevated economic and political risks. Conversely, corporates with imprudent borrowings can risk the total loss of shareholders' capital.

Low expectation valuation Many of the most exciting stocks enjoy higher stock market valuations but almost none can consistently beat the high expectations baked into their share prices. Those with low expectations tend to be less vulnerable to disappointment, but conversely can enjoy excellent share price rises if they surprise on the upside.

Companies that best meet these criteria on a prospective basis are believed to be best positioned to deliver attractive returns to shareholders, as well as offering moderated risk.

These criteria, used in reverse, can also be useful in determining the timing of portfolio stocks that should be considered for divestment. So, a business in danger of suffering a period of turnover declines, for example, would naturally be expected to generate less cash flow in future years and thereby struggle to sustain their current dividend over time, let alone grow it.

Performance

Prior to the reconstruction, the ordinary share price stood at 235p, well below the NAV given that the capital structure was dominated by the rights of the participating preference shares. The conversion of the preference shares and the raising of the new capital diluted the NAV for ordinary shares, but with just one class of equity the ordinary share price is now close to the underlying NAV. During the six month period to 31 December 2013, the NAV of the Company has appreciated by 15.5% and dividends of 10p have been paid/declared. Most of that capital appreciation was delivered by the new holdings in the smaller companies. However, in contrast, the 6% dividend yield anticipated over the first year has been principally funded from the portfolio of preference shares, loan stocks, debentures and notes.

Prospects

It is reassuring that the UK is enjoying a period of economic recovery. However, in time this might not only lead to a reduction of QE, but also potentially an increase in UK interest rates. Whilst it is anticipated that these headwinds might inhibit the appreciation of markets, we are hopeful that the potential premium growth of well managed smaller businesses during a period of austerity will become more appreciated. This is a trend that should be favourable for the Company.

Gervais Williams and Martin Turner
Miton Asset Management Limited

26 February 2014

TWENTY LARGEST INVESTMENTS

At 31 December 2013

Stock	Number	% of issue	Book cost £	Market or Directors' valuation £	% of total portfolio
1. Lloyds Banking Group					
7.5884% ECN 12/05/20 (LBG Capital)	1,750,000	0.24	795,219	1,852,200	
7.975% ECN 15/09/24 (LBG Capital)	920,000	0.90	548,906	968,300	
7.8673% ECN 17/12/19 (LBG Capital)	500,000	0.15	167,613	530,400	
14.5% ECN 30/01/22 (LBG Capital)	300,000	0.38	246,247	389,940	
9.125% ECN 15/07/10 (LBG Capital)	100,000	0.03	89,224	105,560	
7.281% Perpetual (Bank of Scotland)	400,000	0.27	315,331	413,240	
			2,162,540	4,259,640	22.55
2. Phoenix Life					
7.25% perpetual notes	1,060,000	0.53	811,923	1,010,286	5.35
3. Royal Bank of Scotland Group					
9% series 'A' non-cum pref (NatWest)	500,000	0.36	362,920	616,250	
Sponsored ADR rep pref C (NatWest)	20,000	1.67	55,473	304,181	
			418,393	920,431	4.87
4. Plus500					
Ordinary ILS 0.01 ‡	263,445	0.23	318,350	811,411	4.29
5. Anpario					
Ordinary 23p ‡	241,000	1.64	339,124	795,300	4.21
6. Seeing Machines					
Ordinary NPV ‡	9,000,000	1.12	450,000	765,000	4.05
7. Safestyle UK					
Ordinary 1p ‡	469,000	0.60	469,000	698,810	3.70
8. Randall & Quilter Investment Holdings					
Ordinary 2p ‡	387,000	0.54	502,731	684,990	3.63
9. Conygar Investment Co.					
Ordinary 5p ‡	420,478	0.47	533,332	674,765	3.56
10. Charles Taylor					
Ordinary 1p ‡	230,000	0.55	419,215	579,600	3.07

TWENTY LARGEST INVESTMENTS continued

At 31 December 2013

Stock	Number	% of issue	Book cost £	Market or Directors' valuation £	% of total portfolio
11. William Sinclair Holdings					
8% convertible loan notes †	550,0000	6.67	550,000	550,000	2.91
12. Lancashire Holdings					
Common stock ‡	65,000	0.04	494,090	527,150	2.79
13. Fishguard & Rosslare					
3.5% GTD preference stock	790,999	63.91	441,810	474,599	2.51
14. Gable Holdings					
Ordinary 2.5p ‡	617,063	0.46	339,385	442,743	2.34
15. Newcastle Building Society					
6.25% sub notes 23/12/19	600,000	2.40	405,438	403,901	2.14
16. REA Holdings					
9.5% GTD Notes 31/12/17	300,000	2.00	298,254	312,000	
7.5% Dollar Notes 30/06/17	150,000	0.44	76,740	90,568	
			374,994	402,568	2.13
17. Fairpoint Group					
Ordinary 1p ‡	300,000	0.71	307,992	390,000	2.06
18. Juridica Investments					
Ordinary NPV ‡	295,000	0.27	384,596	380,550	2.01
19. Arbuthnot Banking Group					
Ordinary 1p ‡	25,000	0.17	88,228	357,500	1.89
20. Investec Investment Trust					
3.5% cum pref £1	461,508	35.50	271,938	272,290	
5% cum pref £1	104,043	30.12	92,858	79,333	
			364,796	351,623	1.86
			10,175,937	15,480,867	81.92

‡ Issues with unrestricted voting rights.
† Unlisted investments at Directors' valuation.

The Group has a total of 73 portfolio investment holdings in 56 companies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2013

		6 months to 31 December 2013 (unaudited)			6 months to 30 September 2012 (unaudited) restated*			15 months to 30 June 2013 (audited) restated*		
	Notes	**Revenue £**	**Capital £**	**Total £**	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Gains on investments held at fair value through profit or loss		**–**	**2,573,511**	**2,573,511**	–	791,074	791,074	–	1,466,811	1,466,811
Investment income		**517,101**	**–**	**517,101**	475,809	–	475,809	1,134,994	–	1,134,994
Investment management fee	3	**(100,703)**	**–**	**(100,703)**	(55,500)	–	(55,500)	(138,750)	–	(138,750)
Other administrative expenses		**(194,512)**	**–**	**(194,512)**	(156,489)	–	(156,489)	(568,601)	–	(568,601)
Return before finance costs and taxation		**221,886**	**2,573,511**	**2,795,397**	263,820	791,074	1,054,894	427,643	1,466,811	1,894,454
Finance costs										
Loan note interest		**(18,436)**	**–**	**(18,436)**	(27,503)	–	(27,503)	(62,700)	–	(62,700)
Other finance costs		**–**	**–**	**–**	(174,818)	–	(174,818)	(432,550)	–	(432,550)
Other interest payable		**–**	**–**	**–**	(2,195)	–	(2,195)	(2,195)	–	(2,195)
Participating element of preference dividends paid		**–**	**–**	**–**	–	–	–	(49,948)	–	(49,948)
Return before taxation		**203,450**	**2,573,511**	**2,776,961**	59,304	791,074	850,378	(119,750)	1,466,811	1,347,061
Taxation		**–**	**–**	**–**	–	–	–	–	–	–
Return after taxation		**203,450**	**2,573,511**	**2,776,961**	59,304	791,074	850,378	(119,750)	1,466,811	1,347,061
Return per 50p ordinary share										
Basic and diluted	5	**4.29p**	**54.30p**	**58.59p**	3.18p	42.36p	45.54p	(6.35p)	77.76p	71.41p

The Group does not have any income or expense that is not included in the 'return for the period'. Accordingly, the 'return for the period' is also the Total Comprehensive Income for the period as defined in International Accounting Standard 1 (revised), and consequently no separate Statement of Comprehensive Income has been presented.

The total column of this statement is the Income Statement of the Group prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. The supplementary revenue and capital columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP").

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

During the period the Company was granted approval as an investment trust under s1158/1159 of the Corporation Tax Act 2010 for the year ending 30 June 2014. The Company will be treated as an investment trust company for each subsequent accounting period, subject to there being no serious breaches. As such, and in accordance with the AIC SORP, movements in unrealised appreciation of investments recognised in equity and in profit and loss, that were previously recorded as "Other Comprehensive Income", are now included as "Gains on investments held at fair value through profit and loss" and therefore shown within the return for the period.

* The comparative figures have been restated to enable users of the accounts to compare the current period's results with those of the previous periods and now include all revaluation movements on investments held at fair value through profit or loss, which were previously shown as items within 'Other Comprehensive Income'. This restatement is unaudited.

The comparative figures for the 15 month period to 30 June 2013 have also been restated to include the participating element of preference dividends paid as a finance cost. This restatement has resulted in net reported revenue return and total return for that period decreasing by £49,948.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2013

	Issued capital £	Share premium £	Own shares held £	Capital redemption reserve £	Revaluation reserve £	Capital reserve £	Revenue account £	Total £
Balance at 1 July 2013	**2,386,025**	**4,464,443**	**–**	**2,408,820**	**3,511,569**	**3,013,972**	**452,655**	**16,237,484**
Total comprehensive income								
Net return for the period	**–**	**–**	**–**	**–**	**–**	**2,573,511**	**203,450**	**2,776,961**
Transactions with shareholders recorded directly to equity								
Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(236,977)**	**(236,977)**
Transfer between reserves*	**–**	**–**	**–**	**–**	**(3,511,569)**	**3,511,569**	**–**	**–**
Costs of issue	**–**	**(23,456)**	**–**	**–**	**–**	**–**	**–**	**(23,456)**
Balance at 31 December 2013	**2,386,025**	**4,440,987**	**–**	**2,408,820**	**–**	**9,099,052**	**419,128**	**18,754,012**
Balance at 1 April 2012	1,808,728	1,019,246	(2,919,861)	685,250	2,313,745	4,806,064	684,449	8,397,621
Total comprehensive income								
Net return for the period	–	–	–	–	513,561	277,513	59,304	850,378
Transactions with shareholders recorded directly to equity								
Ordinary dividends paid	–	–	–	–	–	–	(74,693)	(74,693)
Balance at 30 September 2012	1,808,728	1,019,246	(2,919,861)	685,250	2,827,306	5,083,577	669,060	9,173,306
Balance at 1 April 2012	1,808,728	1,019,246	(2,919,861)	685,250	2,313,745	4,806,064	684,449	8,397,621
Total comprehensive income								
Net return for the period	–	–	–	–	1,197,824	268,987	(119,750)	1,347,061
Transactions with shareholders recorded directly to equity								
Ordinary dividends paid	–	–	–	–	–	–	(112,044)	(112,044)
Conversion of non-voting ordinary shares into fixed rate preference shares	(858,782)	–	2,919,861	–	–	(2,061,079)	–	–
Conversion of preference shares into ordinary shares	773,833	–	–	1,723,570	–	–	–	2,497,403
Issue of new ordinary shares	662,246	3,682,753	–	–	–	–	–	4,344,999
Costs of issue	–	(237,556)	–	–	–	–	–	(237,556)
Balance at 30 June 2013	2,386,025	4,464,443	–	2,408,820	3,511,569	3,013,972	452,655	16,237,484

* The transfer between reserves arises from the re-allocation of unrealised profits on the Group's investments held at fair value through profit or loss, following the Company attaining formal approval as an investment trust company and in accordance with the AIC SORP.

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	**31 December 2013 (unaudited) £**	30 September 2012 (unaudited) £	30 June 2013 (audited) £
Investments				
Investments at cost		**16,462,515**	12,465,789	12,408,510
Investment holding gains/(losses)		**2,431,366**	(141,451)	390,084
Portfolio investments at fair value through profit or loss		**18,893,881**	12,324,338	12,798,594
Current assets				
Trade and other receivables		**262,720**	275,835	1,393,916
Investments held for trading		**35,897**	249,770	122,860
Cash and bank balances		**648,928**	280,068	3,138,062
		947,545	805,673	4,654,838
Current liabilities				
Preference dividends payable		**–**	174,818	82,914
Trade and other payables		**356,014**	187,384	401,634
5% loan notes maturing 2014		**365,700**	365,700	365,700
		721,714	727,902	850,248
Net current assets		**225,831**	77,771	3,804,590
Non-current liabilities				
5% loan notes maturing 2014/2015		**(365,700)**	(731,400)	(365,700)
Participating preference shares		**–**	(2,497,403)	–
Net assets		**18,754,012**	9,173,306	16,237,484
Capital and reserves				
Issued capital		**2,386,025**	1,808,728	2,386,025
Share premium		**4,440,987**	1,019,246	4,464,443
Own shares held		**–**	(2,919,861)	–
Capital redemption reserve		**2,408,820**	685,250	2,408,820
Revaluation reserve		**–**	2,827,306	3,511,569
Capital reserve		**9,099,052**	5,083,577	3,013,972
Revenue reserves		**419,128**	669,060	452,655
Shareholders' funds		**18,754,012**	9,173,306	16,237,484
Net Asset Value per 50p ordinary share	6	**395.69p**	357.50p	342.60p

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2013

	6 months to 31 December 2013 (unaudited) £	6 months to 30 September 2012 (unaudited) £	15 months to 30 June 2013 (audited) £
Cash flows from operating activities			
Cash received from investments	**290,573**	146,137	406,454
Interest received	**252,388**	254,742	722,332
Sundry income	**–**	–	468
Cash paid to and on behalf of employees	**(17,307)**	(125,069)	(250,687)
Other cash payments	**(433,521)**	(128,153)	(377,647)
Net cash inflow from operating activities	**92,133**	147,657	500,920
Cash flows from financing activities			
Bank interest paid	**–**	(2,195)	(2,195)
Loan note interest paid	**(17,859)**	(27,503)	(53,583)
Loan notes redeemed	**–**	–	(365,700)
Fixed element of dividends paid on preference shares	**–**	(174,818)	(524,455)
Participating element of dividends paid on preference shares	**–**	–	(49,948)
Dividends paid on ordinary shares	**(236,977)**	(70,954)	(104,195)
Share capital subscriptions received	**1,195,345**	–	2,998,176
Net cash inflow/(outflow) from financing activities	**940,509**	(275,470)	1,898,100
Cash flows from investing activities			
Purchase of investments	**(6,126,454)**	(241,186)	(274,005)
Sale of investments	**2,604,678**	864,550	1,228,530
Net cash (outflow)/inflow from investing activities	**(3,521,776)**	623,364	954,525
Net (decrease)/increase in cash and cash equivalents	**(2,489,134)**	495,551	3,353,545
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash	**(2,489,134)**	495,551	3,353,545
Loan notes redeemed	**–**	–	365,700
(Decrease)/increase in net cash	**(2,489,134)**	495,551	3,719,245
Net cash/(debt) at start of period	**2,406,662**	(1,312,583)	(1,312,583)
Net (debt)/cash at end of period	**(82,472)**	(817,032)	2,406,662
Analysis of (net debt)/net cash			
Cash and bank balances	**648,928**	280,068	3,138,062
5% loan notes due within one year	**(365,700)**	(365,700)	(365,700)
5% loan notes due in more than one year	**(365,700)**	(731,400)	(365,700)
	(82,472)	(817,032)	2,406,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Financial information

The Investment Company plc is a public limited company incorporated and registered in England and Wales. The address of its registered office and principal place of business is Beaufort House, 51 New North Road, Exeter EX4 4EP.

The consolidated financial statements, which comprise the unaudited results of the Company and its wholly owned subsidiaries, Abport Limited and New Centurion Trust Limited, together referred to as the "Group", for the half year to 31 December 2013, have been prepared under the historical cost basis, except for the measurement at fair value of investments, and in accordance with International Financial Reporting Standards, as adopted by the European Union.

Where guidance set out in the AIC SORP is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement.

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 December 2013 and 30 September 2012 has been neither audited nor reviewed by the auditors.

The figures and financial information for the 15 months to 30 June 2013 are extracted from the latest published audited financial statements of the Company and do not constitute the statutory accounts for that year. The audited financial statements for the 15 months to 30 June 2013 have been filed with the Registrar of Companies. The report of the independent auditors on those accounts contained no qualification or statement under section 498(2) or section 498(3) of the Companies Act 2006.

Except as described below, the Group has applied consistent accounting policies in preparing the half-yearly financial statements for the six months ended 31 December 2013, the comparative information for the six months ended 30 September 2012, and the financial statements for the 15 months to 30 June 2013. The Company changed its accounting reference date to 30 June, extending the accounting period that was due to end on 31 March 2013 so as to end on 30 June 2013.

2. Changes in accounting policies

During the period, the Company applied for, and was granted, approval from HM Revenue & Customs as an investment trust under s1158/1159 of the Corporation Tax Act 2010 for the year ending 30 June 2014.

As a consequence of the adoption of the AIC SORP and in order better to reflect the activities of an investment trust company, the Company has changed its accounting policies for its valuation of portfolio investments and treatment of certain reserves. These proposed changes are largely concerned with the presentation of certain items only and do not materially impact on the results or net assets of the Company.

The Company's policies set out in note 1 of the Annual Report and Financial Statements for the period ended 30 June 2013 have remained substantially unchanged except for the following:

a) Valuation of investments

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

All investments held by the Company are classified as at "fair value through profit or loss". Investments are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the Income Statement and allocated to capital.

For investments actively traded in organised financial markets, fair value is generally determined by reference to quoted market bid prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange on the Balance Sheet date, without adjustment for transaction costs necessary to realise the asset.

After initial recognition, unlisted stocks are reviewed and valued by the Board on a regular basis.

b) Reserves

Capital reserve
The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- net movement arising from changes in the fair value of investments that can be readily converted to cash without accepting adverse terms;
- net movement from changes in the fair value of derivative financial instruments; and
- expenses, together with related taxation effect, charged to this account in accordance with the above policies.

Revaluation reserve
The revaluation reserve represents the accumulated unrealised gains on the Company's available-for-sale investments. Following investment trust status being granted to the Company, and in order to better reflect the requirements of investment companies in accordance with the AIC SORP, all such movements in unrealised gains and losses will be accounted for in the capital reserve as described above.

3. Management fee

Under the terms of the Management Agreement, the Manager is entitled to receive from the Company or any member of the Group in respect of its services provided under this Agreement, a management fee payable monthly in arrears equal to one-twelfth of 1% per calendar month of the NAV of the Company. For these purposes, the NAV shall be calculated as at the last Business Day of each month and is subject to the ongoing charges ratio of the Company not exceeding 2.5% per annum in respect of any completed financial year.

4. Dividends

	6 months to 31 December 2013 (unaudited) £	6 months to 30 September 2012 (unaudited) £	15 months to 30 June 2013 (audited) £
Participating preference shares			
Participating preference element	**–**	–	49,948
Ordinary shares			
Prior year final dividend of 4p paid on 1 September 2012	**–**	74,693	74,696
Prior year interim dividend of 2p paid on 7 January 2013	**–**	–	37,348
Current year first interim dividend of 5p paid on 22 November 2013	**236,977**	–	–
Total dividends	**236,977**	74,693	161,992

The Board declared a second interim dividend of 5p per ordinary share, which was paid on 21 February 2014 to shareholders registered at the close of business on 31 January 2014. In accordance with IFRS, this dividend has not been included as a liability in these financial statements.

5. Return per ordinary share

	6 months to 31 December 2013 (unaudited) £	6 months to 30 September 2012 (unaudited) *restated £	15 months to 30 June 2013 (audited) *restated £
Weighted average ordinary shares in issue	**4,739,549**	1,867,391	1,886,328

	£	**Per share pence**	£	Per share pence	£	Per share pence
Revenue return						
Net return after taxation attribuatable to ordinary shareholders	**203,450**	**4.29**	59,304	3.18	(119,750)	(6.35)
Capital return						
Net investment gains after tax	**2,573,511**	**54.30**	791,074	42.36	1,466,811	77.76
Total return	**2,776,961**	**58.59**	850,378	45.54	1,347,061	71.41

* In order better to reflect the activities of an investment company and to ensure consistency with reporting of performance, figures for both the comparative periods have been restated to now include all valuation gains and losses on the Company's investments held at fair value through profit or loss, that were previously recorded within 'Other Comprehensive Income' as items within capital return after tax for those periods. The effect of this on total return after tax as a result of the restatement for the six month period to 30 September 2012 is an increase of 27.50p from 18.04p to 45.54p; and for the 15 month period to 30 June 2013 it is an increase of 63.50p from 7.91p originally stated to 71.41p as shown in the above table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued

6. Net asset value per ordinary share

Net asset value per ordinary share is based on net assets at the period end and 4,739,549 (30 September 2012: 1,867,391 and 30 June 2013: 4,739,549) ordinary shares, being in each case the number of ordinary shares in issue at the period end less 32,500 shares held in Treasury.

7. Principal risks and uncertainties

The principal risks facing the Group are substantially unchanged since the date of the Annual Report for the period ended 30 June 2013 and continue to be as set out in that report. Risks faced by the Group include, but are not limited to, investment decisions, investment valuations and macro-economic environment for preference shares and prior charge securities, market price risk, interest rate risk and liquidity risk.

8. Responsibility statement

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union; and gives a true and fair view of the assets, liabilities and financial position of the Group; and
- this Half-Yearly Financial Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

This Half-Yearly Financial Report was approved by the Board of Directors on 26 February 2014 and the above responsibility statement was signed on its behalf by Sir David Thomson, Chairman.

DIRECTORS AND ADVISERS

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(Chairman)
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Martin Henry Withers Perrin

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An investment company as defined under Section 833 of the Companies Act 2006.

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