FOUNDED
1868

THE INVESTMENT COMPANY PLC

REGISTERED No. 4205
ENGLAND AND WALES

REPORT AND ACCOUNTS

for the year ended 30 June 2015

CONTENTS

DIRECTORS AND ADVISERS

DIRECTORS (all non-executive)

Sir David Thomson Bt. (Chairman) (aged 75) was appointed to the Board and elected Chairman in 2005. He is also chairman of S.A. Meacock & Company Limited.

S. J. Cockburn (aged 75) was appointed to the Board in 1991 and as Managing Director from September 1994, until June 2013 when he became a non-executive Director of The Investment Company and a consultant to Miton in respect of the legacy portfolio of The Investment Company. He was, until 29 September 2015, a director of Associated British Engineering plc and has managed portfolios specialising in preference shares for many years.

P. S. Allen (aged 67) was appointed to the Board in 1996. He trained as an investment analyst with Kleinwort Benson. He has managed portfolios specialising in preference shares for many years.

M. H. W. Perrin (Audit Committee Chairman and Senior Independent Director) (aged 61) was appointed to the Board in June 2013. He is a director of Fiske plc and Vipera plc, and is a Chartered Accountant and Chartered Wealth Manager with wide experience of operations and finance in industry.

ADVISERS

Secretary and Registered Office
Capita Company Secretarial Services Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Telephone: 01392 477500

Manager
Miton Asset Management Limited
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

Telephone: 020 3714 1525
Website: www.mitongroup.com

Alternative Investment Fund Manager
Miton Trust Managers Limited
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

Administrator
Capita Sinclair Henderson Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Independent Auditors
Saffery Champness
Lion House
Red Lion Street
London WC1R 4GB

Registrar
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Telephone: 0871 664 0300
(calls will cost 12p a minute plus network charges)

Email: ssd@capitaregistrars.com
Website: www.capitaassetservices.com

STRATEGIC REPORT

SUMMARY OF RESULTS

	At 30 June 2015	At 30 June 2014	Change
Equity shareholders' funds	**18,452,970**	18,693,293	(1.3)%
Number of ordinary shares in issue*	**4,739,549**	4,739,549	0.0%
Net asset value per ordinary share	**389.34p**	394.41p	(1.3)%
Ordinary share price (mid)	**375.00p**	406.00p	(7.6)%
(Discount)/premium to net asset value	**(3.82%)**	2.94%	

	At 30 June 2015	At 30 June 2014
Total return per ordinary share**	**16.9p**	67.0p
Dividends paid/declared per ordinary share	**23.60p**	20.72p

* Excluding shares held in treasury.

** The total return per ordinary share is based on total comprehensive income after taxation as detailed in the Consolidated Statement of Comprehensive Income and in note 6 and is shown to enable comparison with other investment trust companies.

FINANCIAL CALENDAR

November	Payment of first interim dividend for the year ending 30 June 2016.
December	Annual General Meeting.
February	Payment of second interim dividend for the year ending 30 June 2016.
February/March	Announcement of Half-Yearly Financial Report.
May	Payment of third interim dividend for the year ending 30 June 2016.
August	Payment of fourth interim dividend for the year ending 30 June 2016.
September/October	Announcement of Annual Results.

CHAIRMAN'S STATEMENT

This is my second annual statement since The Investment Company ("the Company") was reorganised in June 2013.

Over the year to 30 June 2015, the NAV of the Company fell slightly from 394.41p to 389.34p, a reduction of 1.3%. The return to shareholders, including the dividends paid during the year, totaled 16.9p.

The modest return in the year reflected the more unsettled market conditions towards the end of the period when the Greek problems came to a head, along with some increased anxiety regarding the Chinese stock market. The FTSE All-Share Index generated a total return of 2.6% over the twelve months to June 2015. Returns in smaller quoted indices were mixed with 8.4% achieved on the FTSE SmallCap (excluding Investment Companies) including dividend income whilst the total return on the AIM All-Share Index was down 2.5%. The total return on the FTSE Actuaries Government Securities UK Gilts All Stocks Index was 5.3% over the same period.

As set out in my Interim Statement, the Board is adjusting the dividend policy of the Company to make it more sustainable. Rather than have dividend payments that fluctuate up and down every year in line with the changes in the NAV at the end of June, the new policy will take the dividend in the first year after reorganisation, which amounted to 20.7p, and seek gradually to grow it going forward. It is anticipated that the first interim dividend in the new financial year will be 5.0p (5.5p last year). Any growth in the dividend beyond 20.7p will be reflected in the quantum of the fourth interim dividend.

The abrupt fall in commodity prices underlines just how profoundly world growth expectations have deteriorated during the year under review. Fortunately, the UK has a stable business-friendly Government in place for the coming five years, which may give it something of a safe haven status in an unsettled world. The Board believes the Company should now look to expand. If the Company expands, shareholders benefit through the fixed costs being spread over a wider number of shares, as well as an increase in market liquidity in the shares.

The strategy of the Company has real advantage in difficult markets. The Company can invest in both large and smaller companies, and thereby has greater flexibility compared with many others. The portfolio can invest either in fixed income instruments issued by corporates with a commensurate degree of security, or in ordinary shares, where there may be more upside. The Company therefore has great scope to change the asset allocation. In addition, the Company continues to have a small portion of the portfolio invested in a Put option on the FTSE 100, which would rise in value were the UK exchange to fall back abruptly.

We continue to believe the Company remains well-placed to deliver attractive returns for shareholders in the coming years.

Sir David Thomson
Chairman

1 October 2015

MANAGER'S REPORT

A recap on the reasons behind The Investment Company investment strategy
When long-term bond yields fall to very low levels, it suggests that forthcoming returns on many mainstream assets could be sub-normal over the coming years. In this context, the fact that the yield on the 10 year UK Government Bonds has fallen to 2.0% or so at the end of June 2015 is sobering. In short, there is a greater challenge on all active funds to ensure their strategies have plenty of scope to generate an attractive return for their investors without taking unreasonable risks. The Investment Company has an investment strategy with a number of elements that, it is projected, will combine to deliver a premium return.

It is widely recognised that smaller quoted companies tend to have more growth potential than larger companies. This differential has not been especially distinctive during a long credit boom when world growth has been plentiful. However, the huge setback in commodity prices underlines just how much expectations for world growth have reduced. In spite of many years of remarkably low interest rates, and the adoption of novel policies such as Quantitative Easing, world growth has progressively decelerated. Therefore, there may be great advantage for those funds that can invest in both larger and smaller companies to buck the wider trend in the future. Such a portfolio has greater opportunity to deliver premium returns through investing in those stocks that can sustain growth even at a time when economic conditions are more challenging. In addition, smaller companies have the added advantage that many stand on less demanding investment valuations currently, plus there is greater scope for extra return through investing in those with mispriced valuations versus the sub-normal average. For all of these reasons, we believe The Investment Company portfolio has better scope for delivering a premium return.

The second arm of the investment strategy builds on these foundations, through considering participation in both equity or fixed income securities issued by UK quoted companies. Many funds invest in corporate bonds, since those issued by the mainstream quoted companies normally carry slightly higher yields and often carry a slightly higher risk of default than those issued by the Government. In contrast the Company's portfolio has the scope to invest in a much wider range of fixed income securities, including Preference Shares, Notes, Debentures and Loan Stocks. Most of these issues are relatively modest in scale too, in part because they have often been issued by smaller quoted companies. The bottom line is that many of our fixed income securities tend to have yields that are very much higher than the mainstream corporate bonds or Government bonds, which we anticipate will therefore deliver better returns.

In summary, we believe the Company can generate an attractive return for investors in spite of the challenges of a world of slower growth, and the fact that long-term bond yields have fallen to very low levels. The Company has a portfolio that holds both ordinary shares (most of which are small and under-researched stocks with the potential for premium returns), along with a portfolio of fixed-income securities (again mostly small issues from smaller quoted companies that therefore stand at premium yields). In some of the more recent purchases, these instruments also have the right to participate in the rise of the share price of the underlying quoted company too if it rises above a certain level over the coming three or five years. Finally, the Company has the scope to manage market risk through investing a small part of the portfolio in a FTSE 100 Put option. The value of this option will tend to decay over time in the same way that the redemption value of car insurance reduces over time. However, the market price of the Put option could rise to be worth several times its current value if equity markets were to suffer a significant setback. The full reasoning for the inclusion of the Put option is outlined in the next section of this report on page 7.

Market returns in the year to June 2015

In the year under review to 30 June 2015, asset returns have been modest. Although inflationary pressures have continued to moderate, this was offset to some degree by the slowing rate of world growth and a concern that investment risks could be rising.

Over the year the total return on FTSE Actuaries Government Securities UK Gilts All Stocks Index was only 5.3%. However, the reductions on bond yields have been so substantive over the years that new investors in the 10 year Government bonds are now locking in a nominal return that is now only one fifth of that available in the equivalent bond at the start of 1990. Equity market returns were also very modest over the period with the FTSE All-Share Index generating a total return, including dividend payment, of only 2.6%.

After enjoying a period of premium returns in the previous year, smaller company share prices were more mixed over the last twelve months. Stocks in the FTSE SmallCap Index (excluding Investment Companies) on average generated a total return of 8.4%, whereas those from the AIM All-Share Index actually lost 2.5% on average, even after dividend receipts were included.

Portfolio

The overall positioning of the portfolio did not greatly change over the year. The equity portfolio benefited from the takeover premiums on BRIT Group and Friends Life. The portfolio has retained the new stock in Aviva that was issued as part of the consideration for the Friends Life acquisition. Direct Line and Hiscox have been added to the portfolio too, so it still retains a good weighting in insurance stocks. Elsewhere, the holdings in Anpario and Seeing Machines have been sold in the year as they have performed well and do not have the advantage of paying significant dividend yields currently. These changes have made way for a number of new holdings. These include Anglo Pacific Group, Entu, and KCOM. In addition, Elegant Hotels and Quantum Pharmaceuticals were added at their IPO issues.

The portfolio holdings in preference shares, loan stocks, debentures and notes, have continued to generate a running yield of 5.5% on their valuation at the beginning of the year. The holding in TF & JH Braime Holdings Preference Shares was redeemed at an attractive premium. Meanwhile, a new holding in the 600 Group plc Loan Stock, yielding 8%, was purchased to help them fund a US acquisition, which we believe will generate a relatively quick cash payback. This Loan Note came with warrants to subscribe for 600 Group plc equity at 20p that can be exercised over the next five years, thereby offering the Company further upside potential.

Performance

Overall market returns in the year under review were not substantial. In part this is related to the fact that many asset allocators took profits on many of their UK Smaller Company open ended investment companies during the year, after the outperformance of this universe in the previous year.

The greatest contributors to the positive returns in the year were Friends Life and BRIT on their agreed takeover offers. Conversely, the stocks where the share prices fell back were dominated by Gable Group, where this growing business needed to increase reserves after a large fire claim from a customer in France. The share price in DX Group and Juridica also fell back, but to a lesser degree. Even so, the overall fund still generated a total return of 4.7% after costs.

Prospects

In our view, the slowing of world growth over recent periods has added weight to the opportunities for our investment strategy. Whilst institutional flows may have held back the returns on many of the smallest stocks in the portfolio during the year under review, we remain upbeat over their potential to generate outperformance going forward in a similar manner to the way they outperformed in the previous year. In particular, we continue to seek promising stocks which we believe have unusually attractive risk/reward ratios. The flexible mandate of this Company means that the portfolio can participate in such opportunities, either via equity or via a debt instrument, where the running yield is higher and yet the investment risk is often more limited. We continue to be upbeat about the prospects for the Company.

The rationale for holding the FTSE 100 Put option

On 5 September 2014, the Company invested around 1.2% of the portfolio, at that date, to purchase some downside protection, covering approximately one-third of the portfolio. Our view is that an option like this should only be purchased when its cost appears modest by historical standards. This tends to occur after markets have appreciated for some years, and at times when confidence in further appreciation is at a cyclical high.

The key advantage for shareholders of holding a Put option is that, should markets suffer a significant setback, then the market value of the Put option tends to rise. In part this is proportional to the scale of the market setback, and in part it is related to the duration of the remaining term of the option. It is possible that the market value of the option might be a multiple of its initial cost at such a time. The advantage for shareholders is that the option could then be sold to bring additional capital into the Company at a time when share prices were depressed. This could be used to buy additional income stocks, at a time when their prices were abnormally low, on hopefully more attractive dividend yields. The effect would be to boost the dividend income generated by the Company, as well as increasing the portfolio's ability to participate in any subsequent market recovery.

The advantage of a FTSE 100 Put option is that it is regularly traded, so the weekly NAV fully reflects the market value of the option. In addition, being a popular instrument, the cost of a FTSE 100 Put option is much lower than a specialist instrument covering other indices such as the FTSE All-Share or the FTSE SmallCap Indices. Furthermore, at times of market distress when the option might want to be sold, market volume in the FTSE 100 Put option tends to be better than other more obscure instruments.

However, despite the unsettled market conditions, we need to appreciate that it is unusual for the FTSE 100 Index to fall back precipitously. That explains why Put options should only be purchased when the cost is relatively modest. In our case, the running cost is only 0.07% or so each month over the period to March 2016 should markets remain resilient.

Gervais Williams and Martin Turner
Miton Asset Management Limited

1 October 2015

TWENTY LARGEST INVESTMENTS

At 30 June 2015

Stock	Number	Issue %	Book cost £	Market or Directors' valuation £	% of total portfolio
1 Lloyds Banking Group					
7.625% Perpetual (LBG Capital)	478,000	0.03	204,360	492,961	2.77
7.875% Perpetual (LBG Capital)	362,000	0.05	245,997	381,512	2.14
7.5884% ECN 12/05/20 (LBG Capital)	300,000	0.04	136,323	324,000	1.82
7.281% Perpetual (Bank of Scotland)	400,000	0.27	315,331	469,720	2.64
			902,011	1,668,193	9.64
2 Phoenix Life					
7.25% perpetual notes	1,060,000	0.53	811,923	1,113,000	6.25
3 Charles Taylor					
Ordinary 1p§	328,571	0.49	572,000	722,856	4.06
4 Royal Bank of Scotland Group					
9% series 'A' non-cum pref (NatWest)	500,000	0.36	362,920	670,000	3.76
Sponsored ADR each rep Pref C (NatWest)	20,000	0.20	55,473	326,191	1.83
			418,393	996,191	5.53
5 Manx Telecom					
Ordinary 0.2p§	340,321	0.30	507,782	660,223	3.70
6 Conygar Investment Company					
Ordinary 5p§	320,478	0.39	406,493	564,041	3.17
7 Newcastle Building Society					
6.625% sub notes 23/12/19	600,000	2.40	405,438	540,000	3.03
8 Aviva					
Ordinary 25p§	107,878	0.00	476,285	531,299	2.98
9 Fishguard & Rosslare					
3.5% GTD Preference Stock	790,999	63.91	441,810	514,149	2.89
10 Esure Group					
Ordinary 0.08333p§	201,217	0.05	545,776	511,091	2.87

§ Issues with unrestricted voting rights.

TWENTY LARGEST INVESTMENTS

At 30 June 2015

Stock	Number	Issue %	Book cost £	Market or Directors' valuation £	% of total portfolio
11 600 Group					
8% Convertible Loan Notes 14/02/20	500,000	6.49	500,000	500,000	2.81
12 Fairpoint Group					
Ordinary 1p§	400,000	0.91	442,261	492,000	2.76
13 Randall & Quilter Investment Holdings					
Ordinary 2p§	387,000	0.54	502,731	472,140	2.65
14 Safestyle UK					
Ordinary 1p§	206,856	0.27	206,856	421,986	2.37
15 William Sinclair Holdings					
8% Convertible Loan Notes 17/12/18	619,511	7.52	619,198	421,267	2.36
16 REA Holdings					
9.5% GTD Notes 31/12/17	300,000	2.00	298,254	313,500	1.76
7.5% Dollar Notes 30/06/17	150,000	0.44	76,740	96,331	0.54
			374,994	409,831	2.29
17 KCOM Group					
Ordinary 10p§	413,519	0.08	407,699	386,640	2.17
18 Direct Line Group					
Ordinary 10.909p§	105,621	0.01	354,049	386,361	2.17
19 Anglo Pacific					
Ordinary 2p§	432,903	0.25	346,322	377,708	2.12
20 Juridica Investments					
Ordinary NPV§	410,000	0.37	544,190	373,100	2.09
			9,786,211	**12,062,076**	**71.56**

§ Issues with unrestricted voting rights.

The Group has a total of 73 portfolio investment holdings in 57 companies.

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.

Investment Policy

The Company invests 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 is 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 generally 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.

Unquoted investments

The Company may invest in unquoted companies from time to time subject to prior Board approval.

Investments in unquoted companies 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 NAV (calculated at the time of borrowing).

Investment strategy

The Manager uses 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.

New Dividend Policy

As set out in the Chairman's Statement on page 4, the new policy will take the dividend in the first year after reorganisation, which amounted to 20.7p, and seek gradually to grow it going forward. It is anticipated that the first interim dividend in the new financial year will be 5.0p (5.5p last year). Any growth in the dividend beyond 20.7p will be reflected in the quantum of the fourth interim dividend.

Capital Structure

As at 30 June 2015 and the date of this report, the Group's share capital consists of 4,772,049 ordinary shares of 50p each, of which 32,500 shares are held in treasury and 4,739,549 shares are in circulation. In addition, there are 1,717,565 fixed rate preference shares of 50p in issue, all of which are held by a wholly owned subsidiary of the Company.

At general meetings of the Company, holders of ordinary shares are entitled to one vote on a show of hands and on a poll, to one vote for every share held. Fixed rate preference shares are non-voting.

Total Assets and Net Asset Value

The Group had total assets of £18,643,488 and a NAV of 389.34p per ordinary share at 30 June 2015.

Business Model

The principal activity of the Company is investment in equity securities of quoted UK companies with a wide range of market capitalisations, preference shares and prior charge securities with a view to achieving a high rate of income and capital growth over the medium term. The Company has been granted approval from HM Revenue & Customs ("HMRC") as an investment trust under s1158/1159 of the Corporation Tax Act 2010 ("s1158/1159") and will continue to be treated as an investment trust company, subject to there being no serious breaches of the conditions for approval.

The principal conditions that must be met for approval by HMRC as an investment trust for any given accounting period are that the Company's business should consist of "investing in shares, land or other assets with the aim of spreading investment risk and giving members of the company the benefit of the results", and the Company must distribute a minimum of 85% of all its income as dividend payments. The Company must also not be a close company. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 June 2015 so as to be able to continue to qualify as an investment trust.

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments and all other net capital gains. Investment trusts offer a number of advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at lower cost.

The Company owns Abport Limited, an investment dealing company, and New Centurion Trust Limited, a dormant investment company ("the Subsidiaries").

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are:

(i) **Investment decisions:** the performance of the Group's portfolio is dependent on a number of factors including, but not limited to, the quality of initial investment decisions and the strategy and timing of sales;

(ii) **Investment valuations:** the valuation of the Group's portfolio and opportunities for realisations depend to some extent on stock market conditions and interest rates; and

(iii) **Macroeconomic environment for preference shares and prior charge securities:** the environment for issuing of new preference shares and prior charge securities determines whether new issues become available, thus affecting the choice and scope of investment opportunities for the Group.

Risk Management

Specific policies for managing risks are summarised below and have been applied throughout the period:

1. Market price risk

The Manager monitors the prices of financial instruments held by the Group on a regular basis. In addition, it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce risks arising from investment decisions and investment valuations. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. Most of the equity investments held by the Company are listed on the London Stock Exchange.

2. Interest rate risk

In addition to the impact of the general investment climate, interest rate movements may specifically affect the fair value of investments in fixed interest securities.

3. Liquidity risk

The Group's assets mainly comprise readily realisable quoted securities that can be sold to meet funding commitments if necessary. Short term flexibility is achieved through the use of overdraft facilities.

Additional risks and uncertainties include:

Credit risk: the failure of a counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss. Normal delivery versus payment practice and review of counterparties and custodians by the Manager mean that this is not a significant risk.

Discount volatility: The Company's shares may trade at a price which represents a discount to its underlying NAV.

Regulatory risk: The Company operates in an evolving regulatory environment and faces a number of regulatory risks. A breach of s1158/1159 would result in the Company being subject to capital gains tax on portfolio investments. Breaches of other regulations, including the Companies Act 2006, the UKLA Listing Rules, the UKLA Disclosure and Transparency Rules, or the Alternative Investment Fund Managers' Directive, could lead to a detrimental outcome. Breaches of controls by service providers to the Company could also lead to reputational damage or loss. The Board monitors compliance with regulations, with reports from the Manager and the Administrator.

Protection of assets: The Company's assets are protected by the use of an independent Custodian, BNY Mellon. In addition, the Company operates clear internal controls to safeguard all assets.

These and other risks facing the Company are reviewed regularly by the Board.

Key Performance Indicators ("KPIs")

The Board reviews performance by reference to a number of KPIs and considers that the most relevant KPIs are those that communicate the financial performance and strength of the Company as a whole. The Board and Manager monitor the following KPIs:

- *NAV performance relative to the FTSE All-Share Index (total return)*
  The NAV per ordinary share at 30 June 2015 was 389.34p per share (2014: 394.4p). The total return of the NAV after adding back dividends paid was 4.3%. This compares favourably with a total return on the FTSE All-Share Index of 2.6%.

- *(Discount)/premium of share price in relation to NAV*
  Over the year to 30 June 2015, the Company's share price moved from trading at a premium of 2.94% to a discount of (3.82)%.

- *Ongoing Charges Ratio*
  The Ongoing Charges Ratio for the year to 30 June 2015 amounted to 2.5%. The management fee for the year was reduced by £21,630 in order to achieve the maximum Ongoing Charges Ratio permitted under the Management Agreement, as explained on page 15.

Management

The Company's investments are managed by Miton Asset Management Limited.

The Company has a Manager with a distinctive philosophy

- Miton is an independent fund management company quoted on AIM with an extensive shareholder base of major institutions and a particularly robust balance sheet.

- Miton is distinctive from most other fund managers in that many of its funds do not use traditional benchmarks since they can bring unintentional risks that can impede the day-to-day managers' ability to maximise absolute return in unsettled markets.

- Through anticipating post-credit boom trends, Miton proposes investment strategies that are set up with forthcoming trends in mind, rather than slavishly following the consensus.

- Many of Miton's funds have greater scope to manage volatility more closely than others, with an aim better to sustain its clients' assets through market cycles.

Miton asks more of its managers

Miton believes that able fund managers are better placed to deliver for clients if they have wide-ranging flexibility. Limiting the investment universe to a short list of benchmark stocks can be demotivating since the risk/reward ratio of the portfolio could be constrained unnecessarily. The best managers can take advantage of this wider flexibility better to moderate portfolio risk, as well as enhancing their clients' returns through selecting the best from a wider range of potential investments.

In addition, Miton also places great emphasis on its fund managers doing their own analysis, since it believes this ensures that they have greater conviction in subsequent investment decisions, and are less vulnerable to becoming panicky sellers when a share price moves adversely.

Details of the Manager

Miton has a team of five fund managers researching the full universe of quoted UK stocks. These include George Godber and Georgina Hamilton, who principally seek stocks which are intrinsically cheap with regard to their tangible assets, or where the scale of the underlying cashflow is underappreciated. Eric Moore principally concentrates on identifying mid and larger companies which have the best opportunities to grow their dividends over time.

The day-to-day management of the portfolio is carried out by Gervais Williams and Martin Turner, who research all quoted companies, but have a particular focus on many of the smaller quoted stocks.

Gervais Williams

Gervais joined Miton in March 2011 as Managing Director of the Miton Group. He has been an equity portfolio manager since 1985, including 17 years as Head of UK Smaller Companies and Irish Equities at Gartmore. He won the Grant Thornton Investor of the Year Award in 2009 and 2010, and was recently awarded Fund Manager of the Year 2014 by What Investment?

Martin Turner

Martin joined Miton in May 2011. Martin and Gervais have had a close working relationship since 2004 and their complementary expertise and skills led to a series of successful companies being backed. 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.

Management arrangements

In order to comply with the Alternative Investment Fund Managers' Directive ("AIFMD"), the Company's previous investment management agreement with Miton Asset Management Limited was terminated and the Company appointed PSigma Unit Trust Managers Limited as its Alternative Investment Fund Manager ("AIFM") with effect from 22 July 2014. PUTM subsequently changed its name to Miton Trust Managers Limited ("MTM"). MTM has been approved as an AIFM by the UK's Financial Conduct Authority. Miton Asset Management Limited has been appointed by MTM as Investment Manager to the Company pursuant to a delegation agreement. There has been no change to the fee structure or the portfolio management arrangements as a result of these changes.

Under the terms of the Management Agreement, the Manager has discretion to buy, sell, retain, exchange or otherwise deal in investment assets for the account of the Company.

The Manager is entitled to receive from the Company or any member of its subsidiaries in respect of its services provided under the Management Agreement, a management fee payable monthly in arrears calculated at the rate of one-twelfth of 1% per calendar month of the NAV for its services under the Management Agreement, save that its management fee will be reduced by such amount (being not more than the fees payable to the Manager in respect of any year (exclusive of VAT)) so as to seek to ensure that the Ongoing Charges Ratio of the Company does not exceed 2.5% per annum.

The Management Agreement is terminable by either the Manager or the Company giving to the other not less than six months' written notice. The Management Agreement may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including the liquidation of the Manager or appointment of a receiver or administrative receiver over the whole or any substantial part of the assets or undertaking of the Manager or a material breach by the Manager of the Management Agreement which is not remedied. The Company may also terminate the Management Agreement should Gervais Williams cease to be an employee of the Manager's group and, within three months of his departure, is not replaced by a person whom the Company considers to be of equal or satisfactory standing. The Company may also terminate the Management Agreement if a continuation vote is not passed.

Environmental, Human Rights, Employee, Social and Community Issues

The Board consists entirely of non-executive Directors. Day-to-day management of the business is delegated to the Manager. As an investment trust, the Company has no direct impact on the community or the environment, and as such has no environmental, human rights, social or community policies. In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly. The Board comprises four male Directors. In relation to gender diversity considerations, whilst there are currently no female Directors of the Company, members of the Board are appointed on merit, against an objective criteria set by the Board acting as the Nomination Committee.

On behalf of the Board

Sir David Thomson
Chairman

1 October 2015

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 30 June 2015.

Directors
The Directors in office at the date of this report are shown on page 2.

Substantial Shareholdings
As at 30 June 2015, the Company was aware of the following notifiable interests in its voting rights:

	Number of ordinary shares	% of voting rights
Miss J. B. Webb	539,344	11.38
Mrs J. P. Brown	212,343	4.48
Mrs S. Williams	212,343	4.48
Mr S. J. Cockburn	201,322	4.25
Philip J. Milton & Company plc	188,762	3.98
Investec Wealth & Investment Limited	159,787	3.37

The Company has not been informed of any changes to the above holdings between 30 June 2015 and the date of this report.

Restrictions on the Transfer of Shares
The Directors may, in their absolute discretion and without assigning any ground or reason therefore, decline to register any transfer of any share (not being a fully paid share) to a person of whom they shall not approve. They may also decline to register any transfer of any share (including a fully paid share) on which the Company has a lien or in respect of which the shareholder is in default in complying with a notice under Section 793 of the Companies Act 2006.

The Directors are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights. The Directors are not aware of any other restrictions on the transfer of shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws). There are no agreements to which the Company is party that might affect its control following a successful takeover bid.

Dividends
The dividends paid or payable in respect of the year ended 30 June 2015 are set out in the Strategic Report on page 3 and in note 7 to the financial statements.

Financial Risk Management
The principal risks and the Company's policies for managing these risks are set out on pages 12 and 13 and in note 16 to the financial statements.

ISA Status
The Company's shares are fully eligible for inclusion in ISAs.

Going Concern
The Company's Articles of Association require a continuation vote to be proposed at the 2016 Annual General Meeting for the Company to be wound up on a voluntary basis.

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements as the assets of the Group consist mainly of securities which are readily realisable. The Directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have considered the liquidity of the portfolio and the Company's ability to meet obligations as they fall due for a period of at least 12 months from the date that these financial statements were approved.

Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 9.8.4.

Auditor Information

The Directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

Saffery Champness has expressed its willingness to continue in office as Auditor of the Company and resolutions for its re-appointment and for the Directors to determine its remuneration will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Notice of Annual General Meeting to be held on Friday, 11 December 2015 (the "Notice") is set out on pages 61 to 65. Shareholders are being asked to vote on various items of business, being:

1. the receipt and adoption of the Strategic Report, the Reports of the Directors and Auditor, and the financial statements for the year ended 30 June 2015;
2. the receipt and approval of the Directors' Remuneration Report;
3. the re-election of Stephen Cockburn;
4. the re-election of Martin Perrin;
5. the re-appointment of Saffery Champness as Auditor and the authorisation of the Directors to determine the remuneration of the Auditor;
6. the approval of the Company's dividend payment policy;
7. the granting of authorities in relation to the allotment of shares;
8. the disapplication of pre-emption rights for certain issues of shares;
9. the purchase by the Company of its own shares; and
10. the holding of general meetings on not less than 14 clear days' notice.

Resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 to 10 will be proposed as special resolutions.

Dividend payment policy

The Company's policy is to pay dividends on a quarterly basis, with dividends declared in October, January, April and July and paid in November, February, May and August each year. As the fourth dividend is payable prior to the Annual General Meeting, which is scheduled to be held in December each year, it is declared as an interim dividend and there is accordingly no final dividend payable.

The Board is conscious that this means that shareholders will not be given the opportunity to vote on the payment of a final dividend. Accordingly, shareholders will be asked to confirm their ongoing approval of the current dividend payment policy, and this is set out in Resolution 6 in the Notice.

Authority to issue shares and disapplication of pre-emption rights

The Board wishes to have the authority to issue ordinary shares with the objective of further increasing the size of the Company.

Accordingly, an ordinary resolution to authorise the Directors to allot ordinary shares up to an aggregate nominal amount of £4,739,549, equal to 200% of the Company's issued ordinary share capital (excluding treasury shares) at the date of this Notice, will be proposed as Resolution 7.

In addition, Resolution 8 is being proposed as a special resolution to authorise the Directors to disapply the pre-emption rights of existing shareholders in relation to issue of ordinary shares under Resolution 8 and to sell ordinary shares from treasury up to a maximum nominal amount of £4,739,549, which is equal to 200% of the Company's issued share capital (excluding treasury shares) as at the date of this Notice.

Whilst 200% is higher than the disapplication of pre-emption rights authority ordinarily recommended by corporate governance best practice, the Directors believe that taking a larger than normal authority is justified in the present circumstances to provide the Company with the flexibility to issue new shares on an ongoing basis, as and when it has the opportunity to do so, in order to increase its capital base. It will also mean that the Company should save the costs of having to convene more frequent general meetings in order to obtain further shareholder authority.

The Directors intend to issue ordinary shares, subject to any applicable regulatory requirements, when it is in the best interests of shareholders to do so. Ordinary shares will only be issued on a non-preemptive basis at a price not less than the prevailing NAV per ordinary share at the time of issue. No shares were issued during the year.

These authorities, if approved, will expire at the Annual General Meeting of the Company to be held in 2016.

As at the date of this report, the Company holds 32,500 ordinary shares in treasury, representing 0.69% of its current issued share capital.

Purchase of own shares

Resolution 9, a special resolution, will renew the Company's authority to make market purchases of up to 14.99% of its ordinary shares, either for cancellation or placing into treasury at the determination of the Directors. Purchases of ordinary shares will be made within guidelines established from time to time by the Board. Any purchase of ordinary shares would be made only out of the available cash resources of the Company. The maximum price which may be paid for an ordinary share must not be more than the higher of (i) 5% above the average of the mid-market values of the ordinary shares for the five business days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid for the ordinary shares. The minimum price which may be paid is 50p per ordinary share.

The Directors would use this authority to address any significant imbalance between the supply and demand for the Company's ordinary shares and to manage the discount to NAV at which the ordinary shares trade. Ordinary shares will be repurchased only at prices below the NAV per ordinary share, which should have the effect of increasing the NAV per ordinary share for remaining shareholders. This authority will expire at the Annual General Meeting to be held in 2016 when a resolution to renew the authority will be proposed. No shares were bought back during the year.

Notice period for general meetings

Resolution 10 is a special resolution that will give the Directors the ability to convene general meetings, other than annual general meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's Annual General Meeting to be held in 2016, at which it is intended that renewal will be sought. The Company will have to offer facilities for all shareholders to vote by electronic means for any general meeting convened on 14 days' notice. The Directors will only call a general meeting on 14 days' notice where they consider it to be in the interests of shareholders to do so and the relevant matter is required to be dealt with expediently.

Recommendation

Full details of the above resolutions are contained in the Notice.

The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

By order of the Board

Capita Company Secretarial Services Limited
Company Secretary

1 October 2015

CORPORATE GOVERNANCE

The Corporate Governance Statement forms part of the Directors' Report.

Statement of Compliance

The Board of The Investment Company plc has considered the principles and recommendations of the AIC Code of Corporate Governance for Investment Companies ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide") published in February 2013. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), provides better information to shareholders.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the UK Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

A full portfolio listing is not provided as in the opinion of the Directors, it is not in the best commercial interests of the Company.

The Board of Directors

During the year, and at the date of this report, the Board comprised of four non-executive Directors.

The Board is responsible for all matters of direction and control of the Group, including its investment policy and strategy, and no one individual has unfettered powers of decision. The Directors review at regular meetings the Group's investments and all other important issues to ensure that control is maintained over the Group's affairs.

The Chairman, Sir David Thomson, is deemed by his fellow independent Board members to be independent and to have no conflicting relationships. Sir David Thomson is also chairman of S.A. Meacock & Company Limited. He considers himself to have sufficient time to commit to the Company's affairs.

During the year Mr Perrin, already a Board Director, was appointed by the Board as the Senior Independent Director of the Company. He provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the independent Directors.

The Board has formalised the arrangements under which Directors, in the furtherance of their duties, may take independent professional advice. There were no third party indemnity provisions over the course of the year or since the year end.

The appointment of a new Director would be on the basis of a candidate's merits and the skills/ experience identified by the Board as being desirable to complement those of the existing Directors. The Company does not have a specific diversity policy, but diversity is one of the factors that would be taken into account when making a new appointment.

Board Operation

The Directors meet at regular Board meetings held at least once a quarter, with additional meetings arranged as necessary. During the year to 30 June 2015, the number of Board and Committee meetings attended by each Director was as follows:

	Board		Audit Committee	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Sir David Thomson	4	4	2	2
Peter Allen	4	4	2	2
Stephen Cockburn	4	4	2	2
Martin Perrin	4	4	2	2

Performance Evaluation

The Board has established a questionnaire based process for the annual evaluation of the performance of the Board, its Committees and the individual Directors. Following evaluation, the Board concluded that it had the appropriate balance of skills, experience, length of service and knowledge, and all Directors continued to demonstrate commitment to their role.

Directors' Independence

The Board has reviewed the independent status of each individual Director and the Board as a whole. In the Board's opinion, all Directors are considered to be independent of the Manager in both character and judgement.

The Board has considered the fact that three of the four Directors have served on the Board for more than nine years, believe this to be of considerable benefit to the Company, and are satisfied that this does not impact their independent status. The AIC Code recognises that, in the context of an investment company, long service need not compromise independence.

The Board has considered the fact that Mr Cockburn is a consultant to Miton in respect of the legacy portfolio, and does not consider this to affect his independence.

Re-election of Directors

The Board does not have a specific policy on tenure. In accordance with the Company's Articles of Association, one-third of Directors shall be subject to retirement by rotation at each Annual General Meeting. In so far as the number of Directors retiring is less than one-third, those Directors who have been longest in office shall also retire. All Directors will be subject to re-election by shareholders at intervals of no more than three years.

Messrs Cockburn and Perrin will stand for re-election at the forthcoming Annual General Meeting. The Board has considered the re-election of each and recommends their re-election on the basis of their skills, knowledge and continued contribution.

Board Responsibilities and Relationship with Investment Manager

The Board is responsible for the determination and implementation of the Company's investment policy and strategy and has overall responsibility for the Company's activities, including the review of investment activity and performance, control and supervision of the Manager. The Board's main roles are to create value for shareholders, to provide leadership to the Company and to approve the Company's strategic objectives. The Board has adopted a schedule of matters reserved for its decision and specific responsibilities include: reviewing the Company's investments, asset allocation, gearing policy, cash management, investment outlook and revenue forecasts.

The Company's day-to-day functions have been subcontracted to a number of service providers, each engaged under separate legal agreements. The management of the Group's assets has been delegated to MTM, who in turn has delegated the investment management activities to Miton Asset Management Limited, which has discretion to manage the assets in accordance with the Company's investment objective and policy.

At each Board meeting the Directors follow a formal agenda, which is circulated in advance by the Company Secretary. The Secretary, Administrator and Manager regularly provide financial information, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

At each Board meeting a representative from the Manager is in attendance to present verbal and written reporting covering the Company's activities, portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings.

Committees of the Board

The Company has appointed an Audit Committee to monitor specific operations. Given the size of the Board, it is not felt appropriate to have a separate Management Engagement, Nomination or Remuneration Committee. The functions that would normally be carried out by these Committees are dealt with by the full Board.

The terms of reference of the Audit Committee are available on the Company's website at www.mitongroup.com/tic.

Report from the Audit Committee

The Audit Committee is comprised of all the independent non-executive Directors of the Company and is chaired by Mr Perrin. Given the size of the Board, it is deemed proportionate and practical for all Directors to sit on the Audit Committee. The Board is satisfied that Mr Perrin has recent and relevant financial experience to guide the Committee in its deliberations.

Role of the Audit Committee

The primary responsibilities of the Audit Committee are:

- to monitor the integrity of the financial statements of the Group, and review the financial reporting process and the accounting policies of the Company;
- to keep under review the effectiveness of the Group's internal control environment and risk management systems;
- to make recommendations to the Board in relation to the re-appointment or removal of the external Auditor and to approve its remuneration and terms of engagement;
- to review the effectiveness of the audit process; and
- to review and monitor the Auditor's independence and objectivity.

Matters considered in the year

The Committee met twice during the financial year to consider the financial statements and to review the internal control systems.

The Audit Committee has:

- monitored the internal controls and risk management systems of the Company and reviewed the internal controls of its third party service providers;
- agreed the audit plan with the Auditor, including the principal areas of focus;
- received and discussed with the Auditor its report on the results of the audit; and
- reviewed the Group's financial statements and advised the Board accordingly.

The principal issues identified by the Committee were the valuation and ownership of the investment portfolio, in particular the unquoted holdings and the collection of dividends. The Board relies on the Administrator and Manager to use correct listed prices and seeks comfort in the testing of this process through the internal control statements. This was discussed with the Administrator, Manager and Auditor at the conclusion of the audit of the financial statements.

Audit fees

An audit fee of £26,750 had been agreed in respect of the audit for the year ended 30 June 2015.

Auditor

During the year, no non-audit services were provided to the Group. During the prior year, Saffery Champness provided taxation services to the Company incurring fees of £4,850. In the event of any proposed non-audit services, the Committee would review the scope and nature of the proposed non-audit service before engagement, to ensure that auditor independence and objectivity was safeguarded.

Saffery Champness has been Auditor to the Company for over 28 years. No tender for the audit of the Company has been undertaken. The Audit Committee regularly considers the need to put the audit out to tender, its fees and independence, along with matters raised during each audit.

Following consideration of the performance of the Auditor, the service provided during the year and a review of its independence and objectivity, the Audit Committee has recommended to the Board the re-appointment of Saffery Champness as Auditor to the Company.

The Company is aware that, in accordance with forthcoming UK and European regulations on audit tendering and rotation, the Company cannot renew or enter into an audit engagement with the auditor that extends beyond 16 June 2020.

Engagement of Fund Manager

The Board engaged Miton as the Fund Manager, following a review of a range of options and concluding that their investment style, track record and methodology was most likely to optimise shareholder returns. The Board believes that the investment performance has been satisfactory relative to that of the markets in which the Company invests and that the remuneration of the Investment Manager is reasonable, both in absolute terms, and compared to that of managers of comparable investment companies. It is the opinion of the Directors that the continuing appointment of Miton is in the interests of shareholders as a whole.

Internal Control Review

The Directors are responsible for the systems of internal control relating to the Company and its subsidiary and the reliability of the financial reporting process and for reviewing their effectiveness.

The Directors have reviewed and considered the guidance supplied by the FRC on internal controls and an ongoing process has been established for identifying, evaluating and managing the risks faced by the Group. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of the signing of this report. The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Group are safeguarded. The risk management process and Group systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the period and up to the date of approval of the report and financial statements. There were no matters arising from this review that required further investigation and no significant failings or weakness were identified.

Risk assessment and review of internal controls is undertaken regularly in the context of the Company's overall investment objective. The Board, through the Audit Committee, has identified risk management controls in four key areas: corporate strategy; published information and compliance with laws and regulations; relationships with service providers; and investment and business activities. In arriving at its judgement, the Board has considered the Company's operations in light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

The Board reviews financial information produced by the Manager and Administrator on a regular basis.

Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third party suppliers regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the Audit Committee.

Relations with Shareholders

Communication with shareholders is given a high priority by both the Board and the Manager. All shareholders are encouraged to attend and vote at the Annual General Meeting, during which the Board and the Manager are available to discuss any issues affecting the Company.

The Annual and Half-Yearly Reports of the Company are prepared by the Board and its advisers to present a full, fair, balanced and understandable review of the Company's performance, business model and strategy. Monthly factsheets are available on the Company's website at www.mitongroup.com/tic.

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution for the approval of the Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 32 to 34.

Annual Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2015.

Given the size of the Board, it is not considered appropriate for the Company to have a separate Remuneration Committee and the functions of this Committee are carried out by the Board as a whole. Each Director of the Company takes no part in discussions concerning their own remuneration.

Directors' fees for the year ended 30 June 2015 were at a level of £14,000 per annum. Following a review of Directors' fees, in recognition of increased regulation, the Board has decided to increase Directors' fees to £15,000 per Director per annum with effect from 1 January 2016, being the Company's half year end.

Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

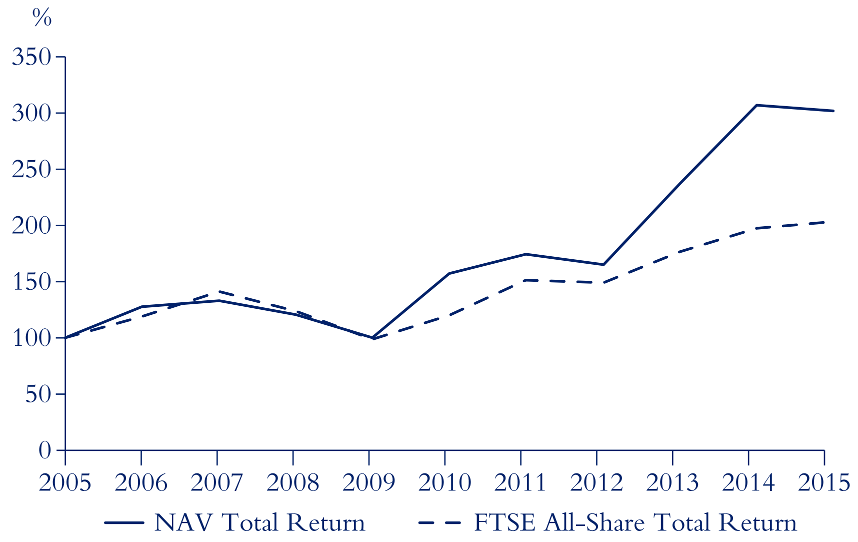
	Year ended 30 June 2015			Year ended 30 June 2014		
	Fees £	**Salary £**	**Total £**	Fees £	Salary £	Total £
Sir David Thomson	**14,000**	**–**	**14,000**	14,000	–	14,000
Peter Allen	**14,000**	**–**	**14,000**	14,033*	–	14,033
Stephen Cockburn	**14,000**	**–**	**14,000**	14,152*	–	14,152
Martin Perrin	**14,000**	**–**	**14,000**	14,152*	–	14,152
Phillip Lovegrove (retired 3 October 2013)	**–**	**–**	**–**	3,614	–	3,614
Miss Joan Webb (retired 3 October 2013)	**–**	**–**	**–**	2,840	–	2,840
	56,000	**–**	**56,000**	62,791	–	62,791

* amounts in excess of £14,000 represent underpayments relating to the prior period.

DIRECTORS' REMUNERATION REPORT *continued*

Company Performance

The Company does not have a specific benchmark against which performance is measured. The graph below compares the total return (assuming all dividends are reinvested) to holders of ordinary shares compared to the total shareholder return of the FTSE All-Share Total Return Index, which is the closest broad index against which to measure the Company's performance.



Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	2015 **£**	2014 £	Change
Dividends paid to ordinary shareholders in the year	**1,041,622**	710,932	46.5%
Total remuneration paid to Directors	**56,000**	62,791	(10.8)%

Directors' Beneficial and Family Interests (audited)

There is no requirement under the Articles for Directors to hold shares in the Company. The interests of the current Directors and their families in the voting rights of the Company are set out below:

	As at 30 June 2015 No of ordinary shares	As at 30 June 2014 No of ordinary shares
Sir David Thomson	**57,000**	57,000
Peter Allen	**20,000**	20,000
Stephen Cockburn*	**201,322**	201,322
Martin Perrin	**7,144**	7,144

* In addition, Stephen Cockburn has a non-beneficial interest in 79,239 ordinary shares.

There have been no changes to Directors' share interests between 30 June 2015 and the date of this Report.

Voting at Annual General Meeting

The Directors' Remuneration Report for the year ended 30 June 2014 and the Directors' Remuneration Policy were approved by shareholders at the Annual General Meeting held on 11 December 2014. The votes cast by proxy were as follows:

Directors' Remuneration Report

	Number of votes	% of votes cast
For	433,993	94.28
Against	2,087	0.45
At Chairman's discretion	24,242	5.27
Total votes cast	460,322	100
Number of votes withheld	0	

Directors' Remuneration Policy

	Number of votes	% of votes cast
For	433,770	94.23
Against	2,087	0.45
At Chairman's discretion	24,465	5.32
Total votes cast	460,322	100
Number of votes withheld	0	

Remuneration Policy

The Remuneration Policy of the Company was approved by shareholders at the Annual General Meeting of the Company held on 11 December 2014. There is no significant change in the way the current Remuneration Policy will be implemented during the course of the next financial year.

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable financial organisations and appointments.

The fees for each non-executive Director are determined within the limits set out in the Company's Articles of Association adopted on 24 June 2013, not to exceed a maximum aggregate amount equivalent to £15,000 per Director per annum. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other performance-related benefits as the Board does not believe that it is appropriate for non-executive Directors.

Directors are entitled to be paid all expenses properly incurred in attending Board or shareholder meetings, or otherwise in or with a view to the performance of their duties.

Under the Company's Articles of Association, if any Director performs or agrees to perform services (including services as a member of any committee(s)) which in the opinion of the Directors are beyond the ordinary and usual duties of a Director may (unless otherwise expressly resolved by the Company in general meeting) be paid such extra remuneration by way of salary, percentage of profits or otherwise, as the Directors may determine, which shall be charged as part of the Company's ordinary working expenses. However, as the Directors do not receive performance related pay, any additional remuneration would not be based on a percentage of profits.

	Expected fees for the year to 30 June 2016	Fees for the year to 30 June 2015
Non-executive Director	**£14,500**	£14,000

Fees for any new Director appointed will be on the above basis. Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board. It is the Board's policy that Directors do not have service contracts, but Directors are provided with letters of appointment as a non-executive Director.

The terms of appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment, and not less than every three years thereafter. Compensation will not be paid upon early termination of appointment.

In accordance with the regulations, an ordinary resolution to approve the Remuneration Policy will be put to shareholders at least once every three years and in any year if there is to be a change in the Remuneration Policy.

Approval
The Directors' Remuneration Report was approved by the Board on 1 October 2015.

On behalf of the Board

Sir David Thomson
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing this report and the financial statements in accordance with applicable United Kingdom law and regulations and those International Financial Reporting Standards ("IFRS") adopted by the European Union. Company law requires the Directors to prepare financial statements for each financial period which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are published on the Company's website, www.mitongroup.com/tic, which is maintained on behalf of the Company by the Manager. Under the Management Agreement, the Manager has agreed to maintain, host, manage and operate the Company's website and to ensure that it is accurate and up-to-date and operated in accordance with applicable law. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS *continued*

We confirm that to the best of our knowledge:

- the Group financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- this Annual Report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

Sir David Thomson
Chairman

1 October 2015

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of The Investment Company plc ("the Company") for the year ended 30 June 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 30 and 31, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2015 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

We consider the following risks of material misstatement to be most important to users' understanding of our audit in terms of their impact on our overall strategy, allocation of resources and direction of the audit team's work.

- Completeness and recognition of investment income
- Valuation and existence of investments

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We have determined a materiality of £365,000 for the financial statements as a whole. This is based on 2% of net assets. In the Consolidated Statement of Comprehensive Income the capital and revenue distinction is important to the Group, and therefore we have applied a separate materiality of £38,500 or 5% of the Group's Revenue Return before taxation to that Statement. We set performance materiality at 75% of these amounts.

We communicate all misstatements to the Audit Committee.

An overview of the scope of our audit

In response to the risks identified above:

- for a sample of investments held in the year, we formed an expectation of revenue to be received and compared this to the actual revenue recorded by the Group;
- we obtained independent confirmation from the custodian of the investments held at the year end and agreed this to the investments recorded by the Group;
- we agreed the valuation of quoted investments to an independent source of prices; and
- we assessed and tested the methodology and assumptions used in valuing the unlisted investments.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Report and Accounts is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Report and Accounts is fair, balanced and understandable or whether the Report and Accounts appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us: or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the Directors' statement, set out on pages 16 and 17, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Donna Caira
(Senior Statutory Auditor)
For and on behalf of Saffery Champness
Chartered Accountants
Statutory Auditors
Lion House
Red Lion Street
London
WC1R 4GB

1 October 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	**Year to 30 June 2015** Revenue £	Capital £	Total £	Year to 30 June 2014 Revenue £	Capital £	Total £
Realised (losses)/gains on investments	11	**–**	**(596,101)**	**(596,101)**	–	2,456,691	2,456,691
Unrealised (losses)/gains on investments held at fair value through profit or loss	11	**–**	**(863,664)**	**(863,664)**	–	522,123	522,123
Movement in impairment provision on investments held as available for sale		**–**	**1,530,422**	**1,530,422**	–	791,998	791,998
Exchange losses on capital items		**–**	**2,934**	**2,934**	–	(221)	(221)
Investment income	2	**1,248,030**	**–**	**1,248,030**	1,045,888	–	1,045,888
Investment management fee	3	**(163,607)**	**–**	**(163,607)**	(116,251)	–	(116,251)
Other administrative expenses	4	**(309,824)**	**–**	**(309,824)**	(348,198)	–	(348,198)
Return before finance costs and taxation		**774,599**	**73,591**	**848,190**	581,439	3,770,591	4,352,030
Finance costs							
Loan note interest		**(12,474)**	**–**	**(12,474)**	(30,759)	–	(30,759)
Return before taxation		**762,125**	**73,591**	**835,716**	550,680	3,770,591	4,321,271
Taxation	5	**(486)**	**–**	**(486)**	(7,299)	–	(7,299)
Return after taxation		**761,639**	**73,591**	**835,230**	543,381	3,770,591	4,313,972
Other comprehensive income							
Movement in unrealised appreciation on investments held as available for sale							
Recognised in equity		**–**	**282,377**	**282,377**	–	798,908	798,908
Recognised in return after taxation		**–**	**(316,308)**	**(316,308)**	–	(1,935,599)	(1,935,599)
Other comprehensive income after taxation		**–**	**(33,931)**	**(33,931)**	–	(1,136,691)	(1,136,691)
Total comprehensive income after taxation		**761,639**	**39,660**	**801,299**	543,381	2,633,900	3,177,281
Return after taxation per 50p ordinary share							
Basic and diluted	6	**16.07p**	**1.55p**	**17.62p**	11.46p	79.56p	91.02p
Return on total comprehensive income after taxation per 50p ordinary share							
Basic and diluted	6	**16.07p**	**0.84p**	**16.91p**	11.46p	55.57p	67.03p

The total column of this statement is the Consolidated Statement of Comprehensive Income of the Group prepared in accordance with International Financial Reporting Standards. The supplementary revenue and capital columns are prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP") issued in January 2009.

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

The notes on pages 40 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Issued capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Capital reserve £	Revenue account £	Total £
Balance at 1 July 2014	**2,386,025**	**4,453,903**	**2,408,820**	**2,374,878**	**6,784,563**	**285,104**	**18,693,293**
Total comprehensive income							
Net return for the period	**–**	**–**	**–**	**–**	**73,591**	**761,639**	**835,230**
Movement in unrealised appreciation on investments held as available for sale:							
– Recognised in equity	**–**	**–**	**–**	**282,377**	**–**	**–**	**282,377**
– Recognised in return after taxation	**–**	**–**	**–**	**(316,308)**	**–**	**–**	**(316,308)**
Transactions with shareholders recorded directly to equity							
Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(1,041,622)**	**(1,041,622)**
Balance at 30 June 2015	**2,386,025**	**4,453,903**	**2,408,820**	**2,340,947**	**6,858,154**	**5,121**	**18,452,970**
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	–	–	–	–	3,770,591	543,381	4,313,972
Movement in unrealised appreciation on investments held as available for sale:							
– Recognised in equity	–	–	–	798,908	–	–	798,908
– Recognised in return after taxation	–	–	–	(1,935,599)	–	–	(1,935,599)
Transactions with shareholders recorded directly to equity							
Ordinary dividends paid	–	–	–	–	–	(710,932)	(710,932)
Costs of issue	–	(10,540)	–	–	–	–	(10,540)
Balance at 30 June 2014	2,386,025	4,453,903	2,408,820	2,374,878	6,784,563	285,104	18,693,293

The notes on pages 40 to 59 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Issued capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Capital reserve £	Revenue account £	Total £
Balance at 1 July 2014	**2,386,025**	**4,453,903**	**2,408,820**	**2,381,595**	**4,232,428**	**2,805,672**	**18,668,443**
Total comprehensive income							
Net return for the period	**–**	**–**	**–**	**–**	**84,231**	**761,153**	**845,384**
Movement in unrealised appreciation on investments held as available for sale:							
– Recognised in equity	**–**	**–**	**–**	**286,197**	**–**	**–**	**286,197**
– Recognised in return after taxation	**–**	**–**	**–**	**(330,768)**	**–**	**–**	**(330,768)**
Transactions with shareholders recorded directly to equity							
Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(1,041,622)**	**(1,041,622)**
Preference share dividends paid	**–**	**–**	**–**	**–**	**–**	**(172)**	**(172)**
Balance at 30 June 2015	**2,386,025**	**4,453,903**	**2,408,820**	**2,337,024**	**4,316,659**	**2,525,031**	**18,427,462**

	Issued capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Capital reserve £	Revenue account £	Total £
Balance at 1 July 2013	2,386,025	4,464,443	2,408,820	3,536,373	443,750	2,962,669	16,202,080
Total comprehensive income							
Net return for the period	–	–	–	–	3,788,678	554,107	4,342,785
Movement in unrealised appreciation on investments held as available for sale:							
– Recognised in equity	–	–	–	780,821	–	–	780,821
– Recognised in return after taxation	–	–	–	(1,935,599)	–	–	(1,935,599)
Transactions with shareholders recorded directly to equity							
Ordinary dividends paid	–	–	–	–	–	(710,932)	(710,932)
Preference share dividends paid	–	–	–	–	–	(172)	(172)
Costs of issue	–	(10,540)	–	–	–	–	(10,540)
Balance at 30 June 2014	2,386,025	4,453,903	2,408,820	2,381,595	4,232,428	2,805,672	18,668,443

The notes on pages 40 to 59 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 30 June 2015

	Note	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Non-current assets					
Investments	11	**17,820,229**	17,486,703	**17,820,229**	17,486,703
Investment in subsidiaries	12	**–**	–	**862,656**	862,656
		17,820,229	17,486,703	**18,682,885**	18,349,359
Current assets					
Trade and other receivables	14	**308,741**	161,071	**317,187**	171,703
Investments available for sale		**1,662**	1,564	**–**	–
Cash and bank balances		**512,856**	1,754,315	**507,373**	1,711,321
		823,259	1,916,950	**824,560**	1,883,024
Current liabilities					
Trade and other payables	15	**190,518**	344,660	**221,200**	339,457
5% loan notes maturing 2015	9	**–**	365,700	**–**	365,700
		190,518	710,360	**221,200**	705,157
Net current assets		**632,741**	1,206,590	**603,360**	1,177,867
Non-current liabilities					
Fixed rate preference shares	9	**–**	–	**(858,783)**	(858,783)
Net assets		**18,452,970**	18,693,293	**18,427,462**	18,668,443
Capital and reserves					
Issued capital	8	**2,386,025**	2,386,025	**2,386,025**	2,386,025
Share premium		**4,453,903**	4,453,903	**4,453,903**	4,453,903
Capital redemption reserve		**2,408,820**	2,408,820	**2,408,820**	2,408,820
Revaluation reserve		**2,340,947**	2,374,878	**2,337,024**	2,381,595
Capital reserve		**6,858,154**	6,784,563	**4,316,659**	4,232,428
Revenue reserve		**5,121**	285,104	**2,525,031**	2,805,672
Shareholders' funds	10	**18,452,970**	18,693,293	**18,427,462**	18,668,443
Net asset value per 50p ordinary share		**389.34p**	394.41p		

These financial statements were approved by the Board of The Investment Company plc on 1 October 2015 and were signed on its behalf by:

Sir David Thomson
Chairman

Company Number: 4205

The notes on pages 40 to 59 form part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

For the year ended 30 June 2015

	Group		Company	
	Year to 30 June 2015 £	Year to 30 June 2014 £	**Year to 30 June 2015 £**	Year to 30 June 2014 £
Cash flows from operating activities				
Cash received from investments	**1,145,391**	1,204,193	**1,134,684**	1,087,064
Interest received	**154**	1,684	**134**	1,678
Sundry income	**72,274**	–	**72,274**	–
Investment management fees paid	**(265,255)**	–	**(265,255)**	–
Cash paid to and on behalf of employees	**(35,466)**	(34,337)	**(35,466)**	(34,337)
Other cash payments	**(310,345)**	(483,705)	**(298,630)**	(478,229)
Withholding tax paid	**(486)**	(7,299)	**(486)**	(7,299)
Net cash inflow from operating activities	**606,267**	680,536	**607,255**	568,877
Cash flows from financing activities				
Loan note interest paid	**(17,033)**	(35,317)	**(17,033)**	(35,317)
Loan notes redeemed	**(365,700)**	(365,700)	**(365,700)**	(365,700)
Fixed element of dividends paid on preference shares	**–**	(82,914)	**–**	(82,914)
Dividends paid on ordinary shares	**(1,053,128)**	(710,932)	**(1,053,128)**	(710,932)
Share capital subscriptions received	**–**	1,184,789	**–**	1,184,789
Net cash outflow from financing activities	**(1,435,861)**	(10,074)	**(1,435,861)**	(10,074)
Cash flows from investing activities				
Purchase of investments	**(3,152,010)**	(9,076,089)	**(3,152,010)**	(9,076,089)
Loans from subsidiaries	**–**	–	**36,523**	71,672
Sale of investments	**2,737,210**	7,022,181	**2,737,210**	7,022,181
Net cash outflow from investing activities	**(414,800)**	(2,053,908)	**(378,277)**	(1,982,236)
Net decrease in cash and cash equivalents	**(1,244,394)**	(1,383,446)	**(1,206,883)**	(1,423,433)
Reconciliation of net cash flow to movement in net cash				
Decrease in cash	**(1,244,394)**	(1,383,446)	**(1,206,883)**	(1,423,433)
Exchange rate movements	**2,935**	(301)	**2,935**	(301)
Loan notes redeemed	**365,700**	365,700	**365,700**	365,700
Decrease in net cash	**(875,759)**	(1,018,047)	**(838,248)**	(1,058,034)
Net cash at start of period	**1,388,615**	2,406,662	**1,345,621**	2,403,655
Net cash at end of period	**512,856**	1,388,615	**507,373**	1,345,621
Analysis of net cash				
Cash and bank balances	**512,856**	1,754,315	**507,373**	1,711,321
5% loan notes due within one year	**–**	(365,700)	**–**	(365,700)
	512,856	1,388,615	**507,373**	1,345,621

The notes on pages 40 to 59 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2015

1. Accounting policies

(a) Basis of preparation

The Investment Company plc (the "Company") is a public limited company incorporated and registered in England and Wales.

The consolidated financial statements, which comprise the audited results of the Company and its wholly owned subsidiaries, Abport Limited and New Centurion Trust Limited (together referred to as the "Group"), for the year ended 30 June 2015 have been prepared under the historical cost basis, as modified by the measurement at fair value of investments, and in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has been approved as an investment trust by HM Revenue & Customs under section 1158/1159 of the Corporation Tax Act 2010. As a result the consolidated financial statements have also been prepared in accordance with the AIC SORP issued in January 2009 for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of IFRS.

The financial statements have been prepared on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its financial statements.

The financial statements are presented in sterling, which is the Group's functional currency as the UK is the primary environment in which it operates.

(b) Basis of consolidation

Having considered the IFRS 10 criteria needed to require classification of the Company as an investment entity, the directors are satisfied that these criteria are not met and consequently continue to prepare consolidated financial statements. Subsidiary companies are consolidated from the date of acquisition, being the date on which control is obtained, and will continue to be consolidated until the date that such control ceases. Control comprises being exposed, or having rights, to variable returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them are eliminated.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Income Statement. The amount of the Company's return for the financial year dealt with in the financial statements of the Group is a profit after tax of £845,384 (2014: profit after tax of £4,342,785).

1. Accounting policies *(continued)*

(c) Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business. The Group primarily invests in companies listed in the UK.

(d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the Balance Sheet, the Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

The unquoted investments are valued by reference to valuation techniques approved by the Directors and in accordance with the International Private Equity and Venture Capital Valuation ('IPEVC') guidelines.

(e) Cash and cash equivalents

Cash comprises cash in hand, overdrafts and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

(f) Foreign currency

Transactions denominated in foreign currencies are converted to sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is of a capital or revenue nature.

(g) Income

Dividends received from UK registered companies are accounted for net of imputed tax credits. Dividends from overseas companies are shown gross of any non-recoverable withholding taxes which are described separately in the Income Statement.

1. Accounting policies *(continued)*

(g) Income *(continued)*

Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis.

Special dividends are taken to revenue or capital account depending on their nature. In deciding whether a dividend should be regarded as a capital or revenue receipt, the Board reviews all relevant information as to the reasons for the sources of the dividend on a case-by-case basis.

When the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend forgone is recognised as income. Any excess in the value of the cash dividend is recognised in the capital column.

Where, before recognition of dividend income is due, there is any reasonable doubt that a return will actually be received, for example as a consequence of the investee company lacking distributable reserves, the recognition of the return is deferred until the doubt is removed.

All other income is accounted for on a time-apportioned accruals basis using the effective interest rate method and is recognised in the Income Statement.

(h) Expenses and finance costs

All expenses and finance costs are accounted for on an accruals basis.

Expenses incurred directly in relation to placings and offers for subscription of shares are deducted from equity and charged to the share premium account.

(i) Taxation

Deferred tax is provided on an undiscounted basis in accordance with IAS 19 on all timing differences that have originated, but not reversed, by the Balance Sheet date based on tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

No taxation liability arises on gains from sales of fixed asset investments by the Group by virtue of its investment trust status. However, the net revenue (excluding UK dividend income) accruing to the Group is liable to corporation tax at the prevailing rates.

1. Accounting policies *(continued)*

(j) Dividends

Ordinary dividends are recognised as a liability in the period in which they are paid or approved in general meetings and are taken to the Statement of Changes in Equity. Ordinary dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

(k) Earnings per ordinary share

The Group calculates both basic and diluted earnings per ordinary share in accordance with IAS 33 "Earnings Per Share". Under IAS 33, basic earnings per share are computed using the weighted average number of shares outstanding during the period. Earnings are adjusted for the participating element of preference share dividends.

(l) Investments

The Group's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets, which includes equity shares, convertible securities, fixed income securities and derivatives, is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Group's Board of Directors.

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.

Investments are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments are measured at fair value.

All investments held that have been purchased by the Group since obtaining approval as an investment trust from 1 July 2013 are classified as at "fair value through profit or loss". Realised and unrealised gains and losses on investments classified as at "fair value through profit of loss" are recognised in the Consolidated Income Statement and allocated to the Capital reserve.

Investments held at 30 June 2015 which were purchased prior to 1 July 2013 are classified as "assets available for sale". These investments have not been reclassified as at "fair value through profit or loss" in accordance with IFRS 39 Financial Instruments Recognition and Measurement. Realised gains and losses and movement in impairment provision on investments classified as "assets available for sale" are recognised in the Consolidated Income Statement and allocated to the Capital reserve. Movement in unrealised appreciation on investments classified as "assets available for sale" is recognised in the Revaluation reserve.

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 11, described as follows, based on the lowest significant applicable input:

Level 1 reflects financial instruments quoted in an active market.

1. Accounting policies *(continued)*

(l) Investments *(continued)*

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data. For investments that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest significant applicable input) at the date of the event that caused the transfer.

For investments actively traded in organised financial markets, fair value is generally determined by reference to quoted market bid prices of 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.

Unlisted stocks are reviewed and valued by the Board on a regular basis and the fair value is determined based on estimates using present values or other valuation techniques.

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(m) Derivative instruments – held for trading

Derivatives, including Index Put options, which are listed investments are classified as financial assets or liabilities held for trading. They are initially recorded at cost (being the premium paid to purchase the option) and are subsequently valued at fair value at the close of business at the year end and included in fixed assets or current assets/liabilities depending on their maturity date.

Changes in the fair value of derivative instruments are recognised as they arise in the Consolidated Statement of Comprehensive Income.

(n) Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for diminution in value.

1. Accounting policies *(continued)*

(o) Impairment review

At each Balance Sheet date, a review is carried out to assess whether there is any objective evidence that the Group's available for trading financial assets have become impaired. Where such evidence exists, the amount of any impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income. Any excess of the impairment loss over the amount previously recognised in equity is recognised in the Consolidated Statement of Comprehensive Income.

If, in a subsequent period, the fair value of available for sale financial assets increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed and the amount of the reversal is recognised in profit or loss where it relates to a debt instrument.

(p) Fixed rate preference shares

The fixed rate preference shares are non-voting, are entitled to receive a cumulative dividend of 0.01p per share per annum, and are entitled to receive their nominal value, 50p, on a distribution of assets or a winding up. Preference shares are disclosed as non-current liabilities in accordance with IAS 32 (Financial Instruments: Disclosure and Presentation).

(q) Reserves

Capital reserve
The following are accounted for within the Capital Reserve:

- gains and losses on the realisation of investments;
- net movement arising from changes in the fair value of investments held and classified as at "fair value through profit or loss" that can be readily converted to cash without accepting adverse terms;
- net movement in the impairment provision of investments available for sale; and
- net movement from changes in the fair value of derivative financial instruments.

Revaluation reserve
The revaluation reserve represents the accumulated unrealised gains on the Group's held-for trading investments.

(r) IFRS standards

The accounting policies adopted are consistent with those of the previous financial year, except the following standards that have been adopted in the current year.

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

The Directors anticipate that the adoption of the above standards will have no material impact on the financial statements of the Group and Company. IFRS 9 has not yet been implemented, and may have an impact upon the Group in subsequent accounting periods.

NOTES TO THE FINANCIAL STATEMENTS *continued*

At 30 June 2015

2. Income

	Year ended 30 June 2015 £	Year to 30 June 2014 £
Income from investments:		
UK dividends	**525,521**	356,083
Unfranked dividend income	**276,399**	199,504
UK fixed interest	**362,877**	494,554
	1,164,797	1,050,141
Other income:		
Bank deposit interest	**154**	1,684
Sundry income	**66,750**	–
Underwriting commission	**5,524**	–
Net dealing gains/(losses) of subsidiaries	**10,805**	(5,937)
Total income	**1,248,030**	1,045,888

3. Investment Management fee

	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Investment Management fee	**163,607**	116,251

Under the terms of the Management Agreement, the Manager, Miton Asset Management Limited, is entitled to receive from the Company or any member of the Company 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.

At 30 June 2015 an amount of £14,603 (2014: £116,251) was outstanding and due to Miton Asset Management Limited.

4. Other expenses

	Year ended 30 June 2015 £	Year to 30 June 2014 £
Administration and secretarial services	**83,545**	104,616
Auditors' remuneration for:		
– audit of the Group's financial statements	**28,450**	26,000
– other services relating to taxation	**–**	4,850
– other assurance services	**–**	–
Directors' remuneration (see the Directors' Remuneration Report on page 26)	**56,000**	62,791
Salaries	**14,000**	14,000
Pension costs	**11,463**	10,829
Restructuring costs	**–**	12,932
Various other expenses	**116,366**	112,180
	309,824	348,198

5. Taxation

	Revenue	Year ended 30 June 2015 Capital	Total	Revenue	Year ended 30 June 2014 Capital	Total
	£	£	£	£	£	£
Overseas taxation suffered	**486**	**–**	**486**	7,299	–	7,299

The current taxation charge for the year is lower than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	Revenue	Year ended 30 June 2015 Capital	Total	Revenue	Year ended 30 June 2014 Capital	Total
	£	£	£	£	£	£
Return on ordinary activities	**762,125**	**73,591**	**835,716**	550,680	3,770,591	4,321,271
Theoretical tax at UK corporation tax rate of 20.75% (2014: 22.50%)	**158,141**	**15,270**	**173,411**	123,903	848,383	972,286
Effects of:						
UK dividends that are not taxable	**(109,046)**	**–**	**(109,046)**	(80,119)	–	(80,119)
Overseas dividends that are not taxable	**(57,353)**	**–**	**(57,353)**	(33,585)	–	(33,585)
Realised dealing gains	**–**	**–**	**–**	(19,764)	–	(19,764)
Unrealised dealing losses	**–**	**–**	**–**	18,462	–	18,462
Non-taxable investment losses/(gains)	**–**	**384,449**	**384,449**	–	(670,183)	(670,183)
Movement in impairment provision not deductible for tax purposes	**–**	**(399,719)**	**(399,719)**	–	(178,200)	(178,200)
Overseas taxation suffered	**486**	**–**	**486**	7,299	–	7,299
Expenses not deductible for tax	**8,258**	**–**	**8,258**	–	–	–
Utilisation of tax losses	**–**	**–**	**–**	(8,897)	–	(8,897)
	486	**–**	**486**	7,299	–	7,299

Factors that may affect future tax charges

The Company has excess management expenses of £1,333,798 (2014: £2,134,613). It is unlikely that the Company will generate sufficient taxable income in the future to use these expenses to reduce future tax charges and therefore no deferred tax asset has been recognised.

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval as an investment trust in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

6. Return per ordinary share

	Revenue	**Year ended 30 June 2015 Capital**	**Total**	Revenue	Year ended 30 June 2014 Capital	Total
Return after taxation						
Return attributable to ordinary shareholders (£)	**761,639**	**73,591**	**835,230**	543,381	3,770,591	4,313,972
Weighted average number of ordinary shares in issue (excluding shares held in treasury)			**4,739,549**			4,739,549
Return per ordinary share (pence)	**16.07**	**1.55**	**17.62**	11.46	79.56	91.02

The return on total comprehensive income per ordinary share has been calculated to enable comparison of the returns per share shown in the annual reports of other investment trust companies. A reconciliation is shown below:

	Revenue	**Year ended 30 June 2015 Capital**	**Total**	Revenue	Year ended 30 June 2014 Capital	Total
Return on total comprehensive income						
Return attributable to ordinary shareholders (£)	**761,639**	**73,591**	**835,230**	543,381	3,770,591	4,313,972
Add other comprehensive income recognised in equity	**–**	**282,377**	**282,377**	–	798,908	798,908
Add other comprehensive income recognised in return after taxation	**–**	**(316,308)**	**(316,308)**	–	(1,935,599)	(1,935,599)
Return attributable to ordinary shareholders (£)	**761,639**	**39,660**	**801,299**	543,381	2,633,900	3,177,281
Weighted average number of ordinary shares in issue (excluding shares held in treasury)			**4,739,549**			4,739,549
Return per ordinary share (pence)	**16.07**	**0.84**	**16.91**	11.46	55.57	67.03

7. Dividends per ordinary share

	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Unclaimed dividends in respect of prior periods	**(11,506)**	–
In respect of the prior period:		
Fourth interim dividend 5.72p (2014: 0.00p)	**271,102**	–
In respect of the year under review:		
First interim 5.50p (2014: 5.00p)	**260,676**	236,978
Second interim dividend 5.50p (2014: 5.00p)	**260,675**	236,977
Third interim dividend 5.50p (2014: 5.00p)	**260,675**	236,977
	1,041,622	710,932
Dividend declared in respect of the year under review:		
Fourth interim dividend 7.10p (2014: 5.72p)	**338,816**	271,102

8. Called up share capital

	Group and Company 2015		Group and Company 2014	
	Number	**£**	Number	£
Ordinary shares 50p each:	**4,772,049**	**2,386,025**	4,772,049	2,386,025

In addition to the above ordinary shares, the issued capital of the Company includes 1,717,565 fixed rate preference shares of 50p each. Details of these preference shares in the Company are set out in note 9.

The ordinary shares entitle the holders to receive all ordinary dividends and all remaining assets on a winding up, after the fixed rate preference shares have been satisfied in full.

The Company holds 32,500 ordinary shares in treasury (2014: 32,500).

9. Interest bearing liabilities

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
5% loan notes maturing 2015	**–**	365,700	**–**	365,700
Fixed rate preference shares	**–**	–	**858,783**	858,783
	–	365,700	**858,783**	1,224,483

A bank loan facility is available to the company of up to £500,000, to be secured by an omnibus charge over a portfolio of shares with a valuation of £2,219,760. At 30 June 2015 no loan was outstanding.

The loan notes were issued in March 2005 as part of the consideration for the acquisition of New Centurion Trust Limited. No loan notes were outstanding at 30 June 2015.

The 1,717,565 fixed rate preference shares of 50p each, all of which are held by New Centurion Trust Limited, a wholly owned subsidiary of the Company, are non-voting, are entitled to receive a cumulative dividend of 0.01p per share per annum, and are entitled to receive their nominal value, 50p, on a distribution of assets or a winding up.

The Directors do not consider the fair values of the Company's financial instruments to be significantly different from the carrying values.

10. Net asset value per ordinary share

The net asset value per ordinary share is calculated as follows:

	2015	2014
	£	£
Net assets	**18,452,970**	18,693,293
Ordinary shares in issue, excluding own shares held in treasury	**4,739,549**	4,739,549
Net asset value per ordinary share	**389.34p**	394.41p

The underlying investments of the wholly owned subsidiary New Centurion Trust Limited comprise Fixed Rate Preference Shares, as discussed in note 9, in The Investment Company plc and, being effectively eliminated on consolidation, the valuation thereof does not impact the net asset value attributable to ordinary shareholders.

11. Investments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Available for sale	**8,659,711**	8,865,845	**8,659,711**	8,865,845
At fair value through profit or loss	**9,160,518**	8,620,858	**9,160,518**	8,620,858
Total investments designated at fair value	**17,820,229**	17,486,703	**17,820,229**	17,486,703

Investments available for sale

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Opening book cost	**8,820,454**	12,408,510	**8,917,129**	12,505,185
Opening net investment holding gains/(losses)	**45,391**	390,084	**(51,284)**	293,409
	8,865,845	12,798,594	**8,865,845**	12,798,594
Movements in the period:				
Purchases at cost	**–**	–	**–**	–
Sales – proceeds	**(920,806)**	(4,593,355)	**(920,806)**	(4,593,355)
– (loss)/gains on sales	**(781,819)**	1,005,299	**(820,781)**	1,005,299
(Increase/decrease) in investment holding gains	**1,496,491**	(344,693)	**1,535,453**	(344,693)
Closing valuation	**8,659,711**	8,865,845	**8,659,711**	8,865,845
Closing book cost	**7,117,829**	8,820,454	**7,175,542**	8,917,129
Closing net investment holding gains/(losses)	**1,541,882**	45,391	**1,484,169**	(51,284)
	8,659,711	8,865,845	**8,659,711**	8,865,845

Investments held at fair value through profit or loss

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Opening book cost	**8,098,735**	–	**8,098,735**	–
Opening net investment holding gains	**522,123**	–	**522,123**	–
	8,620,858	–	**8,620,858**	–
Movements in the period:				
Purchases at cost	**3,152,010**	9,076,089	**3,152,010**	9,076,089
Sales – proceeds	**(1,934,404)**	(2,428,746)	**(1,934,404)**	(2,428,746)
– gains on sales	**185,718**	1,451,392	**185,718**	1,451,392
(Decrease)/increase in net investment holding gains	**(863,664)**	522,123	**(863,664)**	522,123
Closing valuation	**9,160,518**	8,620,858	**9,160,518**	8,620,858
Closing book cost	**9,502,059**	8,098,735	**9,502,059**	8,098,735
Closing net investment holding (losses)/gains	**(341,541)**	522,123	**(341,541)**	522,123
	9,160,518	8,620,858	**9,160,518**	8,620,858

11. Investments *(continued)*

	Group & Company Year ended 30 June 2015 £	Group & Company Year ended 30 June 2014 £
Transaction costs		
Costs on acquisitions	**7,441**	28,280
Costs on disposals	**3,973**	12,909
	11,414	**41,189**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Analysis of capital gains				
(Losses)/gains on sale of investments	**(596,101)**	2,456,691	**(635,063)**	2,456,691
Movement in investment holding gains	**632,827**	177,430	**671,789**	177,430
	36,726	2,634,121	**36,726**	2,634,121

Fair value hierarchy

IFRS 13 requires classification of financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair values.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices, unadjusted in active markets for identical assets or liabilities.

Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data or the asset or liability.

The table below set out fair value measurements of financial instruments as at 30 June 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised.

At 30 June 2015	Level 1 £	Level 2 £	Level 3 £	Total £
Fixed asset investments held by the Company	**12,648,728**	**398,853**	**4,772,648**	**17,820,229**
Current asset investments held by a trading subsidiary	**1,662**	**–**	**–**	**1,662**
	12,650,390	**398,853**	**4,772,648**	**17,821,891**

11. Investments *(continued)*

At 30 June 2014

	Level 1 £	Level 2 £	Level 3 £	Total £
Fixed asset investments held by the Company	13,888,686	372,816	3,225,201	17,486,703
Current asset investments held by a trading subsidiary	1,564	–	–	1,564
	13,890,250	372,816	3,225,201	17,488,267

Where significant inputs are not based on observable market data, the instrument is included in Level 3. The table below presents the movement in Level 3 investments for the year ending 30 June 2015.

	Year ended 30 June 2015	
	Group £	**Company £**
Opening balance	**3,225,201**	**3,225,201**
Transfers from Level 1	**698,500**	**698,500**
Movement in impairment provision on investments available for sale	**145,038**	**129,857**
Movement in unrealised appreciation on investments available for sale recognised in equity	**67,357**	**82,538**
Movement in unrealised appreciation on investments available for sale recognised in return after taxation	**28,211**	**28,211**
Purchases at cost	**813,065**	**813,065**
Movement in unrealised gains/losses on investments at fair value through profit or loss	**(106,511)**	**(106,511)**
Realised loss	**72,718**	**72,718**
Sales proceeds	**(170,931)**	**(170,931)**
Closing balance	**4,772,648**	**4,772,648**

12. Investment in Subsidiaries

	Company	
	2015 £	2014 £
At cost	**5,410,552**	5,410,552
Provision for diminution in value	**(4,547,896)**	(4,547,896)
At net book value	**862,656**	862,656

At 30 June 2015, the Company held interests in the following subsidiary companies:

	Country of Incorporation	**% share of capital held**	**% share of voting rights**	**Nature of business**
Abport Limited	England	100	100	Investment dealing company
New Centurion Trust Limited	England	100	100	Investment holding company (dormant)

13. Substantial share interests

The Company has notified interests in 3% or more of the voting rights of the following companies:

Company	% share of voting rights
Associated British Engineering plc	4.88

14. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Amount due from subsidiaries	**–**	–	**8,446**	10,634
Accrued income	**105,542**	97,802	**105,542**	97,802
Due from brokers	**118,000**	–	**118,000**	–
Dividends receivable	**77,579**	55,206	**77,579**	55,206
Taxation recoverable	**2,108**	2,108	**2,108**	2,108
Other receivables	**5,512**	5,955	**5,512**	5,953
	308,741	161,071	**317,187**	171,703

The carrying amount of trade receivables approximates to their fair value. Trade and other receivables are not past due at 30 June 2015.

15. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Preference dividends payable	**–**	–	**344**	174
Amount due to subsidiaries	**–**	–	**34,335**	–
Investment management fees	**14,603**	116,251	**14,603**	116,251
Other trade payables and accruals	**175,915**	228,409	**171,918**	223,032
	190,518	344,660	**221,200**	339,457

16. Analysis of financial assets and liabilities

Investment Objective and Policy

The investment objective of the Group is to generate income and capital growth over the medium term. The Group's investing activities in pursuit of its investment objective involve certain inherent risks.

The Group's financial instruments comprise investments in fixed interest securities and prior charge investments, borrowings for investment purposes, cash balances and debtors and creditors that arise directly from its operations.

16. Analysis of financial assets and liabilities *(continued)*

Risks

The risks identified arising from the Group's financial instruments are market risk (which comprises market price risk and interest rate risk, liquidity risk and credit and counterparty risk). The Group may enter into derivative contracts to manage risk, and has taken out a listed Put option against the FTSE 100 Index during the year. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Group's business. It represents the potential loss the Group might suffer through holding market positions by way of price movements, interest rate movements and exchange rate movements. The Group assesses the exposure to market risk when making each investment decision and these risks are monitored by the Manager on a regular basis and the Board at quarterly meetings with the Manager.

(i) Market price risk

Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the Manager. Investment performance and exposure are reviewed at each Board meeting.

The Group invests in other funds and is susceptible to market price risk arising from uncertainties about future values of those investee funds. The investment manager makes investment decisions after an extensive assessment of the underlying fund, its strategy and the overall quality of the underlying fund's manager. The Group's policy requires the Investment Manager to complete a full reassessment of each of the investee funds on a quarterly basis and track the performance of each investee fund on a weekly basis.

The Group's investment restrictions prohibit it from investing more than 20% of its assets in any one investee fund.

The direct impact of a 5% movement in the value of the portfolio investments and current asset investments amounts to £891,095 (2014: £874,413), being 19p (2014: 18p) per ordinary share. The analysis is based on closing balances only and is not representative of the year as a whole.

The Group mainly invests in equities of other entities that are publicly traded on the London Stock Exchange and is therefore subject to movements in the FTSE index.

16. Analysis of financial assets and liabilities *(continued)*

	2015	2014
	£	£
Securities available for sale	**8,661,373**	8,867,409
Securities at fair value through profit or loss	**9,160,518**	8,620,858
Total investment	**17,821,891**	17,488,267

	2015	2014
	£	£
Securities available for sale	**433,069**	443,340
Securities at fair value through profit and loss	**458,026**	431,073
Effect on post-tax profit for the year and on equity	**891,095**	874,413

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and payable on its revolving credit facility. The Group's financial assets and liabilities, excluding short-term debtors and creditors, may include investment in fixed interest securities, such as UK corporate debt stock, whose fair value may be affected by movements in interest rates. The majority of the Group's financial assets and liabilities, however, are non-interest bearing. As a result, the Group's financial assets and liabilities are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The Group finances its operations through existing reserves and its overdraft facility. The Group has fully repaid the 5% loan notes during the year and is able to drawdown on its bank loan facility set out in note 9.

There was limited exposure to interest bearing liabilities during the year ended 30 June 2015 (2014: same).

The possible effects on the fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions.

(iii) Liquidity risk

The Group's assets mainly comprise readily realisable quoted and unquoted securities that can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of overdraft facilities. An analysis of the securities is given on note 11.

16. Analysis of financial assets and liabilities *(continued)*

Cash flow forecasting is performed in the operating entities of the Group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom of its undrawn committed borrowing facilities (note 9) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, regulatory or legal requirement or legal requirements-for example the restrictions applicable to investment trusts set by HM Revenue & Customs section 1158/1159 of the Corporation Tax Act 2010.

Note 9 gives an analysis of the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount disclosed is the contractual undiscounted cash flows.

The maturity profile of the Group's financial liabilities of £nil (2014: £365,700) are all due in one year or less.

(iv) Credit and counterparty risk

Credit risk is the risk of financial loss to the Group if the contractual party to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk as at 30 June 2015 was £823,000 (2014: £825,000). The calculation is based on the Group's credit risk exposure as at 30 June 2015 and this may not be representative for the whole year.

The Group's listed investments are held on its behalf by Bank of New York Mellon acting as the Group's custodian. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed. The Board monitors the Group's risk by reviewing the custodian's internal controls report.

Where the Manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Group of default.

Investment transactions are carried out with a number of brokers whose creditworthiness is reviewed by the Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Group's custodian bank ensures that the counterparty to any transaction entered into by the Group has delivered on its obligations before any transfer of cash or securities away from the Group is completed.

Cash is only held at banks that have been identified by the Board as reputable and of high credit quality.

Derivatives

The Manager may use derivative instruments in order to 'hedge' the market risk of part of the portfolio. The Manager reviews the risks associated with individual investments and, where they believe it appropriate, may use derivatives to mitigate the risk of adverse market (or currency) movements. The Manager discusses regularly the hedging strategy with the Board.

16. Analysis of financial assets and liabilities *(continued)*

At the year end, there was one derivative contract open (2014: one). The FTSE 100 Put option aims to provide a limited degree of protection from a fall in the value of the FTSE 100 Index and has a strike price of 5,800, and would not materially impact the portfolio returns if a large market movement did occur. There were no other derivative contracts entered into during the year. There were no contracts open in 2014.

Fair values of financial assets and financial liabilities

All financial assets and liabilities of the Group are either carried in the Balance Sheet at fair value through profit or loss, or the Balance Sheet amount is a reasonable approximation of fair value, the same accounting valuation methods were applied in 2014, with the exception of the Subsidiaries which were consolidated as discussed in Note 1.

Capital management policies

The type and maturity of the Group's borrowings are analysed in note 9 and the Group's equity is analysed in note 8. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively. Capital is managed on a consolidated basis. The Group is not a member of anybody that imposes minimum levels of regulatory capital. No significant external constraints in the management of capital have been identified in the past.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell securities to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The gearing ratios at 30 June 2015 and 2014 were as follows:

	2015 **£**	2014 £
Cash and bank balances	**512,856**	1,754,315
Interest bearing liabilities	**–**	(365,700)
Net cash	**512,856**	1,388,615
Ordinary shareholders' funds	**18,452,970**	18,693,293
Gearing (net debt/ordinary shareholders' funds)	**nil**	nil

The Group's objectives, policies and processes for managing capital have remained unchanged since its launch.

17. Transactions with the Manager and related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The amounts paid to the Manager, together with details of the Management Agreement, are disclosed in note 3. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered to be a related party.

Transactions with Directors or other companies related with Directors

During the year the Company was charged administration fees of £nil (2014: £52,383) by Ionian Investment Management which is a division of Fiske plc. At 30 June 2015 there were no balances outstanding (2014: £nil). Mr S. J. Cockburn, a Director, is a substantial shareholder in Fiske plc.

AIFM DISCLOSURES

The Company's AIFM is Miton Trust Managers Limited.

The AIFMD requires certain information to be made available to investors in Alternative Investment Funds ("AIFs") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. Those disclosures that are required to be made pre-investment are included within a Pre-Investor Information Document ("PIID") which can be found on the Company's website www.mitongroup.com/tic. There have been no material changes to the disclosures contained within the PIID since publication in September 2014.

All authorised AIFMs are required to comply with the AIFMD Remuneration Code. The FCA's General Guidance on the AIFM Remuneration Code has established that the first full performance year will not commence until 1 January 2015. Accordingly there is no data to disclose in respect of the remuneration of the AIFM for this year.

Leverage
For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated under the Gross and Commitment Methods, in accordance with AIFMD. Under the Gross Method, exposure represents the sum of the Company's positions without taking account of any netting or hedging arrangements. Under the Commitment Method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD as at 30 June 2015. This gives the following figures:

Leverage exposure	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual limit	106%	100%

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares in the Investment Company plc, please forward this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 149th Annual General Meeting of The Investment Company plc ("the Company") will be held at the offices of Miton Group plc, Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB on Friday, 11 December 2015 at 12.30 pm for the following purposes:

Ordinary Business

Resolution 1 – Ordinary Resolution
To receive and adopt the Strategic Report, Reports of the Directors and Auditor and the audited financial statements for the year ended 30 June 2015.

Resolution 2 – Ordinary Resolution
To receive and approve the Directors' Remuneration Report for the year ended 30 June 2015.

Resolution 3 – Ordinary Resolution
To re-elect Stephen Cockburn as a Director of the Company.

Resolution 4 – Ordinary Resolution
To re-elect Martin Perrin as a Director of the Company.

Resolution 5 – Ordinary Resolution
To re-appoint Saffery Champness as Auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next meeting at which financial statements are laid before the Company and to authorise the Directors to determine their remuneration.

Resolution 6 – Ordinary Resolution
To approve the Company's dividend payment policy as set out on page 18 of the Annual Report and Accounts for the year ended 30 June 2015.

Resolution 7 – Ordinary Resolution
THAT, in substitution for any existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot ordinary shares of 50 pence each in the capital of the Company ("ordinary shares") up to an aggregate nominal amount of £4,739,549 (being 200% of the issued ordinary share capital of the Company at the date of this Notice, excluding shares held in treasury) during the period commencing on the date of the passing of this Resolution and expiring at the conclusion of the Annual General Meeting of the Company to be held in 2016 (unless previously renewed, varied or revoked by the Company in general meeting) (the "Section 551 period"), but so that the Company may, at any time prior to the expiry of the Section 551 period, make offers or agreements which would or might require ordinary shares to be allotted after the expiry of the Section 551 period and the Directors may allot ordinary shares in pursuance of such offers or agreements as if the authority had not expired.

Resolution 8 – Ordinary Resolution
THAT, in substitution for any existing authorities, subject to the passing of Resolution 8, the Directors be and they are hereby empowered, in accordance with Sections 570 and 573 of the Act, to allot ordinary shares for cash pursuant to the authority conferred on the Directors by Resolution 8 above, and to sell ordinary shares from treasury for cash as if Section 561(1) of the Act did not apply to any such allotment or sale, up to an aggregate nominal amount of £4,739,549 (being 200% of the issued ordinary share capital of the Company at the date of this Notice, excluding any shares held in treasury), such power to expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require ordinary shares to be allotted or sold after the expiry of such power and the Directors may allot or sell ordinary shares in pursuance of such an offer or agreement as if such power had not expired.

Resolution 9 – Special Resolution
THAT, the Company is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 50p each in the capital of the Company ("ordinary shares") provided that:

the maximum number of ordinary shares hereby authorised to be purchased is £710,458 (representing 14.99% of the ordinary shares in issue, excluding shares held in treasury at the date of this Notice);

the minimum price which may be paid for each ordinary share is 50p;

the maximum price which may be paid for each ordinary share shall not be more than the higher of: (i) an amount equal to 105% of the average of the middle market quotations of ordinary shares taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the contract of purchase is made; and (ii) the higher of the price of the last independent trade in the ordinary shares and the highest then current independent bid for the ordinary shares on the London Stock Exchange;

this authority will (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2016;

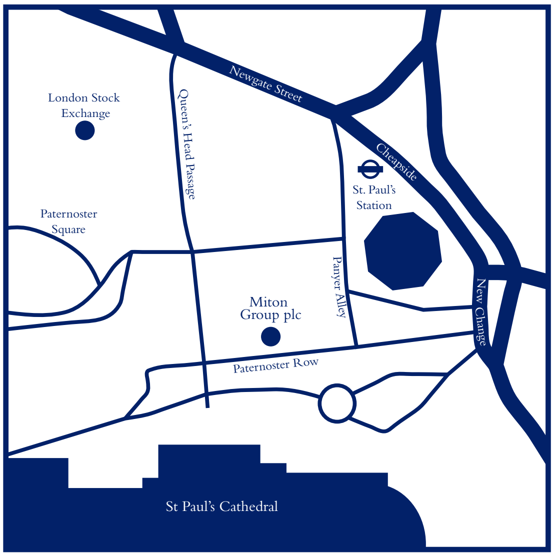
the Company may make a contract of purchase for ordinary shares under this authority before this authority expires which will or may be executed wholly or partly after its expiration; and

any ordinary shares bought back under the authority hereby granted may, at the discretion of the Directors, be cancelled or held in treasury and if held in treasury may be resold from treasury or cancelled at the discretion of the Directors.

Resolution 10 – Special Resolution
THAT, a General Meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board
Capita Company Secretarial Services Limited, Secretary
Registered Office: Beaufort House, 51 New North Road, Exeter EX4 4EP

1 October 2015



Miton Group plc,
Paternoster House,
65 St Paul's Churchyard,
London EC4M 8AB

NOTES

Right to appoint a proxy

1. A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

2. A proxy form which may be used to make such appointment and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact Capita Asset Services on 0871 664 0300.

Procedure for appointing a proxy

3. To be valid, the proxy form, together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof, should be lodged at the office of the Company's Registrar, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF must be received by post or (during normal business hours only) by hand at Capita Asset Services, (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 48 hours (excluding non- working days) before the time of the meeting or any adjournment thereof. As an alternative to returning the hard-copy form of proxy by post, you can appoint a proxy by sending the form by fax to 0207 256 5365. For the proxy appointment to be valid, your form must be received in such time as it can be transmitted to the Company's registrar so as to be received no later than 48 hours (excluding non-working days) before the time appointed for the meeting or any adjourned meeting.

4. The return of a completed proxy form will not preclude a member from attending the Annual General Meeting and voting in person if he or she wishes to do so. The termination of the authority of a person to act as proxy must be notified to the Company in writing.

Nominated persons

5. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

6. The statement of the rights of members in relation to the appointment of proxies in notes 1 and 3 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by members of the Company.

Record date and entitlement to vote

7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be entered on the Company's register of members at 6.00 pm on 9 December 2015 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting. Only holders of ordinary shares are entitled to attend and vote at the Annual General Meeting.

8. As at 30 September 2015 (the business day prior to the publication of this notice), the Company's issued share capital amounted to 4,772,049 ordinary shares carrying one vote each, of which 32,500 ordinary shares are held in treasury. The total voting rights in the Company as at 30 September 2015 were 4,739,549 votes.

Members' rights

9. In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:

   a) to do so would:

      (i) interfere unduly with the preparation for the meeting, or

      (ii) involve the disclosure of confidential information;

   b) the answer has already been given on a website in the form of an answer to a question; or

   c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

11. Members should note that it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

12. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

13. Members satisfying the thresholds in Section 338A of the Companies Act 2006 may require the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING *continued*

Documents

14. The Annual Report incorporating this Notice of Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the dates of this Notice will be available on the Company's website, www.mitongroup.com/tic.

15. None of the Directors has a contract of service with the Company. A copy of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting.

Registered in England and Wales No. 4205

NOTES