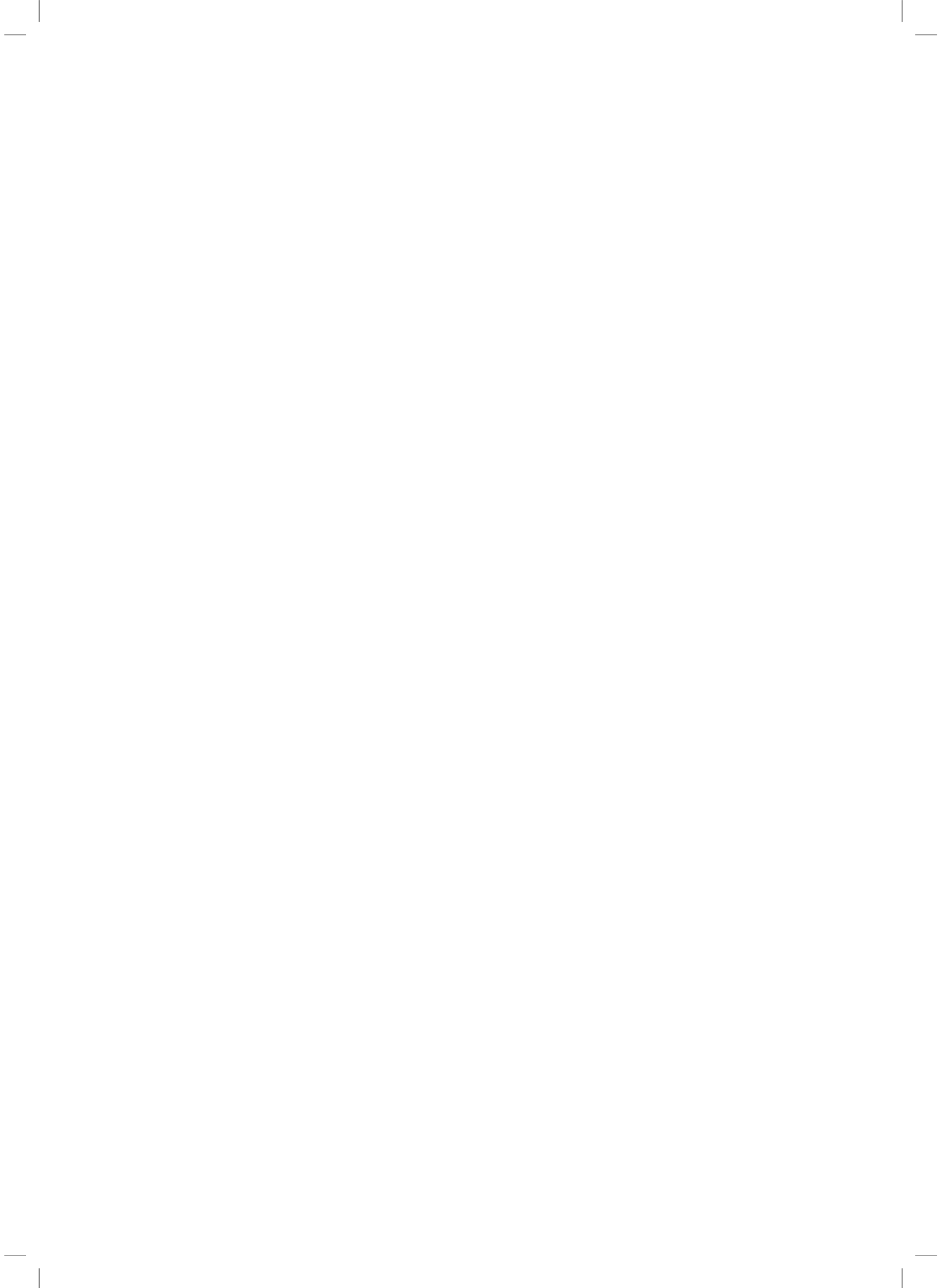


FOUNDED  
1868

THE INVESTMENT COMPANY PLC

REGISTERED No. 4205  
ENGLAND AND WALES

Half-Yearly Report  
for the six months ended 31 December 2018



## SUMMARY OF RESULTS

	At 31 December 2018 (unaudited)	At 30 June 2018 (audited)	Change %
Equity shareholders' funds (£)	15,622,682	17,334,093	(9.87)
Number of ordinary shares in issue	4,772,049	4,772,049	-
Net asset value ("NAV") per ordinary share	327.38p	363.24p	(9.87)
Ordinary share price (mid)	295.00p	331.00p	(10.88)
Discount to NAV	9.89%	8.88%	

	6 months to 31 December 2018 (unaudited)	12 months to 30 June 2018 (audited)
Total return per ordinary share	(25.16)p	12.27p
Return after taxation per ordinary share	(25.16)p	25.69p
Dividends paid per ordinary share	10.70p	20.70p

## 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.

## FINANCIAL CALENDAR

February	Payment of second interim dividend for the year ending 30 June 2019.
February/March	Announcement of Half-Yearly Financial Report.
May	Payment of third interim dividend for the year ending 30 June 2019.
August	Payment of fourth interim dividend for the year ending 30 June 2019.
September/October	Announcement of Annual Results.
November	Payment of first interim dividend for the year ending 30 June 2020.
November	Annual General Meeting.

## CHAIRMAN'S STATEMENT

### Half-Year to 31 December 2018

During the period under review the FTSE AllShare Index fell by 12.54%. The Company's NAV was down by 9.87% which can be analysed as follows:

	Pence per share	%
Opening net assets	363.24	100.00
Investment income	7.95	2.19
Dividends paid	(10.70)	(2.95)
Expenses	(3.76)	(1.03)
Portfolio outturn	(29.35)	(8.08)
Closing net assets	327.38	(9.87)

The share price fell by 10.88% in the period.

There have been some significant changes during the six-month period under review. On 9 July 2018, changes to the Board were announced. Your new Board then reviewed the portfolio and the Company's dividend levels. Pursuant to this the Directors have reduced the level of dividends paid as a step towards ensuring that any dividend paid to shareholders is covered by the income produced by the assets, after allowing for the fixed costs in order to give the Company a chance to grow in size.

Likewise portfolio changes were instigated and the Investment Managers have been seeking investments likely to achieve a portfolio yield of approximately 5%.

Currently the Investment Manager's diligence in seeking value from the Company's historic portfolio holdings, and in actively managing the portfolio in equity stocks in support of the investment policy is bearing fruit. The Investment Manager's Review is set out in their report on page 5 and 6.

Shareholders will note that the financial statements have been restated in accordance with the required transition to International Financial Reporting Standard 9 ("IFRS 9") *Financial Instruments*. Your attention is drawn to note 10 on pages 18 and 19 where further information is provided.

Your Board is conscious that the Company is still too small relative to its relatively fixed cost base and continues to seek out and evaluate opportunities that are likely to attract further capital and enhance shareholder returns.

**I. R. Dighé**

Chairman

18 February 2019

## INVESTMENT MANAGER'S REPORT

### Performance

During the period under review Brexit uncertainty has continued to dominate the headlines and investor sentiment as negotiations between the UK and EU progress. The US Dollar was stronger against Sterling whilst Sterling traded in a tight range with the Euro ending the period modestly down. Growth in the UK was surprisingly strong in the third quarter despite overall economic data trending lower. Weak house prices, falling car sales and anaemic retail data were all part of the picture of slowing growth.

The political uncertainty around Brexit has been damaging and has resulted in a wide degree of polarisation within the UK equity market. Companies with substantial overseas earnings have benefitted from the devaluation of sterling. In contrast UK domestic stocks have generally performed poorly and remain undervalued relative to the broader market. A smooth Brexit resolution is widely expected to result in an uplift in the share prices of many UK domestic facing stocks.

During the six month period to 31 December 2018 the NAV was down by 9.87% whilst the share price fell by 10.88%, which was ahead of major UK indices.

### Portfolio

The largest corporate exposure in the portfolio is to Aggregated Micro Power Holdings ordinary shares where we have seen an uplift in value following the conversion of our holding in the 8% 2021 Convertible Loan Note. The Newcastle Building Society 3.886% 2019 is now the largest fixed interest holding in the Company. We expect this holding to be redeemed in December of this year.

We have initiated holdings in two housebuilders, Bovis and Persimmon, due to the attractive valuations offered alongside good dividend yields in excess of 8%. Both companies have significant and growing cash flows, large parts of which will be returned to shareholders. The housebuilding sector had a difficult 2018 however not enough housing is being built in the UK to meet current demand. In addition, Bovis continues to improve its build quality and reputation following the arrival of CEO, Greg Fitzgerald.

We purchased a holding in Greene King towards the end of the period as we believe the shares had been sold off too heavily due to pessimism over the UK leisure market. The shares were trading at a significant discount to the NAV, offered an attractive yield of over 6% and are supported by a progressive dividend policy. The shares have risen sharply following a strong Christmas trading update which saw £7.7m spent in their pubs on Christmas Day alone. The recent appointment of Nick Mackenzie, bodes well for the company with his extensive experience and track record in the leisure industry. He inherits a business in reasonable shape and can add his own vision and energy to drive top line sales whilst keeping costs under control.

GlaxoSmithKline continues to make progress under the relatively new CEO Emma Walmsley. In December the company announced it was spinning off its Consumer Healthcare business into a joint venture with Pfizer. Ultimately she is reinventing the company with large investments in R&D which we believe have the potential to deliver substantial benefits to patients and shareholders over the long term.

We have also been selectively adding to existing positions within the portfolio such as; Strix - kettle switch manufacturer, Phoenix Group Holdings - life insurance and pension's consolidator, ITV - TV broadcasting and production and Assura - UK REIT that builds and manages General Practitioner (GP) centres.

In the fixed interest part of the portfolio we have added a number of new names including Premier Oil 6.5% 2021 and EI Group - formerly Enterprise Inns - 7.5% 2024. The Premier Oil bond is the result of a major restructuring of the company's debt following the severe fall in the crude oil price during 2015/6. The company is now benefitting from an improved production schedule and generally higher oil prices, so much so that the overall debt burden is now falling. EI Group is performing very well in restructuring its business, paying down outstanding debts and improving the shape of its balance sheet. It recently announced a large disposal of pubs for an attractive price which will allow for a further reduction in outstanding debt in the company.

### **Prospects & Outlook**

It is always a concern when markets fall sharply and in a very short space of time. Putting the recent falls into perspective, it comes after a benign period of positive equity market returns. We are now experiencing much more volatility as investors wrestle with political, economic and financial uncertainties particularly the impact of quantitative tightening by central banks after a prolonged period of fiscal largesse. A correction after a long bull run is not an unusual occurrence and history shows that periods of weakness tend to represent long-term buying opportunities. There have also been some very encouraging dividend increases which can be hidden by share price movements.

The backdrop to equity markets has positive elements. World economic growth although slowing is not plunging into recessionary territory, interest rates are rising but at a very slow pace and inflation appears to be under control. Indeed, recent economic indicators showing a deceleration in growth rates, has resulted in the Federal Reserve Bank putting any further potential interest rates rises on hold. There has been overvaluation of certain technology stocks in the US which is now unwinding but generally valuations are not over-stretched. Brexit issues are probably already priced into UK domestic shares which look cheap and could stage a relief rally irrespective of whether a hard or soft exit eventually occurs. It is impossible to predict the direction of bond and equity markets but we are comfortable with the long-term prospects of the high quality, diversified and robust companies that make up the portfolio.

**M. Foster, J. P. Q. Harrison and J. Dieppe**

Fiske plc  
18 February 2019

## TWENTY LARGEST INVESTMENTS

At 31 December 2018

Stock	Number	Book Cost £	Market Valuation £	% of total portfolio
<b>1 Aggregated Micro Power</b> Ordinary 0.5p	714,286	500,000	642,857	4.69
<b>2 Newcastle Building Society</b> 3.849% sub notes 23/12/19	600,000	405,438	591,822	4.32
<b>3 600 Group</b> 8% conv loan notes 14/02/20	500,000	500,000	524,120	3.82
<b>4 The Fishguard &amp; Rosslare Railways and Harbours Company</b> 3.50 % guaranteed preference stock	790,999	441,810	498,329	3.64
<b>5 Intercede Group</b> 8% conv loan notes 29/12/21	450,000	450,000	450,000	3.28
<b>6 Nationwide Building Society</b> 10.25% core capital deferred shares (variable)	3,100	490,536	432,937	3.16
<b>7 National Westminster Bank</b> 9% SER 'A' Non-Cum Preference	300,000	217,752	408,000	2.98
<b>8 EI Group Plc</b> 7.5% 15/03/24	400,000	409,099	398,718	2.91
<b>9 Amalgamated Metals</b> 5.4% Cum Pref £1 6% Cum Pref £1	256,065 213,510	144,049 103,844	204,852 192,159	
		247,893	397,011	2.90
<b>10 Phoenix Group Holdings Ordinary</b> Ordinary 10p *	69,445	452,745	390,975	2.85
<b>11 National Grid</b> Ordinary 11.395p *	50,400	403,032	385,157	2.81
<b>12 Vodafone Group</b> Ordinary \$0.2095 *	242,002	501,387	370,018	2.70
<b>13 Severn Trent</b> Ordinary 97.89p *	20,000	399,179	362,800	2.65
<b>14 Renold</b> 6% Cum Preference Stock	422,109	330,490	354,572	2.59
<b>15 GlaxoSmithKline</b> Ordinary 25p *	23,050	324,891	343,722	2.51
<b>16 Randall &amp; Quilter Investment Holdings</b> Ordinary 2p*	201,884	194,445	329,071	2.40
<b>17 Croda International</b> Ordinary 10.35p 5.9% Cum Preference	6,200 30,498	276,160 23,629	290,470 29,888	
		299,789	320,358	2.34
<b>18 Premier Oil</b> 6.5% Notes 31/05/21	310,000	300,097	291,443	2.13
<b>19 Bristol Waterworks</b> 4% Perpetual Debenture	360,118	209,705	288,094	2.10
<b>20 Unilever PLC</b> Ordinary 3.11p *	7,000	272,063	287,595	2.10
		7,350,351	8,067,599	58.88

\* Issues with unrestricted voting rights

The Group has a total of 72 portfolio investment holdings in 58 companies.

## **INTERIM MANAGEMENT REPORT AND DIRECTORS' RESPONSIBILITY STATEMENT**

### **Interim Management Report**

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal risks and uncertainties for the remaining six months of the financial year are set out in the Chairman's Statement on page 4 and the Investment Manager's Report on pages 5 and 6.

The principal risks facing the Group are substantially unchanged since the date of the Report and Accounts for the year ended 30 June 2018 and continue to be as set out in that report. Risks faced by the Group include, but are not limited to, market risk (which comprises market price risk, interest rate risk, liquidity risk, and credit and counterparty risk). Details of the Company's management of these risks and exposure to them is set out in the Company's Report and Accounts for the year ended 30 June 2018.

There have been no significant changes in the related party disclosures set out in the Annual Report.

### **Responsibility Statement**

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union; and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- this Half-Yearly Financial Report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions that could do so.

This Half-Yearly Financial Report was approved by the Board of Directors on 18 February 2019 and the above responsibility statement was signed on its behalf by I. R. Dighé, Chairman.



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	Notes	6 months to 31 December 2018 (unaudited)			6 months to 31 December 2017 (unaudited) restated			Year ended 30 June 2018 (unaudited) restated		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£	£	£	£
Realised gains on investments		-	330,847	330,847	-	294,710	294,710	-	79,185	79,185
Unrealised (losses)/gains on investments held at fair value through profit or loss		-	(1,730,156)	(1,730,156)		17,652	17,652	-	88,161	88,161
Exchange losses on capital items		-	(58)	(58)		(862)	(862)	-	(3,050)	(3,050)
Unrealised losses on derivative financial instruments		-	-	-		(59,770)	(59,770)	-	(63,640)	(63,640)
Investment income	2	379,490	-	379,490	403,632	-	403,632	956,273	-	956,273
Investment management fee		(45,000)	-	(45,000)	(45,007)	-	(45,007)	(88,259)	-	(88,259)
Other expenses		(134,030)	(321)	(134,351)	(178,206)	-	(178,206)	(378,089)	(123)	(378,212)
<b>Return before finance costs and taxation</b>		<b>200,460</b>	<b>(1,399,688)</b>	<b>(1,199,228)</b>	<b>180,419</b>	<b>251,730</b>	<b>432,149</b>	<b>489,925</b>	<b>100,533</b>	<b>590,458</b>
Bank debit interest		-	-	-	-	-	-	-	-	-
<b>Return before taxation</b>		<b>200,460</b>	<b>(1,399,688)</b>	<b>(1,199,228)</b>	<b>180,419</b>	<b>251,730</b>	<b>432,149</b>	<b>489,925</b>	<b>100,533</b>	<b>590,458</b>
Taxation		(1,574)	-	(1,574)	(3,693)	-	(3,693)	(5,329)	-	(5,329)
<b>Total comprehensive income after taxation</b>		<b>198,886</b>	<b>(1,399,688)</b>	<b>(1,200,802)</b>	<b>176,726</b>	<b>251,730</b>	<b>428,456</b>	<b>484,596</b>	<b>100,533</b>	<b>585,129</b>
<b>Return on total comprehensive income per 50p ordinary share</b>										
Basic and diluted	3	4.17	(29.33)	(25.16)	3.70	5.28	8.98	10.15	2.11	12.27

The total column of this statement is the Consolidated Statement of Total Comprehensive Income of the Group prepared in accordance with International Financial Reporting Standards ("IFRS"). 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").

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 13 to 19 form part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Ordinary share capital £	Share premium £	Capital Redemption reserve £	Revaluation reserve £	Capital reserve £	Revenue account £	Total £
Balance at 1 July 2018	2,386,025	4,453,903	2,408,820	2,557,941	6,669,594	(1,142,190)	17,334,093
<b>Total comprehensive income</b>							
Net return for the period	-	-	-	-	(1,399,688)	198,886	(1,200,802)
<b>Transactions with shareholders recorded directly to equity</b>							
Ordinary dividends paid	-	-	-	-	-	(510,609)	(510,609)
<b>Balance at 31 December 2018</b>	<b>2,386,025</b>	<b>4,453,903</b>	<b>2,408,820</b>	<b>2,557,941</b>	<b>5,269,906</b>	<b>(1,453,913)</b>	<b>15,622,682</b>
Balance at 1 July 2017 (restated)	2,386,025	4,453,903	2,408,820	2,557,941	6,569,061	(638,973)	17,736,777
<b>Total comprehensive income</b>							
Net return for the period	-	-	-	-	251,730	176,726	428,456
<b>Transactions with shareholders recorded directly to equity</b>							
Ordinary dividends paid	-	-	-	-	-	(510,609)	(510,609)
<b>Balance at 31 December 2017</b>	<b>2,386,025</b>	<b>4,453,903</b>	<b>2,408,820</b>	<b>2,557,941</b>	<b>6,820,791</b>	<b>(972,856)</b>	<b>17,654,624</b>
Balance at 1 July 2017 (restated)	2,386,025	4,453,903	2,408,820	2,557,941	6,569,061	(638,973)	17,736,777
<b>Total comprehensive income</b>							
Net return for the year	-	-	-	-	100,533	484,596	585,129
<b>Transactions with shareholders recorded directly to equity</b>							
Ordinary dividends paid	-	-	-	-	-	(987,813)	(987,813)
<b>Balance at 30 June 2018</b>	<b>2,386,025</b>	<b>4,453,903</b>	<b>2,408,820</b>	<b>2,557,941</b>	<b>6,669,594</b>	<b>(1,142,190)</b>	<b>17,334,093</b>

The notes on pages 13 to 19 form part of these financial statements.

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2018

		31 December 2018 (unaudited) £	31 December 2017 (unaudited) (restated) £	30 June 2018 (unaudited) (restated) £
	Notes			
<b>Non-current assets</b>				
Investments		13,709,874	16,066,412	16,342,406
<b>Current assets</b>				
Derivative financial instruments		-	3,870	-
Trade and other receivables		169,936	479,302	265,341
Cash and bank balances		1,826,565	1,184,295	843,433
		1,996,501	1,667,467	1,108,774
<b>Current liabilities</b>				
Trade and other payables		(83,693)	(79,255)	(117,087)
<b>Net current assets</b>		<b>1,912,808</b>	<b>1,588,212</b>	<b>991,687</b>
<b>Net assets</b>		<b>15,622,682</b>	<b>17,654,624</b>	<b>17,334,093</b>
<b>Capital and reserves</b>				
Issued ordinary share capital	5	2,386,025	2,386,025	2,386,025
Share premium		4,453,903	4,453,903	4,453,903
Capital redemption reserve		2,408,820	2,408,820	2,408,820
Revaluation reserve		2,557,941	2,557,941	2,557,941
Capital reserve		5,269,906	6,820,791	6,669,594
Revenue reserve		(1,453,913)	(972,856)	(1,142,190)
<b>Shareholders' funds</b>		<b>15,622,682</b>	<b>17,654,624</b>	<b>17,334,093</b>
<b>NAV per 50p ordinary share</b>	6	<b>327.38</b>	<b>369.96</b>	<b>363.24</b>

The notes on pages 13 to 19 form part of these financial statements.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2018

	31 December 2018 (unaudited) £	31 December 2017 (unaudited) £	30 June 2018 (audited) £
<b>Cash flows from operating activities</b>			
Cash received from investments	335,085	449,975	920,760
Interest received	119,846	84	86
Sundry income	-	-	1,300
Investment management fees paid	(45,000)	(28,513)	(88,043)
Cash paid to and on behalf of employees	(1,167)	(7,280)	(14,000)
Other cash payments	(146,137)	(205,757)	(369,197)
Tax recoverable	(1,919)	-	-
<b>Net cash inflow from operating activities</b>	<b>260,708</b>	<b>208,509</b>	<b>450,906</b>
<b>Cash flows from financing activities</b>			
Dividends paid on ordinary shares	(510,609)	(510,609)	(987,813)
<b>Net cash outflow from financing activities</b>	<b>(510,609)</b>	<b>(510,609)</b>	<b>(987,813)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	(2,321,667)	(353,178)	(5,655,702)
Sale of investments	3,554,758	573,191	5,771,848
Purchase of derivative financial instruments	-	-	-
<b>Net cash inflow from investing activities</b>	<b>1,233,091</b>	<b>220,013</b>	<b>116,146</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>983,190</b>	<b>(82,087)</b>	<b>(420,761)</b>
<b>Reconciliation of net cash flow to movement in net cash</b>			
Increase/(decrease) in cash	983,190	(82,087)	(420,761)
Exchange rate movements	(58)	(862)	(3,050)
Increase/(decrease) in net cash	983,132	(82,949)	(423,811)
Net cash at start of period	843,433	1,267,244	1,267,244
<b>Net cash at end of period</b>	<b>1,826,565</b>	<b>1,184,295</b>	<b>843,433</b>

The notes on pages 13 to 19 form part of these financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Significant accounting policies

### *Basis of preparation*

The condensed consolidated financial statements, which comprise the unaudited results of the Company and its wholly owned subsidiaries, Abport Limited and New Centurion Trust Limited, together referred to as the “Group”, have been prepared in accordance with IFRS, as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared in accordance with the AIC SORP, except to any extent where it is not consistent with the requirements of IFRS. The accounting policies are as set out in the Report and Accounts for the year ended 30 June 2018.

The half-year financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The financial information contained in this half year financial report does not constitute statutory accounts as defined by the Companies Act 2006. The financial information for the periods ended 31 December 2018 and 31 December 2017 have not been audited or reviewed by the Company’s Auditor. The figures and financial information for the year ended 30 June 2018 are an extract from the latest published audited statements, as restated pursuant to the transition to IFRS 9, and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include a report of the Auditor, which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

### *Going concern*

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 (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern, having taken into account the liquidity of the Group’s investment portfolio and the Group’s financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis and on the basis that approval as an investment trust will continue to be met.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

### 2. Income

	31 December 2018 (unaudited) £	31 December 2017 (unaudited) £	30 June 2018 (audited) £
<b>Income from investments</b>			
UK dividends	236,944	154,586	505,852
Un-franked dividend income	25,583	59,023	96,066
UK Fixed interest	117,094	185,931	346,877
	379,621	399,540	948,795
<b>Other income</b>			
Bank deposit interest	-	84	85
Underwriting commission	-	-	1,300
Net dealing gains of subsidiaries	(131)	4,008	6,093
<b>Total income</b>	<b>379,490</b>	<b>403,632</b>	<b>956,273</b>

### 3. Return per ordinary share

Returns per share are based on the weighted average number of shares in issue during the period. Normal and diluted return per share are the same as there are no dilutive elements on share capital.

	6 months to 31 December 2018 (unaudited)		6 months to 31 December 2017 (unaudited) (restated)		Year ended 30 June 2018 (audited)	
	Net return £	Per share pence	Net return £	Per share pence	Net return £	Per share pence
<b>Return on total comprehensive income</b>						
Revenue	198,886	4.17	176,726	3.70	484,596	10.16
Capital	(1,399,688)	(29.33)	251,730	5.28	100,533	2.11
Total comprehensive income	(1,200,802)	(25.16)	428,456	8.98	585,129	12.27

Weighted average number of ordinary shares	4,772,049	4,772,049	4,772,049
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

### 4. Dividends per ordinary share

Amounts recognised as distributions to equity holders in the period.

	6 months to 31 December 2018 (unaudited) £	6 months to 31 December 2017 (unaudited) £	Year ended 30 June 2018 (audited) £
<b>Ordinary shares</b>			
Prior year fourth interim dividend of 5.70p paid on 18 August 2017	-	272,007	272,007
Prior year first interim dividend of 5.70p paid on 17 November 2017	-	238,602	238,602
Prior year second interim dividend of 5.00p paid on 16 February 2018	-	-	238,602
Prior year third interim dividend of 5.00p paid on 25 May 2018	-	-	238,602
Prior year fourth interim dividend of 5.70p paid on 31 August 2018	272,007	-	-
Current year first interim dividend of 5.00p paid on 23 November 2018	238,602	-	-
<b>Total income</b>	<b>510,609</b>	<b>510,609</b>	<b>987,813</b>

The Board declared a second interim dividend of 3.75p per ordinary share, which was paid on 13 February 2019 to shareholders registered at the close of business on 11 January 2019. This dividend has not been included as a liability in these financial statements.

### 5. Ordinary share capital

	6 months to 31 December 2018 (unaudited) Number	£	6 months to 31 December 2017 (unaudited) Number	£	Year ended 30 June 2018 (audited) Number	£
Ordinary shares of 50p each	4,772,049	2,386,025	4,772,049	2,386,025	4,772,049	2,386,025

The Company does not hold any shares in treasury as at 31 December 2018 (31 December 2017: Nil and 30 June 2018: Nil).

### 6. Net asset value per ordinary share

Net asset value per ordinary share is based on net assets at the period end and 4,772,049 (31 December 2017: 4,772,049 and 30 June 2018: 4,772,049) ordinary shares in issue at the period end excluding shares held in treasury if any.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

### **7. Investment Management fee**

The management fee payable monthly in arrears by the Company to the Investment Manager, Fiske plc is calculated at the rate of one-twelfth of 0.75% per calendar month of the NAV of the Company, capped at £90,000 for the first twelve months. For these purposes, the NAV is calculated as at the last business day of each month.

At 31 December 2018 an amount of £7,500 (31 December 2017: £11,889 and 30 June 2018: £7,500) was outstanding and due to the Investment Manager.

### **8. Fair value hierarchy**

The fair value is the amount at which an asset could be sold in an ordinary transaction between market participants at the measurement date, other than a forced or liquidation sale. The Group measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

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 and 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 for the asset or liability.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

### 8. Fair value hierarchy continued

The table below sets out fair value measurement of financial instruments as at 31 December 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>At 31 December 2018</b>				
Financial assets at fair value through profit and loss	9,327,357	310,136	4,072,381	13,709,874
<b>Total</b>	<b>9,327,357</b>	<b>310,136</b>	<b>4,072,381</b>	<b>13,709,874</b>

<b>At 31 December 2017 (restated)</b>				
Fixed asset investments held by the Company	10,487,041	429,000	5,150,371	16,066,412
Derivative financial instruments	3,870	-	-	3,870
<b>Total</b>	<b>10,490,911</b>	<b>429,000</b>	<b>5,150,371</b>	<b>16,070,282</b>

<b>At 30 June 2018</b>				
Fixed asset investments held by the Company	11,105,067	413,559	4,823,780	16,342,406
<b>Total</b>	<b>11,105,067</b>	<b>413,559</b>	<b>4,823,780</b>	<b>16,342,406</b>

The Company's subsidiary, Abport Limited, completes trading transactions. The value of the current asset investments held for trading is the expected price of realisation. The difference between the sale and purchase of assets is recognised as trading income in the Condensed Consolidated Statement of Comprehensive Income.

#### *Reconciliation of Level 3 investments*

The following table summarises Level 3 investments that were accounted for at fair value.

	6 months ended 31 December 2018 (unaudited) £	6 months ended 31 December 2017 (unaudited) (restated) £	Year ended 30 June 2018 (unaudited) (restated) £
Opening balance	4,823,780	5,481,268	5,481,268
Movement in unrealised gains/(losses) on investments at fair value through profit or loss	228,596	(32,643)	(274,408)
Realised (losses)/gains	(306,957)	1,746	16,930
Sale proceeds	(673,038)	(300,000)	(400,010)
<b>Closing balance</b>	<b>4,072,381</b>	<b>5,150,371</b>	<b>4,823,780</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

### **9. Transactions with the Investment Manager and related parties**

As disclosed in note 7 a fee is paid to the Investment Manager in respect of its service provided to the Company.

### **10. Transition to IFRS 9 Financial Instruments**

IFRS 9 'Financial Instruments' is effective for periods beginning on or after 1 January 2018 and has been adopted by the Group in the year. IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities and replaces IAS 39 'Financial Instruments: Recognition and Measurement'. The impact on the consolidated financial statements of the Group is detailed below.

#### *Classification of financial assets*

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and the cash flow characteristics of the assets.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. The new classification requirements do impact the accounting for the Group's financial assets.

#### *Impairment of financial assets*

IFRS 9 replaces the incurred loss model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model will apply to financial assets measured at amortised cost. There is no impact on the values reported in the financial statements from adopting IFRS 9 in respect of expected credit losses.

#### *Cash and cash equivalents*

Cash and cash equivalents are held at banks with a strong credit rating and are not subject to any period of notice. The Group typically maintains a low value of cash and cash equivalents. There is no impact on the values reported in the financial statements from adopting IFRS 9 in respect of expected credit losses.

#### *Classification of financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The classification requirements of IFRS 9 do not impact the financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

### 10. Transition to IFRS 9 Financial Instruments *continued*

#### *Transition*

The impact on the financial statements from the adoption of IFRS 9 is detailed below.

	6 months to 31 December 2017	Year ended 30 June 2018
	£	£
<b>Consolidated statement of comprehensive income</b>		
Unrealised (losses)/gains on investments held at fair value through profit or loss	7,898	(644,268)
Movement in impairment provision on investments held as available for sale	(14,295)	3,745
	<u>(6,397)</u>	<u>(640,523)</u>
<b>Other comprehensive income</b>		
Movement in unrealised appreciation on investments held as available for sale		
Recognised as equity	(342,148)	(30,134)
Recognised in return after taxation	348,545	670,657
	<u>6,397</u>	<u>640,523</u>
	-	-
Opening Reserves Adjustment		
	6 months to 31 December 2017	Year ended 30 June 2018
	£	£
Consolidated Balance Sheet and Consolidated Statement of Changes in Equity		
<b>Capital and reserves</b>		
Revaluation Reserve	6,397	640,523
Capital Reserve	<u>(6,397)</u>	<u>(640,523)</u>
	-	-

## DIRECTORS AND ADVISERS

### **DIRECTORS (all non-executive)**

I.R. Dighé (Chairman)

T. M. Metcalfe

M.H.W. Perrin (Audit Committee Chairman)

### **ADVISERS**

#### **Secretary, Administrator and**

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### **Registrar**

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Website: [shareview.co.uk](http://shareview.co.uk)

### **Company Website**

[www.maitlandgroup.com/TheInvestmentCompany](http://www.maitlandgroup.com/TheInvestmentCompany)

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

## NOTES

## NOTES



