

ARTEMIS Alpha Trust plc

Half-Yearly Financial Report
for the six months ended
31 October 2014



ARTEMIS
The PROFIT Hunter

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Group summary

Corporate policy

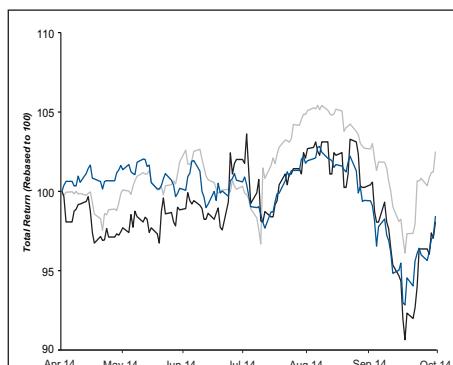
The investment objective of the Company is to achieve above average rates of total return over the longer term and to achieve a growing dividend stream. The investment policy is to invest mainly in UK and selected international equities, with the potential for investment in limited liability hedge funds, cash and bonds, unquoted investments, derivative instruments and other investments and securities as appropriate. The Company will invest no more than 30 per cent of its net assets in unquoted investments, as valued on the lower of their cost or carrying value.

The Company will not invest more than 15 per cent of its gross assets in securities issued by other UK listed investment companies, including investment trusts.

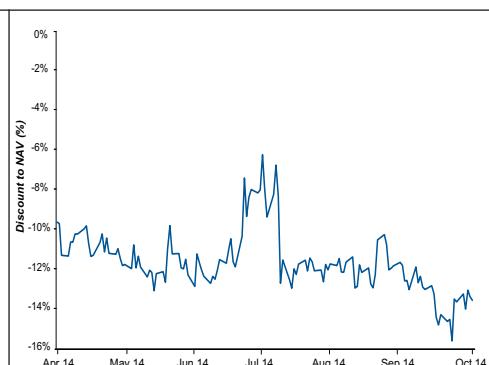
Capital structure

The capital structure of the Company as at 31 October 2014 consisted of 43,089,843 ordinary shares of 1p each and 6,863,976 subscription shares of 1p each. The Company held 2,025,609 ordinary shares in treasury as at 31 October 2014.

Performance for the six months ended 31 October 2014



Discount during the six months ended 31 October 2014



Total returns	Six months ended 31 October 2014
Net asset value per ordinary share	1.8%
Ordinary share price	(2.5)%
FTSE All-Share Index	(1.6)%

Source: Artemis/Datastream.

ARTEMIS Alpha Trust plc

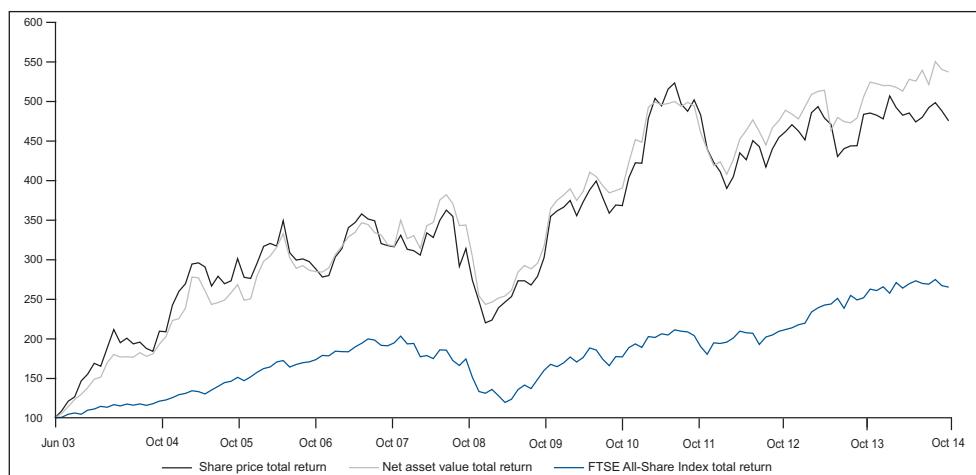
Half-Yearly Financial Report

Financial highlights

Capital	As at 31 October 2014	As at 30 April 2014	As at 31 October 2013
Net assets	£145.7m	£143.7m	£145.8m
Net asset value per ordinary share	338.12p	332.55p	333.16p
Ordinary share price	291.00p	298.75p	301.50p
Gearing	7.9%	17.4%	16.1%

Returns for the period	As at 31 October 2014	As at 30 April 2014	As at 31 October 2013
Revenue earnings per ordinary share	1.87p	6.16p	2.29p
Capital earnings per ordinary share	5.62p	30.90p	34.10p
Ongoing charges	1.0%	1.0%	0.9%

Returns from 1 June 2003 to 31 October 2014



Total returns	3 years	5 years	Since launch*
Net asset value per ordinary share	28.3%	43.2%	433.7%
Ordinary share price	12.5%	31.6%	372.7%
FTSE All-Share Index	36.2%	61.0%	163.8%

* 1 June 2003 - the date when Artemis was appointed as Investment Manager.

Source of data: Artemis/Datastream

Chairman's statement

I am pleased to present my first half-yearly report to shareholders, following my appointment as Chairman on 2 October 2014. Simon Miller retired at this time, and my fellow directors and I would like to thank him for his outstanding stewardship of, and contribution to, the Company over his eleven year tenure as chairman and director.

Performance

Although markets had been quiet for much of the summer, concerns over deflation in Europe, coupled with the end of quantitative easing in the US and slowing growth in China, took hold in mid-September, prompting a rise in volatility. Geopolitical issues didn't help either. The market initially fell by about 10 per cent but recovered much of the loss before the end of the review period. The Company continues to have a significant part of its portfolio invested in small-cap and AIM-listed companies. These areas of the market performed particularly poorly, with the FTSE Small Cap Index falling by 6.0 per cent and the FTSE AIM All-Share Index falling by 11.9 per cent. Against this background, the Company's net asset value per ordinary share increased by 1.8 per cent. This compares favourably with a 1.6 per cent fall in the FTSE All-Share Index.

Performance benefitted from positive contributions from two of our unquoted investments: Lynton Holding Asia, which sold its investment in an aviation business, and The Hut Group, where part of the Company's investment was sold to a private equity group. It is expected that Lynton will return proceeds from its sale to shareholders in the near future, so we can look forward to a significant cash inflow. The proceeds from The Hut Group, meanwhile, were used to reduce the Company's gearing level. Borrowings were reduced from £26.5 million at 30 April to £12.5 million as at 31 October.

More details on performance are included in the Investment Manager's Review on page 5.

Earnings & dividends

Revenue earnings for the six months to 31 October 2014 were 1.87p (2013: 2.29p). The Board has declared a first interim dividend of 1.25p per ordinary share. This is an increase of 4.1 per cent over the equivalent dividend last year (2013: 1.20p). This will be paid on 30 January 2015 to shareholders on the register as at 5 January 2015.

Share capital

During the period, the Company bought back 118,200 ordinary shares at an average discount of 12.4 per cent. 1,258 subscription shares were exercised and the same number of ordinary shares issued in respect of these.

Regulatory changes

The Company became subject to the Alternative Investment Fund Managers Directive ("AIFMD") on 21 July 2014. As indicated in the Annual Report, Artemis Fund Managers Limited was appointed as Investment Manager and Alternative Investment Fund Manager to the Company, while J.P. Morgan Europe Limited was appointed as depositary.

Outlook

The UK continues to be one of the better performing economies in the developed world. The wider global environment, however, is mixed, with increasing tensions in Ukraine and Syria. Combine this with the forthcoming general election in the UK and the associated uncertainty over the UK's future relationship with the European Union, and the backdrop for investing is challenging. That said, where there is uncertainty there is opportunity. I expect that the Investment Manager's stock-picking approach will identify investment opportunities and thereby continue to produce long-term returns for the Company's shareholders.

Chairman's statement (continued)

Communication with shareholders

The Board is always interested to hear the views of shareholders, and it was pleasing to see many of you at the annual general meeting in October 2014. The Company's contact details are set out on page 21 of this report, and further information can be found on the website of the Investment Manager – artemis.co.uk – which is updated monthly.

Duncan Budge
Chairman

16 December 2014

Investment manager's review

Performance

During the reporting period, investors braced themselves for an end to quantitative easing in the US and for a slowdown in some of the world's largest economies. In the UK, meanwhile, fears that Scotland might break away from the United Kingdom led to a brief period of uncertainty, sending share prices – and sterling – lower. It was, then, a challenging six months for equity markets. Despite this, the Company's net asset value rose by 1.8 per cent on a total-return basis. This compares favourably with a loss of 1.6 per cent from the FTSE All-Share Index.

Review

The diversity of the Company's portfolio reflects its bottom-up, stock-picking style. At the same time, however, it retains some concentration in two core themes: online businesses and other financials. As we noted in the annual report, we took a decision some months ago to reduce our exposure to the oil & gas sector substantially; it now represents just 11.9 per cent of the Company's portfolio. In hindsight, this decision was well-timed. The sector has subsequently struggled as the oil price weakened.

The main positive contributor to returns was an unquoted holding in The Hut Group. After a period of strong trading, it attracted private equity group KKR as a new investor. This enabled some of the company's existing shareholders to realise part of their investments. We realised 60 per cent of the Company's shareholding at roughly double its previous carrying value and three times its cost. This added 4.9 per cent to the Company's NAV and brought in £9 million of cash.

The other major positive among the Company's unquoted holdings was Lynton Holding Asia, which became a cash shell following the sale of its stake in Hawker Pacific. This added 2.5 per cent to the Company's NAV and will, in due course, lead to a sizeable cash realisation.

Five largest stock contributors

	Contribution %
The Hut Group	4.9
Lynton Holding Asia	2.5
Skypharma	1.5
Telford Homes	0.8
New Britain Palm Oil	0.8

Five largest stock detractors

	Contribution %
Africa Oil	(1.7)
Gresham Computing	(1.0)
Providence Resources	(1.0)
Eland Oil & Gas	(0.7)
Liontrust Asset Management	(0.6)

Successes in the quoted portfolio included Skypharma, which successfully raised equity to pay off expensive debt, and New Britain Palm Oil, which was bought by Sime Darby at a substantial premium. After a period of prolonged weakness in the underlying commodity price, the palm oil sector has seen a spate of consolidation. Another of our palm-oil holdings, Asian Plantations, was also acquired during the review period. Elsewhere, Gaming Realms, an online bingo business, performed particularly well as it continued its strategy of selective acquisitions.

As mentioned above, the oil & gas sector struggled and the main negatives for the Company were the holdings in Africa Oil, Providence Resources and Eland Oil & Gas. The declines in the share prices of all three companies can, at least in part, be explained by the weakness in the oil price. In two of these cases, however (Africa Oil and Providence Resources), there is a need for new funding to take forward their substantial exploration programmes. Hurricane Energy also needs further funding following the success of test drilling off the west coast of Scotland. All three companies have made large discoveries but are struggling to access capital to exploit them due to the depressed price of crude oil.

Investment manager's review (continued)

The Company's other strugglers were Gresham Computing and Liontrust Asset Management. Gresham, which supplies software to financial services companies, issued a profits warning following contract delays. Liontrust, meanwhile, succumbed to profit-taking following a strong run. We remain supportive of both businesses.

In terms of transactions, our largest purchase was Booker Group, an operator of cash-and-carry outlets and an internet-enabled grocery wholesaler to independent retailers. This is a business we have known for a long time and it is managed by the excellent Charles Wilson, formerly of Marks & Spencer. In a highly fragmented market there is huge potential for Booker to grow. Other new investments over the period included Fox Marble, the owner of a number of marble quarries, and Essenden, which operates a number of ten-pin bowling centres in the UK.

We sold the entirety of our holdings in Salamander Energy, an oil & gas company, and Real Estate Investors, a Midlands-based property company. There were partial sales in City of London Investment Group and Summit Corp, following strong share price appreciation.

Outlook

Given that there has been a great deal for markets to worry about, and that any pockets of cheer have been isolated, the resilience of most equities over the period was welcome. Will that continue? From geopolitical concerns to the end of quantitative easing in the US, worries are plentiful. Moreover, on the whole the valuations of equities have risen more rapidly than their cashflows, and so could be especially vulnerable to any sudden shock.

Yet investors may take comfort from the fact that interest rates look set to remain low for the foreseeable future. In general, corporate results have been positive, and in the last few weeks there has been a pick up in takeover activity.

In any case, this remains a stock-picking Company. We feel confident that the two main themes we are investing in – online businesses and other financials – have enormous potential over the medium and longer term, even if there are short-term set-backs. And so we continue to concentrate on stock selection, believing that this, rather than analysing macro-economic or geopolitical issues, will reward our shareholders.

John Dodd & Adrian Paterson
Fund managers
Artemis Fund Managers Limited

16 December 2014

Portfolio of investments

As at 31 October 2014

Investment	Industry	Country of incorporation	Market Value £'000	% of portfolio
Starcount ²	Consumer Services	Singapore	7,432	4.8
Polar Capital Holdings ¹	Financials	UK	6,629	4.2
Lynton Holding Asia ²	Industrials	Denmark	6,493	4.2
The Hut Group ²	Consumer Services	UK	5,387	3.4
Skyepharma	Health Care	UK	5,258	3.4
Emis Group ¹	Technology	UK	4,875	3.1
Reaction Engines ²	Industrials	UK	4,825	3.1
Gift-Library.com ²	Consumer Services	UK	4,526	2.9
Metapack ²	Industrials	UK	4,369	2.8
Gaming Realms ¹	Consumer Services	UK	4,326	2.8
Top 10 investments			54,120	34.7
Claremont Alpha ²	Consumer Services	Isle of Man	4,325	2.8
Brewin Dolphin Holdings	Financials	UK	4,259	2.7
Avation	Industrials	Singapore	4,219	2.7
Liontrust Asset Management	Financials	UK	4,047	2.6
Oxford Nanopore Technologies ²	Health Care	UK	3,465	2.2
Telford Homes ¹	Consumer Goods	UK	3,292	2.1
Ashcourt Rowan ¹	Financials	UK	3,028	1.9
Retroscreen Virology ¹	Health Care	UK	2,795	1.8
Halley Asian Prosperity Fund ²	Financials	Luxembourg	2,752	1.8
Hurricane Energy ¹	Oil & Gas	UK	2,663	1.7
Top 20 investments			88,965	57.0
R.E.A. Holdings ³	Consumer Goods	UK	2,417	1.5
GLI Finance ¹	Financials	Guernsey	2,260	1.4
Lamp Group ²	Financials	UK	2,258	1.4
Eland Oil & Gas ¹	Oil & Gas	UK	2,250	1.4
Pittards ¹	Consumer Goods	UK	2,220	1.4
Booker Group	Consumer Services	UK	2,105	1.3
Martinco ¹	Financials	UK	2,074	1.3
Physiolab Technologies ²	Health Care	UK	2,067	1.3
Gleeson (M.J.)	Consumer Goods	UK	2,007	1.3
Redcentric ¹	Technology	UK	1,965	1.3
Top 30 investments			110,588	70.6
City of London Investment Group	Financials	UK	1,792	1.1
Charlemagne Capital ¹	Financials	Cayman Islands	1,725	1.1
Africa Oil	Oil & Gas	Canada	1,677	1.1
Gundaline ²	Consumer Goods	Australia	1,648	1.1
Powerflute ¹	Basic Materials	Finland	1,558	1.0
Fox Marble ¹	Basic Materials	UK	1,509	1.0
Intelligent Energy	Oil & Gas	UK	1,370	0.9
Equus Petroleum ²	Oil & Gas	UK	1,331	0.9
Providence Resources ¹	Oil & Gas	Ireland	1,308	0.8
Hargreaves Services ¹	Industrials	UK	1,303	0.8
Top 40 investments			125,809	80.4

¹ AIM quoted

² Unquoted investment

³ Includes fixed interest element

Portfolio of investments (continued)

Investment	Industry	Country of incorporation	Market Value £'000	% of portfolio
Velocys ¹	Oil & Gas	UK	1,209	0.8
Urica ²	Financials	UK	1,200	0.8
Gresham Computing	Technology	UK	1,200	0.8
Igas Energy ¹	Oil & Gas	UK	1,200	0.8
N+1 Singer ²	Financials	UK	1,110	0.7
Senhouse Southeast Asian Focus ²	Financials	Bermuda	1,108	0.7
Penna Consulting ¹	Industrials	UK	1,107	0.7
Genel Energy	Oil & Gas	Jersey	1,054	0.7
Buried Hill Energy (Cyprus) ²	Oil & Gas	Cyprus	1,042	0.7
Ceramic Fuel Cells ^{1,3}	Oil & Gas	Australia	993	0.6
Top 50 investments			137,032	87.7
Rockhopper Exploration ¹	Oil & Gas	UK	992	0.6
Randall & Quilter ¹	Financials	UK	955	0.6
Sandvine	Technology	Canada	944	0.6
Park Group ¹	Financials	UK	866	0.6
Consort Medical	Health Care	UK	819	0.5
Ironveld ¹	Basic Materials	UK	791	0.5
Genmark Diagnostics	Health Care	USA	773	0.5
Lansdowne Oil & Gas ¹	Oil & Gas	UK	731	0.5
Summit ¹	Health Care	UK	683	0.4
Ithaca Energy ¹	Oil & Gas	Canada	672	0.4
Top 60 investments			145,258	92.9
4D Pharma ¹	Health Care	UK	650	0.4
Essenden ¹	Consumer Services	UK	650	0.4
Hardlyever ²	Consumer Services	UK	646	0.4
Ten Alps ^{2,3}	Consumer Services	UK	644	0.4
MBA Polymers ²	Industrials	USA	643	0.4
Rated People ²	Industrials	UK	625	0.4
Eden Research ¹	Health Care	UK	602	0.4
Rangers International Football Club ¹	Consumer Services	UK	580	0.4
Boohoo.com ¹	Consumer Services	Jersey	572	0.4
Gottex Holdings	Financials	Switzerland	567	0.4
Top 70 investments			151,437	96.9
Maison Seven ²	Consumer Services	UK	559	0.4
Hot Can ²	Consumer Goods	UK	522	0.3
Infusion 2002 ²	Industrials	UK	520	0.3
Horizon Discovery Group ¹	Health Care	UK	508	0.3
Mopowered Group ¹	Technology	UK	473	0.3
Mobile Streams ¹	Telecommunications	UK	420	0.3
Praetorian Resources ¹	Basic Materials	Guernsey	360	0.2
Chateau Lafite Rothschild 2009 ²	Consumer Goods	France	348	0.2
Chateau Lafite Rothschild 2010 ²	Consumer Goods	France	325	0.2
Parity Group	Technology	UK	315	0.2
Top 80 investments			155,787	99.6

¹ AIM quoted

² Unquoted investment

³ Includes fixed interest element

Investment	Industry	Country of incorporation	Market Value £'000	% of portfolio
Occa Design Consultancy ²	Consumer Goods	UK	300	0.2
Niche Group ¹	Financials	UK	175	0.1
MWB Group Holdings ^{2,3}	Financials	UK	96	0.1
MBL Group ¹	Consumer Services	UK	54	—
Jubilant Energy ¹	Oil & Gas	Netherlands	34	—
Flying Brands	Consumer Services	UK	25	—
Chateau Rieussec 2010 ²	Consumer Goods	France	14	—
Petrohunter Energy	Oil & Gas	USA	7	—
Leed Resources ¹	Oil & Gas	UK	—	—
Aero Inventory ²	Industrials	UK	—	—
Top 90 investments			156,492	100.0
Betex Group ²	Consumer Services	UK	—	—
Eastcoal	Basic Materials	Canada	—	—
Energy Equity Resources ²	Oil & Gas	UK	—	—
Enhanced Systems Technologies ¹	Utilities	Australia	—	—
Hawk Group ^{2,3}	Financials	UK	—	—
Homeland Renewable Energy ²	Utilities	UK	—	—
Minorplanet System ²	Technology	UK	—	—
Newriver (warrants 2019) ¹	Financials	UK	—	—
Resaca Exploitation	Oil & Gas	USA	—	—
ROK Entertainment ²	Consumer Services	USA	—	—
Top 100 investments			156,492	100.0
ROK Global	Financials	UK	—	—
SUSD ²	Financials	UK	—	—
Vostok Energy ²	Oil & Gas	UK	—	—
Total investments (103 investments)			156,492	100.0

¹ AIM quoted

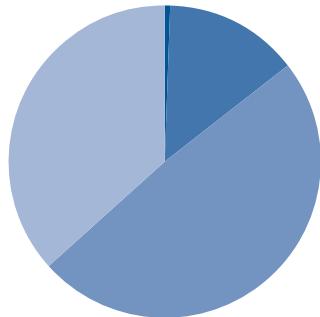
² Unquoted investment

³ Includes fixed interest element

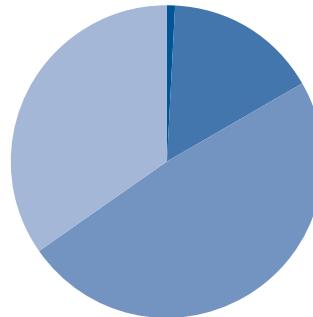
Portfolio analysis

Market cap analysis of the portfolio

31 October 2014



30 April 2014



Large 0.7%
 Mid 13.9%
 Small 48.8%
 Unquoted 36.6%

Large 1.1%
 Mid 15.7%
 Small 48.7%
 Unquoted 34.5%

Large cap – Market cap equivalent to FTSE 100 companies, Mid cap – Market cap equivalent to FTSE 250 companies, Small cap – Market cap equivalent to companies below FTSE 250.

Industry analysis of the portfolio

	31 October 2014 % of portfolio	30 April 2014 % of portfolio
Financials	23.5	24.0
Consumer Services	20.4	15.6
Industrials	15.4	12.2
Oil & Gas	11.9	17.8
Health Care	11.2	10.4
Consumer Goods	8.3	10.9
Technology	6.3	6.8
Basic Materials	2.7	2.0
Telecommunications	0.3	0.3
Utilities	–	–
	100.0	100.0

Condensed consolidated income statement

For the six months ended 31 October 2014

Note	Six months ended 31 October 2014 (unaudited)			Six months ended 31 October 2013 (unaudited)			Year ended 30 April 2014 (audited)			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Investment income	1,174	—	1,174	935	—	935	2,280	—	2,280	
Other income	(109)	—	(109)	12	—	12	710	—	710	
Total revenue	1,065	—	1,065	947	—	947	2,990	—	2,990	
Gains on investments	—	3,126	3,126	—	15,897	15,897	—	15,054	15,054	
Gains on current asset investments	28	—	28	366	—	366	392	—	392	
Currency (losses)/gains	—	(2)	(2)	—	2	2	(4)	(3)	(7)	
Total income	1,093	3,124	4,217	1,313	15,899	17,212	3,378	15,051	18,429	
Expenses										
Investment management fee	(49)	(436)	(485)	(47)	(426)	(473)	(96)	(864)	(960)	
Other expenses	(207)	(10)	(217)	(206)	(6)	(212)	(403)	(29)	(432)	
Profit before finance costs and tax	837	2,678	3,515	1,060	15,467	16,527	2,879	14,158	17,037	
Finance costs	(28)	(252)	(280)	(26)	(220)	(246)	(59)	(511)	(570)	
Profit before tax	809	2,426	3,235	1,034	15,247	16,281	2,820	13,647	16,467	
Tax	(3)	—	(3)	(7)	—	(7)	(98)	—	(98)	
Profit for the period	806	2,426	3,232	1,027	15,247	16,274	2,722	13,647	16,369	
Earnings per ordinary share (pence)	2	1.87p	5.62p	7.49p	2.29p	34.10p	36.39p	6.16p	30.90p	37.06p

The total column of this statement represents the Statement of Comprehensive Income of the Group, prepared in accordance with International Financial Reporting Standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of Artemis Alpha Trust plc. There are no minority interests.

Condensed consolidated balance sheet

As at 31 October 2014

	Note	31 October 2014 (unaudited) £'000	31 October 2013 (unaudited) £'000	30 April 2014 (audited) £'000
Non-current assets				
Investments		156,492	168,508	167,207
Current assets				
Investments held by subsidiary		813	1,014	1,263
Other receivables		286	287	551
Cash and cash equivalents		1,050	3,044	1,437
		2,149	4,345	3,251
Total assets		158,641	172,853	170,458
Current liabilities				
Other payables		(444)	(543)	(274)
Bank loan		(12,500)	(26,500)	(26,500)
		(12,944)	(27,043)	(26,774)
Net assets		145,697	145,810	143,684
Equity attributable to equity holders				
Share capital		520	543	539
Share premium		640	636	636
Special reserve		55,290	57,345	55,649
Capital redemption reserve		70	47	51
Retained earnings – revenue		2,936	1,824	2,994
Retained earnings – capital	5	86,241	85,415	83,815
Total equity		145,697	145,810	143,684
Net asset value per ordinary share (pence)	3	338.12p	333.16p	332.55p

Condensed consolidated statement of changes in equity

For the six months ended 31 October 2014

	Six months ended 31 October 2014 (unaudited)						Total £'000
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Capital £'000	
At 1 May 2014	539	636	55,649	51	2,994	83,815	143,684
Total comprehensive income:							
Profit for the period	–	–	–	–	806	2,426	3,232
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(359)	–	–	–	(359)
Cancellation of ordinary shares from treasury	(19)	–	–	19	–	–	–
Conversion of subscription shares	–	4	–	–	–	–	4
Dividends paid	–	–	–	–	(864)	–	(864)
At 31 October 2014	520	640	55,290	70	2,936	86,241	145,697

	Six months ended 31 October 2013 (unaudited)						Total £'000
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Capital £'000	
At 1 May 2013	554	635	65,334	36	1,621	70,168	138,348
Total comprehensive income:							
Profit for the period	–	–	–	–	1,027	15,247	16,274
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(7,989)	–	–	–	(7,989)
Cancellation of ordinary shares from treasury	(11)	–	–	11	–	–	–
Conversion of subscription shares	–	1	–	–	–	–	1
Dividends paid	–	–	–	–	(824)	–	(824)
At 31 October 2013	543	636	57,345	47	1,824	85,415	145,810

	Year ended 30 April 2014 (audited)						Total £'000
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Capital £'000	
At 1 May 2013	554	635	65,334	36	1,621	70,168	138,348
Total comprehensive income:							
Profit for the year	–	–	–	–	2,722	13,647	16,369
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(9,685)	–	–	–	(9,685)
Cancellation of ordinary shares from treasury	(15)	–	–	15	–	–	–
Conversion of subscription shares	–	1	–	–	–	–	1
Dividends paid	–	–	–	–	(1,349)	–	(1,349)
At 30 April 2014	539	636	55,649	51	2,994	83,815	143,684

Condensed consolidated cash flow statement

For the six months ended 31 October 2014

	Six months ended 31 October 2014 (unaudited) £'000	Six months ended 31 October 2013 (unaudited) £'000	Year ended 30 April 2014 (audited) £'000
Operating activities			
Profit before tax	3,235	16,281	16,467
Interest payable	280	246	705
Gains on investments	(3,126)	(15,897)	(15,054)
Gains on current asset investments	(28)	(366)	(392)
Currency losses/(gains)	2	(2)	3
Decrease/(increase) in other receivables	14	55	(136)
Increase/(decrease) in other payables	268	(29)	(311)
Net cash inflow from operating activities before interest and tax	645	288	1,282
Interest paid	(280)	(246)	(705)
Irrecoverable overseas tax suffered	(3)	(7)	(98)
Net cash inflow from operating activities	362	35	479
Investing activities			
Purchase of investments	(12,580)	(16,518)	(39,556)
Sales of investments	27,150	25,807	48,922
Net cash inflow from investing activities	14,570	9,289	9,366
Financing activities			
Repurchase of ordinary shares into treasury	(457)	(7,989)	(9,587)
Conversion of subscription shares	4	1	1
Dividends paid	(864)	(824)	(1,349)
Net cash outflow from financing activities	(1,317)	(8,812)	(10,935)
Net increase/(decrease) in cash and cash equivalents	13,615	512	(1,090)
Cash and cash equivalents at the start of the period	(25,063)	(23,970)	(23,970)
Effect of foreign exchange rate changes	(2)	2	(3)
Cash and cash equivalents at the end of the period	(11,450)	(23,456)	(25,063)
Bank loan	(12,500)	(26,500)	(26,500)
Cash	1,050	3,044	1,437
	(11,450)	(23,456)	(25,063)

Notes to the half-yearly financial report

1. Accounting policies

The Group's Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', the provisions of the Companies Act 2006 and with the guidance set out in the Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies in January 2009.

The Half-Yearly Financial Report has been prepared under the same accounting policies as the Annual Financial Statements for the year ended 30 April 2014.

2. Earnings per ordinary share

	Six months ended 31 October 2014	Six months ended 31 October 2013	Year ended 30 April 2014
Earnings per ordinary share is based on:			
Revenue earnings (£'000)	806	1,027	2,722
Capital earnings (£'000)	2,426	15,247	13,647
Total earnings (£'000)	3,232	16,274	16,369
Weighted average number of ordinary shares in issue during the period (basic)	43,164,248	44,719,128	44,162,066
Weighted average number of ordinary shares in issue during the period (diluted)	43,164,248	44,719,128	44,162,066

3. Net asset value per ordinary share

	As at 31 October 2014	As at 31 October 2013	As at 30 April 2014
Net asset value per ordinary share is based on:			
Net assets (£'000)	<u>145,697</u>	<u>145,810</u>	<u>143,684</u>
Number of ordinary shares in issue at the end of the period (basic)	43,089,843	43,765,162	43,206,785
Number of ordinary shares in issue at the end of the period (diluted)	43,089,843	43,765,162	43,206,785

During the period the Company bought back 118,200 ordinary shares into treasury. 1,258 subscription shares were exercised and the same number of ordinary shares were issued in respect of these.

Notes to the half-yearly financial report (continued)

4. Dividends

	Six months ended 31 October 2014	Six months ended 31 October 2013	Year ended 30 April 2014
Second interim dividend for the year ended 30 April 2013 – 1.85p	–	824	824
First interim dividend for the year ended 30 April 2014 – 1.20p	–	–	525
Second interim dividend for the year ended 30 April 2014 – 2.00p	864	–	–
	864	824	1,349

A first interim dividend for the year ending 30 April 2015 of £540,000 (1.25p per ordinary share) has been declared. This will be paid on 30 January 2015 to those shareholders on the register at close of business on 5 January 2015.

5. Analysis of retained earnings – capital

	31 October 2014 £'000	31 October 2013 £'000	30 April 2014 £'000
Retained earnings - capital (realised)	76,830	65,123	68,835
Retained earnings - capital (unrealised)	9,411	20,292	14,980
	86,241	85,415	83,815

6. Comparative information

The financial information for the six months ended 31 October 2014 and 31 October 2013 has not been audited and does not constitute statutory financial statements as defined in Section 234 of the Companies Act 2006.

The information for the year ended 30 April 2014 has been extracted from the Audited Financial Statements for the year ended 30 April 2014. These financial statements contained an unqualified auditor's report and have been lodged with the Registrar of Companies and did not contain a statement required under Section 498 of the Companies Act 2006.

7. Principal risks and uncertainties

Pursuant to DTR 4.2.7R of the Disclosure and Transparency Rules, the principal risks faced by the Company include general market price risk, liquidity risk, regulatory, and financial risks.

These risks, which have not materially changed since the Annual Report for the year ended 30 April 2014, and the way in which they are managed, are described in more detail in the Annual Report for the year ended 30 April 2014 which is available on the Investment Manager's website at artemis.co.uk.

8. Related party transactions

There were no related party transactions during the period. 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 IAS 24: Related Party Disclosures, the Investment Manager is not considered to be a related party.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge, in respect of the Half-Yearly Financial Report for the six months ended 31 October 2014:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board as adopted by the EU;
- the interim management report includes a fair review of the information required by:
 - (a) Disclosure and Transparency Rule 4.2.7R (indication of important events during the

first six months; and a description of the principal risks and uncertainties for the remaining six months of the year); and

- (b) Disclosure and Transparency Rule 4.2.8R (related party transactions).

For and on behalf of the Board

Duncan Budge

Chairman

16 December 2014

Information for Shareholders

Buying shares in the Company

The Company's ordinary and subscription shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker. The Company is a qualifying investment trust for ISA purposes.

Company numbers:

Ordinary shares

London Stock Exchange (SEDOL) number: 0435594

ISIN number: GB0004355946

Reuters code: ATS.L

Bloomberg code: ATS:LN

Subscription shares

London Stock Exchange (SEDOL) number:

B5SLGR8

ISIN number: GB00B5SLGR82

Reuters code: ATSS.L

Bloomberg code: ATSS:LN

Shareholder enquiries

All administrative enquiries relating to shareholder queries concerning holdings, dividend payments, notification of change of address, loss of certificate or to be placed on a mailing list should be addressed to the Company's registrars at: Shareholder Services Department, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0871 664 0300 (calls cost 10 pence per minute plus network extras. Lines are open from 9.00 am to 5.30 pm, Monday to Friday).

If you would like to receive dividend payments directly into your bank account, please contact the Company's registrar at the address above.

Dividend Reinvestment Plan (the "Plan")

Shareholders are able to re-invest their cash dividends using the Plan operated by Capita IRG Trustees Limited. To find out more about the Plan, including the terms and conditions, please contact Capita by calling 0871 664 0381 (calls cost 10 pence per minute plus network extras. Lines are open from 9.00 am to 5.30 pm, Monday to Friday), or by email: shares@capita.co.uk, or visit capitashareportal.com.

Further information on the Company

The Company's net asset value is calculated daily and released to the London Stock Exchange. The share prices are listed in the Financial Times and also on the TrustNet website (trustnet.com). Up to date information can be found on the Investment Manager's website (artemis.co.uk), including a factsheet which is updated monthly. Shareholders can also contact the Chairman to express any views on the Company or to raise any questions they have using the email address alpha.chairman@artemisfunds.com.

Subscription shares

Subscription shareholders can exercise their subscription shares at a price of 345 pence per share on 30 June and 31 December each year, up to 31 December 2017.

If you received subscription shares when they were issued, for the purposes of UK taxation, the issue of subscription shares is treated as a reorganisation of the Company's share capital. Such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital gains, but they do require shareholders to reallocate the base cost of their ordinary shares between their ordinary shares and subscription shares received.

Information for Shareholders (continued)

At the close of business on 13 December 2010 the middle market prices of the Company's ordinary shares and subscription shares were as follows:

Ordinary shares: 308.25

Subscription shares: 62.75

To exercise subscription shares, in whole or in part, shareholders must complete the notice of exercise of subscription share rights on the reverse of the share certificate and lodge the relevant subscription share certificate(s) at the office of the Company's registrars during the period 28 days ending at 5.00 p.m. on the relevant subscription date, accompanied by a remittance for the aggregate conversion price for the ordinary shares in respect of which the subscription share rights are exercised.

Subscription shares that are in uncertificated form on the relevant subscription date shall be exercisable, in whole or in part, if (i) an uncertificated subscription notice is received on or within 28 days prior to the relevant subscription date (but not later than the latest time for input of the instruction permitted by the relevant electronic systems on that date) and (ii) a remittance for the aggregate conversion price for the ordinary shares in respect of which the subscription share rights are being exercised is received by the Company (or by such person as it may require for these purposes).

Taxation

For capital gains purposes, the cost of the Company's ordinary shares at 31 March 1982 was 13.22p per share.

AIC

The Company is a member of The Association of Investment Companies ("AIC") which publishes monthly statistics on the majority of investment trusts. Further details can be obtained by contacting the AIC on 020 7282 5555 or at its website theaic.co.uk.

IFAs and retail investors

The Company currently conducts its affairs so that the shares in issue can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and intends to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an Investment Trust.

Reporting Calendar

Year End

30 April

Results Announced

Interim: December

Annual: July

Dividends Payable

January/February and August

Annual General Meeting

October

General information

Directors

D W A Budge (Chairman)
D J Barron
T Cross Brown
A D Dalrymple
S E C Miller (retired 2 October 2014)

Investment Manager, Alternative Investment Fund Manager and Company Secretary

(from 21 July 2014)
Artemis Fund Managers Limited
Cassini House
57 St James's Street
London SW1A 1LD
Telephone: 0800 092 2051
Email: investorsupport@artemisfunds.com
Website: artemis.co.uk

The Investment Manager is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HA.

(to 20 July 2014)
Artemis Investment Management LLP
Cassini House
57 St James's Street
London SW1A 1LD

Registered Office

Cassini House
57 St James's Street
London SW1A 1LD

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

Registered in England Number: 253644.

Administrator

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Stockbroker

Cantor Fitzgerald Europe
One America Square
17 Crosswall
London EC3N 2LS

Depositary

(from 21 July 2014)
J.P. Morgan Europe Limited
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Canary Wharf
London E14 5JP

Auditors

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Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers and custodian

JP Morgan Chase Bank NA
London Branch
25 Bank Street
Canary Wharf
London E14 5JP

Solicitors

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Broadgate Tower
Primrose Street
London EC2A 2EW

