

# ARTEMIS Alpha Trust *plc*

Half-Yearly Financial Report  
for the six months ended  
31 October 2015



**ARTEMIS**  
The PROFIT Hunter

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## Group summary

### Corporate objective & policy

The objective of the Company is to achieve above average rates of total return over the longer term and to achieve a growing dividend stream. In pursuit of this objective, the Company's portfolio is actively managed by the Investment Manager and comprises largely UK equities, with selected overseas investments. The Investment Manager takes a stock-specific approach in managing the portfolio and, therefore, sector weightings are of secondary consideration. As a result of this approach the portfolio will not track any stock market index. There is no restriction on the number of investments that can be held in the portfolio.

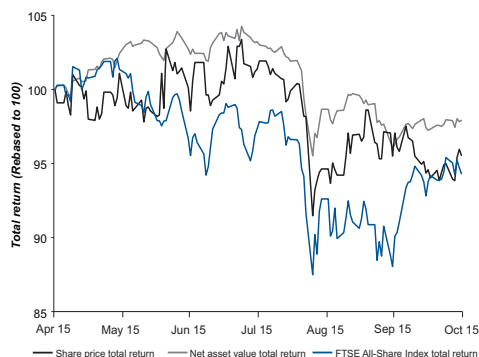
The Company also invests in unquoted companies. The Investment Management Agreement provides that at the time of investment these investments shall represent no more than 30 per cent of net assets. For the purpose of measuring this, unquoted investments will be measured by the lower of their cost or current valuation.

In addition, the Company can invest up to 30 per cent of its net assets in hedge funds and/or other unregulated collective investment schemes. The Company will not invest more than 15 per cent of its gross assets in other investment companies listed on the main market of the London Stock Exchange.

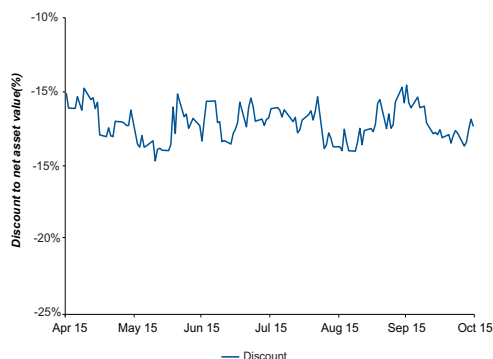
### Capital structure

The capital structure of the Company as at 31 October 2015 consisted of 42,841,142 ordinary shares of 1p each and 8,862,677 subscription shares of 1p each. The Company held 250,000 ordinary shares in treasury as at 31 October 2015.

### Performance for the six months ended 31 October 2015



### Discount during the six months ended 31 October 2015



Total returns	Six months ended 31 October 2015
Net asset value per ordinary share	(3.6)%
Ordinary share price	(4.4)%
FTSE All-Share Index	(5.7)%

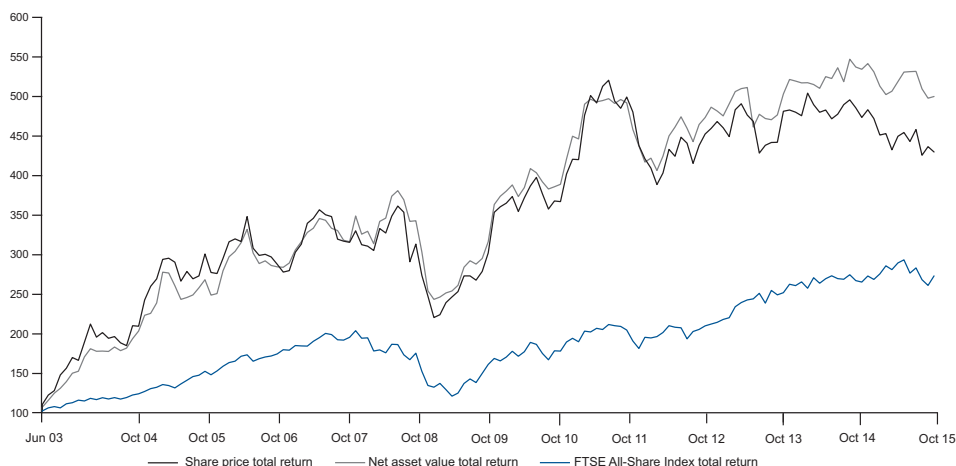
Source: Artemis/Datastream.

### Financial highlights

Capital	As at 31 October 2015	As at 30 April 2015	As at 31 October 2014
Net assets	£134.0m	£139.8m	£145.7m
Net asset value per ordinary share	312.86p	326.28p	338.12p
Ordinary share price	260.63p	275.00p	291.00p
Gearing	3.4%	9.1%	7.9%

Returns for the period	As at 31 October 2015	As at 30 April 2015	As at 31 October 2014
Revenue earnings per ordinary share	2.01p	4.12p	1.87p
Capital (loss)/earnings per ordinary share	(13.14)p	(7.50)p	5.62p
Ongoing charges	0.9%	0.9%	1.0%

### Returns from 1 June 2003 to 31 October 2015



Total returns	1 year	3 years	5 years	Since launch*
Net asset value per ordinary share	(6.5)%	3.8%	11.2%	399.2%
Ordinary share price	(9.3)%	(8.3)%	2.2%	328.8%
FTSE All-Share Index	3.0%	27.7%	41.1%	171.7%

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

Source of data: Artemis/Datastream

# Chairman's Statement

## Performance

The last six months have been a difficult time for financial markets. The Company's net asset value fell by 3.6 per cent on a total return basis in the six months to 31 October 2015. The FTSE All-Share Index declined by 5.7 per cent over the same period. Concerns over China's economy grew, intensifying fears about the prospects for emerging markets and the global economy as a whole. In the UK, meanwhile, the optimism that followed the surprise majority in May's general election has given way to questions over the country's continued membership of the European Union.

The fall in the Company's net asset value over the period was primarily due to changes in the valuation of its unquoted investments, a number of which raised additional capital to develop their businesses. It was disappointing that several of these fundraisings were done at prices below their carrying values, leading us to mark these investments to the level at which the new capital was raised. One of these received considerable attention in the press, when it was announced that BAE Systems was investing in our portfolio company, Reaction Engines. We believe this is a significant development. Although the write-down in its valuation is painful, we believe the fundraising leaves Reaction Engines better placed to develop its rocket technology.

Gearing was reduced from 9.1 per cent of net assets at the start of the period to 3.4 per cent at 31 October 2015. The proceeds from Lynton Holding Asia were received in October, and these have been used to reduce the Company's borrowings. The percentage of the portfolio represented by unquoted companies has been reduced from 32.2 per cent to 28.2 per cent.

More details on the portfolio and performance are included in the Investment Manager's Review on page 4.

## Earnings & dividends

Revenue earnings per share for the six months to 31 October 2015 were 2.01p (2014: 1.87p). As I outlined in my Chairman's Statement

earlier this year, the Board and Investment Manager have targeted a 10 per cent annual increase in the Company's dividend. With this in mind, the Board has declared a first interim dividend of 1.40p per ordinary share (2014: 1.25p). This is an increase of 12.0 per cent over the equivalent dividend last year. This will be paid on 29 January 2016 to shareholders on the register as at 29 December 2015.

## Share capital

At 31 October 2015 the share price stood at a 16.7 per cent discount to net asset value, which is wider than both the Board and Investment Manager would like; this is being kept under review. During the period we saw a number of existing investors increase their holdings in the Company at the current level of discount which meant there has been no significant selling pressure on the share price. Following the period end, a small buyback of 83,000 shares was made at a discount to net asset value of 19 per cent.

## Outlook

The volatility that characterised markets during the reporting period has continued since the end of October. Given the uncertainty over the global economy and wider geo-political concerns, this volatility looks set to continue. In this environment, stock-picking is even more important and should allow the fund managers to generate value for shareholders.

## 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 2015. The Company's contact details are set out on page 22 of this report, and further information can be found on the website – [artemisalphatrust.co.uk](http://artemisalphatrust.co.uk) – which is updated monthly.

Duncan Budge  
Chairman

16 December 2015

## Investment Manager's Review

### Performance

Over the half year under review the Company's net asset value fell by 3.6 per cent versus a fall of 5.7 per cent in the FTSE All-Share Index.

As global stock markets weakened, the portfolio benefited from its strong bias to the UK economy. Slowing growth in China sent commodity prices sharply lower, prompting falls in the share prices of mining and oil & gas companies. However, the portfolio's exposure to mining is negligible and its weighting to oil & gas is considerably lower than it was in the past.

### Review

Our two core investment themes – non-bank financials (predominantly fund management businesses) and online companies – remained intact. These investments, however, had a relatively quiet six months. Instead, the Company's strongest performers were some of the smaller companies that we bought because of their attractive valuations, strong prospects for growth and excellent management teams. They included Martinco, a lettings business, and Penna Consulting, a recruitment and personnel management company.

Founded in Yeovil by the eponymous Richard Martin, Martinco has grown into one of the UK's largest lettings networks through a combination of organic and acquisitive growth. It floated just under two years ago and used the capital to grow its franchised network in a highly fragmented market. Although its estate agency business is growing, it is predominantly a lettings company with high recurring revenues and strong cash generation. Although the share price has doubled in 2015, it still has a small market share in a sector where the prospects for growth are strong and which is ripe for consolidation.

Penna Consulting has also been an excellent performer over the last six months. Its business is equally split between outplacement and recruitment. Penna is the market leader in outplacement – it has contracts to help employees who have been made redundant,

often by structural change, to find new jobs. The other side of its business is a more traditional recruitment business with customers in both the public and private sectors. It is seeing strong growth in both areas. Like Martinco, its share price has doubled over the last year but its prospects remain good.

The greatest positive contribution came from Mporium Group, which provides an e-commerce platform that allows consumers to browse, checkout and pay for goods using their smartphones. After two refinancings and the appointment of a new management team, it is on the cusp of delivering a revamped product. Other positive performances came from MJ Gleeson, a housebuilder focused on the north of England and Booker, a wholesaler and cash & carry group.

### Five largest stock contributors

	Contribution	
	Market	%
Mporium Group	AIM	0.9
Martinco	AIM	0.9
Penna Consulting	AIM	0.7
Oxford Nanopore Technologies	Unquoted	0.7
Powerflute	AIM	0.6

### Five largest stock detractors

	Contribution	
	Market	%
Starcount	Unquoted	(1.6)
Reaction Engines	Unquoted	(1.2)
Physiolab Technologies	Unquoted	(0.9)
Gaming Realms	AIM	(0.7)
Pittards	AIM	(0.7)

The continuing weakness in commodities has been negative for some of the portfolio's oil & gas holdings. As noted in previous reports, however, the Company's exposure to this sector is well below historic levels, at 7.6 per cent of the portfolio.

Elsewhere, we wrote down the carrying values of three unquoted holdings: Starcount, Reaction Engines and Physiolab Technologies and there was also one valuation uplift.

Starcount was written down following the completion of a £5 million equity raising, a large part of which came from the management (Edwina Dunn and Clive Humby). The price of the issue was a reflection of its slower-than-expected progress in winning clients. We continue to believe that, despite the delays, Starcount is well placed to deliver substantial value in social media data for its clients.

Reaction Engines was written down to reflect the valuation implied by BAE Systems' £20 million investment, for which it received a 20 per cent stake in the company. This investment represents a positive validation of Reaction Engines' technology and will unlock further funding from the government, which was conditional on Reaction Engines partnering with a large aerospace company. So despite the write-down, this must be seen as a highly positive development.

The write-down in Physiolab Technologies, meanwhile, occurred as technical glitches delayed sales of its product, a thermal compression system. This resulted in a short-term cash-flow problem. The valuation that the existing investors proposed seemed appropriate given the product delays. However, we remain positive about the company's potential. We believe its proprietary device, which helps to repair soft tissue through heating and cooling, is far superior to anything else on the market.

Oxford Nanopore Technologies raised further capital for the continued development of its business and this was done at a 40 per cent uplift. We also took an opportunity to realise part of this holding in the period.

Elsewhere among the Company's unquoted holdings, we received the cash from Lynton Holding Asia (reported in a prior period). For now,

we have used this to reduce the Company's level of gearing.

In terms of transactions, our largest purchase was BP. We feel it is attractively priced, being one of the few oil companies that can operate profitably in an environment where oil prices remain low.

Other new investments included: Millennium & Copthorne, a hotel business trading at a substantial discount to net asset value; Majestic Wine, which after several years of lacklustre performance is being revamped under a new management team; and Helical Bar, an entrepreneurial property company that has recently redeveloped land formerly belonging to Barts Hospital. We added one new unquoted holding during the period. Oxford Sciences Innovation has been established to commercialise the intellectual property developed by the University of Oxford's mathematical, physical, life sciences and medical sciences divisions.

In terms of sales, we disposed of the majority of the Company's holding in Telford Homes after a period of strong performance. We took profits in Redcentric, 4D Pharma, Powerflute and Brewin Dolphin. We sold all of the Company's holding in Velocys.

## Outlook

Some degree of uncertainty always attends investing in stocks. Without it, the risk premium that means equities tend to outperform over the long term would not exist. Current conditions, however, seem even more uncertain than usual. In part, this is because so much rests on the actions and rhetoric of central bankers; even minor shifts of tone provoke violent lurches in equity markets. After years of largely futile guesswork, the market now thinks it knows when the US Federal Reserve will start to increase interest rates. The uncertainty, however, has simply transferred to new questions: How quickly will borrowing costs rise? When will the Bank of

## Investment Manager's Review (continued)

England follow? And how many euros will the European Central Bank need to (electronically) print to prevent deflation?

Another question remains: can policymakers in Beijing shift the Chinese economy away from its dependence on capital investment without provoking a slump in demand? As alluded to above, the fortunes of some of the UK's largest companies depend on the answer. Meanwhile, the prospect of a referendum on whether the UK should remain a member of the EU could yet cause violent swings in currency, bond and equity markets.

Given all this, volatility in equity markets seems likely to persist. Our response is simple but not, we hope, naive. We won't try to second-guess changes in monetary policy or engage in political psephology. Instead, we stick to stocks. The Company's portfolio has little resemblance to any benchmark and it remains a diverse selection of companies united only by their potential to

produce superior growth. Within that, there are a number of continuing thematic trends – such as our enthusiasm for asset managers and for companies exploiting new markets being opened up by the internet. More often than not, however, the growth that we anticipate will often result from factors unique to each of our holdings rather than specific macro or political events.

In the short term, the Company's performance will not be immune to gyrations in the wider UK market. Over the longer term, however, we believe the underlying financial characteristics of our holdings will count. By sticking to our stocks, we seek to generate returns on shareholders' behalf, in 2016 and beyond.

**John Dodd & Adrian Paterson**  
Fund managers  
Artemis Fund Managers Limited

16 December 2015



# Portfolio of investments

As at 31 October 2015

Investment	Industry	Country of incorporation	Market Value £'000	% of portfolio
Polar Capital Holdings <sup>1</sup>	Financials	UK	6,787	4.9
Starcount <sup>2</sup>	Consumer Services	Singapore	6,304	4.6
Liontrust Asset Management	Financials	UK	4,867	3.6
Metapack <sup>2</sup>	Industrials	UK	4,638	3.4
Gleeson (M.J.) Group	Consumer Goods	UK	4,410	3.2
Skyepharma	Health Care	UK	4,252	3.1
Oxford Nanopore Technologies <sup>2</sup>	Health Care	UK	4,000	2.9
Claremont Alpha <sup>2</sup>	Consumer Services	Isle of Man	3,581	2.6
Martinco <sup>1</sup>	Financials	UK	3,233	2.4
Emis Group <sup>1</sup>	Technology	UK	3,219	2.3
<b>Top 10 investments</b>			<b>45,291</b>	<b>33.0</b>
Reaction Engines <sup>2</sup>	Industrials	UK	3,217	2.3
Avation	Industrials	Singapore	3,206	2.3
Brewin Dolphin Holdings	Financials	UK	3,105	2.3
Gaming Realms <sup>1</sup>	Consumer Services	UK	3,024	2.2
BP	Oil & Gas	UK	2,898	2.1
Urica <sup>2,3</sup>	Financials	UK	2,550	1.9
City of London Investment Group	Financials	UK	2,543	1.9
Charles Stanley	Financials	UK	2,351	1.7
Penna Consulting <sup>1</sup>	Industrials	UK	2,340	1.7
Booker Group	Consumer Services	UK	2,326	1.7
<b>Top 20 investments</b>			<b>72,851</b>	<b>53.1</b>
GLI Finance <sup>1</sup>	Financials	Guernsey	2,325	1.7
Halley Asian Prosperity Fund	Financials	Luxembourg	2,225	1.6
Gresham Computing	Technology	UK	2,140	1.6
Pittards <sup>1</sup>	Consumer Goods	UK	2,047	1.5
Retroscreen Virology <sup>1</sup>	Health Care	UK	1,805	1.3
Ten Alps <sup>1</sup>	Consumer Services	UK	1,796	1.3
Redcentric <sup>1</sup>	Technology	UK	1,779	1.3
Helical Bar	Financials	UK	1,766	1.3
Hurricane Energy <sup>1</sup>	Oil & Gas	UK	1,746	1.3
Lamp Group <sup>2</sup>	Financials	UK	1,664	1.2
<b>Top 30 investments</b>			<b>92,144</b>	<b>67.2</b>
Powerflute <sup>1</sup>	Basic Materials	Finland	1,654	1.2
Retail Money Market <sup>2</sup>	Financials	UK	1,600	1.2
Servelec Group	Technology	UK	1,585	1.2
Gama Aviation <sup>1</sup>	Industrials	UK	1,582	1.1
Charlemagne Capital <sup>1</sup>	Financials	Cayman Islands	1,530	1.1
Mporium Group <sup>1</sup>	Technology	UK	1,505	1.1
R.E.A. Holdings <sup>3</sup>	Consumer Goods	UK	1,502	1.1
Oxford Sciences Innovation <sup>2</sup>	Financials	UK	1,500	1.1
Millennium & Copthorne	Consumer Services	UK	1,445	1.1
Dalata Hotel Group <sup>1</sup>	Consumer Services	Ireland	1,416	1.0
<b>Top 40 investments</b>			<b>107,463</b>	<b>78.4</b>

<sup>1</sup> AIM quoted investment

<sup>2</sup> Unquoted investment

<sup>3</sup> Includes fixed interest element

## Portfolio of investments (continued)

Investment	Industry	Country of incorporation	Market Value £'000	% of portfolio
Gundaline <sup>2</sup>	Consumer Goods	Australia	1,386	1.0
Fox Marble <sup>1</sup>	Basic Materials	UK	1,380	1.0
Eden Research <sup>1</sup>	Health Care	UK	1,299	0.9
2CG Senhouse Southeast Asian				
Focus Fund	Financials	Luxembourg	1,278	0.9
N+1 Singer <sup>2</sup>	Financials	UK	1,208	0.9
Puretech Health	Financials	UK	1,159	0.8
Park Group <sup>1</sup>	Financials	UK	1,075	0.8
Orchard Funding Group <sup>1</sup>	Financials	UK	1,029	0.8
Physiolab Technologies <sup>2</sup>	Health Care	UK	1,027	0.8
Telford Homes <sup>1</sup>	Consumer Goods	UK	989	0.7
<b>Top 50 investments</b>			<b>119,293</b>	<b>87.0</b>
Eland Oil & Gas <sup>1</sup>	Oil & Gas	UK	956	0.7
Hardlyever <sup>2</sup>	Consumer Services	UK	871	0.6
Buried Hill Energy (Cyprus) <sup>2</sup>	Oil & Gas	Cyprus	863	0.6
Cairn Energy	Oil & Gas	UK	849	0.6
Augean <sup>1</sup>	Industrials	UK	832	0.6
Sandvine <sup>1</sup>	Technology	Canada	806	0.6
Gateley Holdings <sup>1</sup>	Industrials	UK	805	0.6
Maison Seven <sup>2</sup>	Consumer Services	UK	789	0.6
Ironveld <sup>1</sup>	Basic Materials	UK	748	0.6
Providence Resources <sup>1</sup>	Oil & Gas	Ireland	738	0.6
<b>Top 60 investments</b>			<b>127,550</b>	<b>93.1</b>
Majestic Wine <sup>1</sup>	Consumer Services	UK	674	0.5
Africa Oil	Oil & Gas	Canada	571	0.4
Randall & Quilter <sup>1</sup>	Financials	UK	570	0.4
Summit <sup>1</sup>	Health Care	UK	556	0.4
4D Pharma <sup>1</sup>	Health Care	UK	555	0.4
Mobile Streams <sup>1</sup>	Telecommunications	UK	555	0.4
Equus Petroleum <sup>2</sup>	Oil & Gas	UK	554	0.4
Infusion 2002 <sup>2</sup>	Industrials	UK	551	0.4
Hot2go <sup>2</sup>	Consumer Goods	UK	541	0.4
Rockhopper Exploration <sup>1</sup>	Oil & Gas	UK	533	0.4
<b>Top 70 investments</b>			<b>133,210</b>	<b>97.2</b>
Genmark Diagnostics	Health Care	USA	447	0.3
Houseology Design Group <sup>2</sup>	Consumer Goods	UK	432	0.3
Chateau Lafite Rothschild 2009 <sup>2</sup>	Consumer Goods	France	342	0.2
MBA Polymers <sup>2,3</sup>	Industrials	USA	294	0.2
Chateau Lafite Rothschild 2010 <sup>2</sup>	Consumer Goods	France	290	0.2
African Petroleum	Oil & Gas	Australia	286	0.2
Horizon Discovery Group <sup>1</sup>	Health Care	UK	258	0.2
Rated People <sup>2</sup>	Industrials	UK	256	0.2
Duke Royalty <sup>1</sup>	Basic Materials	Guernsey	255	0.2
Gottex Holdings	Financials	Switzerland	221	0.2
<b>Top 80 investments</b>			<b>136,291</b>	<b>99.4</b>

<sup>1</sup> AIM quoted investment

<sup>2</sup> Unquoted investment

<sup>3</sup> Includes fixed interest element

Investment	Industry	Country of incorporation	Market Value £'000	% of portfolio
Igas Energy <sup>1</sup>	Oil & Gas	UK	200	0.2
Lansdowne Oil & Gas <sup>1</sup>	Oil & Gas	UK	184	0.1
Niche Group <sup>2</sup>	Financials	UK	175	0.1
Parity Group	Technology	UK	134	0.1
MWB Group Holdings <sup>2,3</sup>	Financials	UK	96	0.1
MBL Group <sup>1</sup>	Consumer Services	UK	39	—
Flying Brands	Consumer Services	UK	19	—
Chateau Rieussec 2010 <sup>2</sup>	Consumer Goods	France	13	—
Kalina Power	Utilities	Australia	6	—
Petrohunter Energy	Oil & Gas	USA	5	—
<b>Top 90 investments</b>			<b>137,162</b>	<b>100.0</b>
Jubilant Energy <sup>1</sup>	Oil & Gas	Netherlands	2	—
Betex Group	Consumer Services	UK	—	—
Eastcoal	Basic Materials	Canada	—	—
Energy Equity Resources (Norway) <sup>2</sup>	Oil & Gas	UK	—	—
Leed Resources	Oil & Gas	UK	—	—
Resaca Exploitation	Oil & Gas	USA	—	—
ROK Entertainment	Consumer Services	USA	—	—
ROK Global	Consumer Services	UK	—	—
SUSD <sup>2</sup>	Financials	UK	—	—
<b>Total investments (99 investments)</b>			<b>137,164</b>	<b>100.0</b>

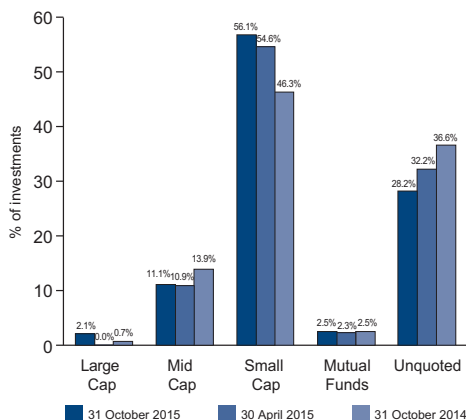
<sup>1</sup> AIM quoted investment

<sup>2</sup> Unquoted investment

<sup>3</sup> Includes fixed interest element

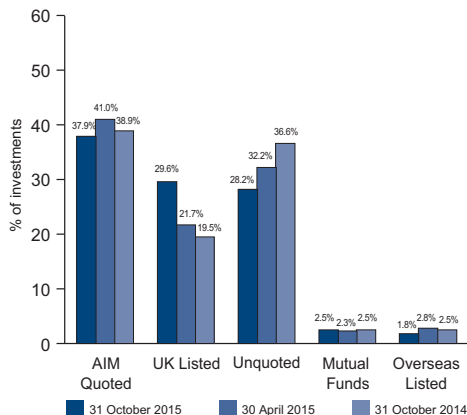
## Portfolio analysis

### Market cap analysis of the portfolio as at 31 October 2015

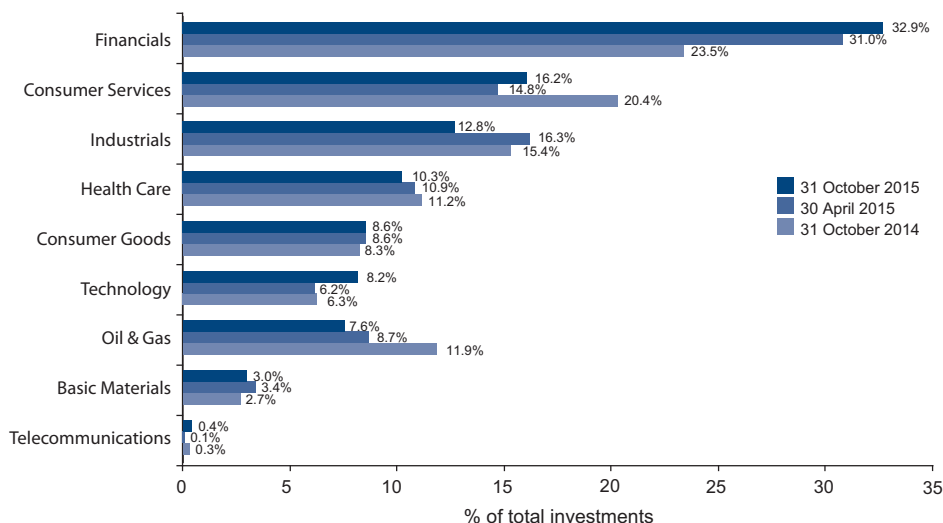


Large cap – market cap equivalent to FTSE 100 companies, Mid cap – market cap equivalent to FTSE 250 companies, Small cap – market cap equivalent to companies below FTSE 250.

### Market analysis of the portfolio as at 31 October 2015



### Industry analysis of the portfolio as at 31 October 2015



# Condensed consolidated income statement

For the six months ended 31 October 2015

	Note	Six months ended 31 October 2015 (unaudited)			Six months ended 31 October 2014 (unaudited)			Year ended 30 April 2015 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income		1,342	–	1,342	1,174	–	1,174	2,415	–	2,415
Other income		14	–	14	(109)	–	(109)	2	–	2
<b>Total income</b>		<b>1,356</b>	<b>–</b>	<b>1,356</b>	<b>1,065</b>	<b>–</b>	<b>1,065</b>	<b>2,417</b>	<b>–</b>	<b>2,417</b>
(Losses)/gains on investments		–	(5,013)	(5,013)	–	3,126	3,126	–	(1,937)	(1,937)
(Losses)/gains on current asset investments		(183)	–	(183)	28	–	28	(63)	–	(63)
Currency losses		–	(39)	(39)	–	(2)	(2)	–	(4)	(4)
<b>Total income/(loss)</b>		<b>1,173</b>	<b>(5,052)</b>	<b>(3,879)</b>	<b>1,093</b>	<b>3,124</b>	<b>4,217</b>	<b>2,354</b>	<b>(1,941)</b>	<b>413</b>
<b>Expenses</b>										
Investment management fee		(43)	(389)	(432)	(49)	(436)	(485)	(93)	(839)	(932)
Other expenses		(238)	(2)	(240)	(207)	(10)	(217)	(416)	(10)	(426)
<b>Profit/(loss) before finance costs and tax</b>		<b>892</b>	<b>(5,443)</b>	<b>(4,551)</b>	<b>837</b>	<b>2,678</b>	<b>3,515</b>	<b>1,845</b>	<b>(2,790)</b>	<b>(945)</b>
Finance costs		(20)	(186)	(206)	(28)	(252)	(280)	(48)	(442)	(490)
<b>Profit/(loss) before tax</b>		<b>872</b>	<b>(5,629)</b>	<b>(4,757)</b>	<b>809</b>	<b>2,426</b>	<b>3,235</b>	<b>1,797</b>	<b>(3,232)</b>	<b>(1,435)</b>
Tax		(11)	–	(11)	(3)	–	(3)	(20)	–	(20)
<b>Profit/(loss) for the period per ordinary share</b>		<b>861</b>	<b>(5,629)</b>	<b>(4,768)</b>	<b>806</b>	<b>2,426</b>	<b>3,232</b>	<b>1,777</b>	<b>(3,232)</b>	<b>(1,455)</b>
<b>Earnings/(loss) for the period</b>	2	<b>2.01p</b>	<b>(13.14)p</b>	<b>(11.13)p</b>	<b>1.87p</b>	<b>5.62p</b>	<b>7.49p</b>	<b>4.12p</b>	<b>(7.50)p</b>	<b>(3.38)p</b>

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 2015

Note	31 October 2015 (unaudited) £'000	31 October 2014 (unaudited) £'000	30 April 2015 (audited) £'000
<b>Non-current assets</b>			
Investments	137,164	156,492	150,253
<b>Current assets</b>			
Investments held by subsidiary	1,382	813	1,289
Other receivables	338	286	1,466
Cash and cash equivalents	2,048	1,050	1,778
	3,768	2,149	4,533
<b>Total assets</b>	<b>140,932</b>	<b>158,641</b>	<b>154,786</b>
<b>Current liabilities</b>			
Other payables	(401)	(444)	(503)
Bank loan	(6,500)	(12,500)	(14,500)
	(6,901)	(12,944)	(15,003)
<b>Net assets</b>	<b>134,031</b>	<b>145,697</b>	<b>139,783</b>
<b>Equity attributable to equity holders</b>			
Share capital	500	520	503
Share premium	645	640	644
Special reserve	54,598	55,290	54,598
Capital redemption reserve	90	70	87
Retained earnings – revenue	3,244	2,936	3,368
Retained earnings – capital	5 74,954	86,241	80,583
<b>Total equity</b>	<b>134,031</b>	<b>145,697</b>	<b>139,783</b>
<b>Net asset value per ordinary share (pence)</b>	<b>3 312.86p</b>	<b>338.12p</b>	<b>326.28p</b>

# Condensed consolidated statement of changes in equity

For the six months ended 31 October 2015

	Six months ended 31 October 2015 (unaudited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
At 1 May 2015	503	644	54,598	87	3,368	80,583	139,783
Total comprehensive income:							
Profit/(loss) for the period	–	–	–	–	861	(5,629)	(4,768)
Transactions with owners recorded directly to equity:							
Cancellation of ordinary shares from treasury	(3)	–	–	3	–	–	–
Conversion of subscription shares	–	1	–	–	–	–	1
Dividends paid	–	–	–	–	(985)	–	(985)
At 31 October 2015	500	645	54,598	90	3,244	74,954	134,031

	Six months ended 31 October 2014 (unaudited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					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

	Year ended 30 April 2015 (audited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
At 1 May 2014	539	636	55,649	51	2,994	83,815	143,684
Total comprehensive income:							
Profit/(loss) for the year	–	–	–	–	1,777	(3,232)	(1,455)
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(1,051)	–	–	–	(1,051)
Cancellation of ordinary shares from treasury	(36)	–	–	36	–	–	–
Conversion of subscription shares	–	8	–	–	–	–	8
Dividends paid	–	–	–	–	(1,403)	–	(1,403)
At 30 April 2015	503	644	54,598	87	3,368	80,583	139,783

## Condensed consolidated cash flow statement

For the six months ended 31 October 2015

	Six months ended 31 October 2015 (unaudited) £'000	Six months ended 31 October 2014 (unaudited) £'000	Year ended 30 April 2015 (audited) £'000
<b>Operating activities</b>			
(Loss)/profit before tax	(4,757)	3,235	(1,435)
Interest payable	206	280	490
Losses/(gains) on investments	5,013	(3,126)	1,937
Losses/(gains) on current asset investments	183	(28)	63
Currency losses	39	2	4
Decrease in other receivables	15	14	15
(Decrease)/increase in other payables	(44)	268	263
<b>Net cash inflow from operating activities before interest and tax</b>	<b>655</b>	<b>645</b>	<b>1,337</b>
Interest paid	(206)	(280)	(490)
Irrecoverable overseas tax suffered	(11)	(3)	(20)
<b>Net cash inflow from operating activities</b>	<b>438</b>	<b>362</b>	<b>827</b>
<b>Investing activities</b>			
Purchase of investments	(23,718)	(12,580)	(31,548)
Sales of investments	32,573	27,150	45,610
<b>Net cash inflow from investing activities</b>	<b>8,855</b>	<b>14,570</b>	<b>14,062</b>
<b>Financing activities</b>			
Repurchase of ordinary shares into treasury	—	(457)	(1,149)
Conversion of subscription shares	1	4	8
Dividends paid	(985)	(864)	(1,403)
<b>Net cash outflow from financing activities</b>	<b>(984)</b>	<b>(1,317)</b>	<b>(2,544)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,309</b>	<b>13,615</b>	<b>12,345</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>(12,722)</b>	<b>(25,063)</b>	<b>(25,063)</b>
Effect of foreign exchange rate changes	(39)	(2)	(4)
<b>Cash and cash equivalents at the end of the period</b>	<b>(4,452)</b>	<b>(11,450)</b>	<b>(12,722)</b>
Bank loan	(6,500)	(12,500)	(14,500)
Cash	2,048	1,050	1,778
	<b>(4,452)</b>	<b>(11,450)</b>	<b>(12,722)</b>



# 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 ("SORP") issued by the Association of Investment Companies in November 2014.

The Half-Yearly Financial Report has been prepared under the same accounting policies as the Annual Financial Statements for the year ended 30 April 2015, with the following amendment, which had no significant impact on the net assets at the balance sheet date or the earnings for the six months ended 31 October 2015.

### (a) Basis of preparation

Where presentational guidance set out in the SORP is consistent with the requirements of International Financial Reporting Standards as adopted by the European Union, the financial statements have been prepared in accordance with the SORP.

## 2. Earnings per ordinary share

	Six months ended 31 October 2015	Six months ended 31 October 2014	Year ended 30 April 2015
Earnings/(loss) per ordinary share is based on:			
Revenue earnings (£'000)	861	806	1,777
Capital (loss)/earnings (£'000)	(5,629)	2,426	(3,232)
<b>Total (loss)/earnings (£'000)</b>	<b>(4,768)</b>	<b>3,232</b>	<b>(1,455)</b>
Weighted average number of ordinary shares in issue during the period (basic and diluted)	42,841,041	43,164,248	43,086,557

## 3. Net asset value per ordinary share

	As at 31 October 2015	As at 31 October 2014	As at 30 April 2015
Net asset value per ordinary share is based on:			
Net assets (£'000)	134,031	145,697	139,783
Number of shares in issue at the end of the period (basic and diluted)	42,841,142	43,089,843	42,840,877

During the period the Company did not buy back any shares into treasury (six months ended 31 October 2014: 118,200; year ended 30 April 2015: 368,200). 265 subscription shares were exercised during the period and the same number of ordinary shares were issued in respect of these (six months ended 31 October 2014: 1,258; year ended 30 April 2015: 2,292).

## Notes to the half-yearly financial report (continued)

### 4. Dividends

	Six months ended 31 October 2015	Six months ended 31 October 2014	Year ended 30 April 2015
Second interim dividend for the year ended 30 April 2014 – 2.00p	–	864	864
First interim dividend for the year ended 30 April 2015 – 1.25p	–	–	539
Second interim dividend for the year ended 30 April 2015 – 2.30p	985	–	–
	985	864	1,403

A first interim dividend for the year ending 30 April 2016 of £600,000 (1.40p per ordinary share) has been declared. This will be paid on 29 January 2016 to those shareholders on the register at close of business on 29 December 2015.

### 5. Analysis of retained earnings – capital

	As at 31 October 2015 £'000	As at 31 October 2014 £'000	As at 30 April 2015 £'000
Retained earnings - capital (realised)	86,867	76,830	81,264
Retained earnings - capital (unrealised)	(11,913)	9,411	(681)
	74,954	86,241	80,583

### 6. Comparative information

The financial information for the six months ended 31 October 2015 and 31 October 2014 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 2015 has been extracted from the Audited Financial Statements for the year ended 30 April 2015. 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 2015, and the way in which they are managed, are described in more detail in the Annual Report for the year ended 30 April 2015 which is available on the website [artemisalphatrust.co.uk](http://artemisalphatrust.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.

## 9. Valuation of investments

All investments are designated as fair value through profit or loss at initial recognition and all gains and losses arise on investments designated as fair value through profit or loss. Where investments are considered to be readily realisable for cash, the fair value gains and losses recognised in these financial statements are treated as realised. All other fair value gains and losses are treated as unrealised.

IFRS 7 'Financial Instruments: Disclosures' requires an entity to provide an analysis of investments held at fair value through profit and loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. The hierarchy used to analyse the fair values of financial assets is set out below.

Level 1 – investments with quoted prices in an active market;

Level 2 – investments whose fair value is based directly on observable current market prices or is indirectly derived from market prices; and

Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices, or are not based on observable market data.

The investments held at the balance sheet date fell in to the categories, Level 1, Level 2 and Level 3. The values in these categories are summarised as part of this note. Any investments that are delisted or suspended from a stock exchange are transferred from Level 1 to Level 3.

	As at 31 October 2015 £'000	As at 31 October 2014 £'000	As at 30 April 2015 £'000
UK quoted investments (Level 1)			
– UK listed	40,217	30,015	32,508
– AIM quoted	52,153	60,834	63,090
– Fixed interest	–	256	–
– Preference shares	207	299	308
Overseas quoted investments (Level 1)	2,341	3,968	2,655
Mutual funds (Level 2)	3,503	3,860	3,394
Unquoted investments (Level 3)			
– Equities and warrants	34,958	53,747	44,069
– Fixed interest	2,646	2,304	3,099
– Preference shares	494	522	486
– Other	645	687	644
	137,164	156,492	150,253

The valuation of the Level 3 investments would not be significantly different had reasonably possible alternative valuation bases been applied.

## Notes to the half-yearly financial report (continued)

### 9. Valuation of investments (continued)

Details of the movements in Level 3 assets during the six months ended 31 October 2015 are set out in the table below.

	£'000
<b>Level 3</b>	
Opening book cost	50,234
Opening fair value adjustment	(1,936)
<b>Opening valuation</b>	<b>48,298</b>
<b>Movements in the year:</b>	
Purchases at cost	3,855
Sales – proceeds	(7,808)
– realised gains on sales	(2,319)
Transfer from unquoted investments (cost)	(1,850)
Transfer from unquoted investments (unrealised loss)	1,342
Decrease/Increase in fair value adjustment	(2,776)
<b>Closing valuation</b>	<b>38,742</b>
Closing book cost	42,112
Closing fair value adjustment	(3,370)
	<b>38,742</b>

# Responsibility Statement of the Directors in respect of the Half-Yearly Financial Report

The Directors confirm that to the best of their knowledge, in respect of the Half-Yearly Financial Report for the six months ended 31 October 2015:

- 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;
- having considered the expected cash flows and operational costs of the Company for the 18 months from the period end, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis of accounting continues to be used in the preparation of the Half-Yearly Financial Report;
- 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).

The Half-Yearly Financial Report for the six months ended 31 October 2015 was approved by the Board and the above responsibility statement was signed on its behalf by:

For and on behalf of the Board  
Duncan Budge  
Chairman

16 December 2015

## 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 8.30 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 Registrars. To find out more about the Plan, including the terms and conditions, please contact Capita by calling 0871 664 0300 (calls cost 10 pence per minute plus network extras. Lines are open from 8.30 am to 5.30 pm, Monday to Friday), or by email: [shares@capita.co.uk](mailto:shares@capita.co.uk), or visit [capitashareportal.com](http://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](http://trustnet.com)). Up to date information can be found on the website ([artemisalphatrust.co.uk](http://artemisalphatrust.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](mailto: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 in December 2010, 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.

Ordinary shareholders received one subscription share for each seven ordinary shares held at that time.

## 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 pence
Subscription shares:	62.75 pence

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 pm 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](http://theaic.co.uk).

### Financial Advisors

The Company currently conducts its affairs so that the shares in issue can be recommended by financial advisors to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and the Company 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 and August

#### Annual General Meeting

September/October

## General information

### Directors

D W A Budge (Chairman)  
J A C Ayton (appointed 26 June 2015)  
D J Barron  
B Bergin (appointed 9 July 2015)  
T Cross Brown  
A D Dalrymple (retired 1 October 2015)

### Investment Manager, Alternative Investment Fund Manager and Company Secretary

Artemis Fund Managers Limited  
Cassini House  
57 St James's Street  
London SW1A 1LD

Telephone: 0800 092 2051  
Email: [investorsupport@artemisfunds.com](mailto:investorsupport@artemisfunds.com)

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

### 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.

### Website

[artemisalphatrust.co.uk](http://artemisalphatrust.co.uk)

### 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

### Depository

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

### Auditors

KPMG LLP  
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

Dickson Minto W.S.  
Broadgate Tower  
Primrose Street  
London EC2A 2EW





