ARTEMIS ALPHA TRUST PLC

Interim accounts for the year ended 30 April 2016

(prepared in accordance with Section 838 of the Companies Act 2006)

Artemis Alpha Trust plc

Income Statement
for the year ended 30 April 2016

	Year ended 30 April 2016			Year ended 30 April 2015		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment income	**2,584**	**-**	**2,584**	2,387	-	2,387
Other income	**6**	**-**	**6**	5	-	5
Total revenue	**2,590**	**-**	**2,590**	2,392	-	2,392
Losses on investments	**-**	**(9,577)**	**(9,577)**	-	(1,955)	(1,955)
Currency losses	**-**	**(41)**	**(41)**	-	(4)	(4)
Total income	**2,590**	**(9,618)**	**(7,028)**	2,392	(1,959)	433
Expenses						
Investment management fees	**(80)**	**(722)**	**(802)**	(93)	(839)	(932)
Other expenses	**(429)**	**(7)**	**(436)**	(414)	(10)	(424)
Profit/(loss) before finance costs and taxation	**2,081**	**(10,347)**	**(8,266)**	1,885	(2,808)	(923)
Finance costs	**(41)**	**(366)**	**(407)**	(53)	(459)	(512)
Profit/(loss) before taxation	**2,040**	**(10,713)**	**(8,673)**	1,832	(3,267)	(1,435)
Tax	**(11)**	**-**	**(11)**	(20)	-	(20)
Profit/(loss) for the year	**2,029**	**(10,713)**	**(8,684)**	1,812	(3,267)	(1,455)

Artemis Alpha Trust plc

Balance Sheet
as at 30 April 2016

	Note	**As at 30 April 2016 £'000**	As at 30 April 2015 £'000
Non-current assets			
Investments		**134,647**	150,253
Investments in subsidiary undertakings		**2,250**	2,256
		136,897	152,509
Current assets			
Cash and cash equivalents		**1,587**	1,189
Amounts due from brokers		**249**	1,181
Other receivables		**220**	277
		2,056	2,647
Total assets		**138,953**	155,156
Current liabilities			
Bank loan		**(8,500)**	(14,500)
Amounts payable to subsidiary undertakings		**(834)**	(438)
Amounts payable to brokers		**(1,136)**	-
Amounts payable in respect of share buybacks		**(217)**	-
Other payables		**(325)**	(435)
		(11,012)	(15,373)
Net assets		**127,941**	139,783
Equity attributable to equity holders			
Share capital		**498**	503
Share premium		**645**	644
Special reserve	3	**53,022**	54,598
Capital redemption reserve		**92**	87
Retained earnings	3	**73,684**	83,951
Total equity		**127,941**	139,783

These financial statements were approved by the Board of Directors and signed on its behalf on 6 July 2016 by

DUNCAN BUDGE
DIRECTOR

Company No: 253644

Artemis Alpha Trust plc

Statement of Changes in Equity
For the year ended 30 April 2016

For year ended 30 April 2016

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 May 2015	503	644	54,598	87	83,951	139,783
Repurchase of ordinary shares into treasury	-	-	(1,576)	-	-	(1,576)
Cancellation of ordinary shares from treasury	(5)	-	-	5	-	-
Conversion of subscription shares	-	1	-	-	-	1
Dividends paid	-	-	-	-	(1,583)	(1,583)
Loss for the year	-	-	-	-	(8,684)	(8,684)
At 30 April 2016	498	645	53,022	92	73,684	127,941

For year ended 30 April 2015

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 May 2014	539	636	55,649	51	86,809	143,684
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)
Loss for the year	-	-	-	-	(1,455)	(1,455)
At 30 April 2015	503	644	54,598	87	83,951	139,783

Artemis Alpha Trust plc

Cash Flow Statements

For the year ended 30 April 2016

	2016 £'000	2015 £'000
Operating activities		
Loss before tax	**(8,673)**	(1,435)
Interest payable	**407**	512
Losses on investments	**9,577**	1,955
Currency losses	**41**	4
Decrease in other receivables	**57**	23
(Decrease)/increase in other payables	**(110)**	259
Net cash inflow from operating activities before interest and tax	**1,299**	1,318
Interest paid	**(407)**	(512)
Withholding tax suffered	**(11)**	(20)
Net cash inflow from operating activities	**881**	786
Investing activities		
Purchases of investments	**(37,988)**	(29,473)
Sales of investments	**46,091**	43,501
Net cash inflow from investing activities	**8,103**	14,028
Financing activities		
Repurchase of ordinary shares into treasury	**(1,359)**	(1,149)
Conversion of subscription shares	**1**	8
Dividends paid	**(1,583)**	(1,403)
Increase/(decrease) in inter-company loan	**396**	(211)
Net cash outflow from financing activities	**(2,545)**	(2,755)
Net decrease in net debt	**6,439**	12,059
Net debt at the start of the year	**(13,311)**	(25,366)
Effect of foreign exchange rate changes	**(41)**	(4)
Net debt at the end of the year	**(6,913)**	(13,311)
Bank loans	**(8,500)**	(14,500)
Cash	**1,587**	1,189
	(6,913)	(13,311)

Artemis Alpha Trust
Notes to Financial Statements

1. Accounting policies

(a) Basis of preparation

The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The principal accounting policies adopted by the Company are set out below.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in January 2009 is consistent with the requirements of IFRS, the Financial Statements have been prepared in accordance with the SORP.

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 30 April 2016.

The Company Financial Statements are presented in Sterling, which is the currency of the primary environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

(b) Segmental reporting

The Company is engaged in a single segment of business being that of an investment trust company.

(c) Investments

Investments are designated as fair value through profit or loss upon initial recognition. Listed investments are measured initially at cost, and are recognised at trade date. Investments in subsidiary undertakings are stated at fair value.

For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, all listed investments are measured at their quoted bid prices without deduction for the estimated future selling cost. Unquoted investments are fair valued by the Directors using primary valuation methodologies such as earning multiples, cost of recent transactions and net assets. Where fair value cannot be reliably measured, the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired. In such cases the value will be reduced to reflect the estimated extent of impairment.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Income Statement as gains/(losses) on investments. Also included within this caption are transaction costs in relation to the purchase or sale of investments.

Assets are derecognised at the trade date of the disposal. Proceeds are measured at fair value which are regarded as the proceeds of sale less any transaction costs.

(d) Revenue

Dividends receivable on equity shares are recognised as revenue on an ex-dividend basis. Provision is made for any dividends not expected to be received.

Income from fixed interest securities is recognised on an effective interest rate basis.

Interest receivable from cash and short-term deposits is recognised on an accruals basis.

Special dividends are treated as repayment of capital or as revenue depending on the facts of each particular case.

(e) Expenses and finance costs

All expenses and interest payable are accounted for on an accruals basis. Expenses are charged through the revenue column in the Income Statement except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital; and
- expenses are treated as capital where they are made in connection with the maintenance or enhancement of the value of the investments.

As a result, investment management fees and finance costs are allocated on the basis of 10% to revenue and 90% to capital.

The performance fee is accrued in the daily net asset value and is calculated using the prevailing price of the Company's ordinary shares and benchmark performance. The accrued fee is based on the full expected liability of performance fee as at the date of the calculation. Payments will be made to the Investment Manager at the end of each performance period, in line with the Investment Management Agreement. Any amounts accrued but not due for payment may be reversed as a result of performance.

(f) Taxation

Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Due to the Company's status as an investment trust, and the intention to meet the conditions required to obtain approval under s1158-1159 Corporation Tax Act 2010 in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

1. Accounting policies (continued)

(g) Cash and cash equivalents
Cash and cash equivalents comprises deposits and overdrafts with banks, and bank loans with maturities of less than three months from inception.
Bank borrowings are used on a periodic basis to meet the Company's cash requirements and are reviewed regularly by the investment manager. Loan draw downs are normally of short durations which are subject to an insignificant risk of change in valuation.

(h) Dividends payable
Dividends are recognised from the date on which they are irrevocably committed to payment.

(i) Foreign currency translation
Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rates ruling on the balance sheet date. Foreign exchange differences arising on investment transactions are recognised through capital.

(j) Other receivables and payables
Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value. Other payables are non-interest bearing and are stated at their nominal value.

(k) Reserves

Capital Reserve – realised
The following are accounted for in this reserve:

- gains and losses on the realisation of investments and changes in the fair value of investments which are readily convertible to cash; and;
- expenses, together with any related taxation effect, in accordance with the above policies.

Capital Reserve – unrealised
The following are accounted for in this reserve:

- changes in the fair value of investments that are not readily convertible to cash and amounts by which other assets and liabilities valued at market value differ from their book value.

Special Reserve
This reserve is treated as distributable profits for all purposes, excluding the payment of dividends. The cost of share buy-backs is accounted for through this reserve.

Capital Redemption Reserve
This reserve includes the nominal value of all shares bought back and cancelled by the Company.

Retaining earnings – revenue
The revenue profit or loss for the year is taken to or from this reserve, and any dividends declared by the Company are paid from this reserve.

(l) Accounting Developments
At the date of authorisation of these Financial Statements, the following Standards and Interpretations were in issue. They are not yet mandatory, but are available for early adoption. They are not expected to have any impact on the Company.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

IFRS 15 - Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 - Financial Instruments (effective for annual periods beginning on or after 1 January 2018).

IFRS 16 - Leases (effective for annual periods beginning on or after 1 January 2019).

2. Dividends

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
2015 second interim dividend of 2.30p (2014: 2.00p)	**985**	864
2016 first interim dividend of 1.40p (2015: 1.25p)	**598**	539
	1,583	1,403

A second interim dividend for the year ended 30 April 2016 of £1,054,000 (2.50p per ordinary share) has been declared based on the number of ordinary shares: 42,165,142. This will be paid on 19 August 2016.

3. Analysis of Retained Earnings

	30 April 2016 £'000	30 April 2015 £'000
Capital reserve - realised	**87,360**	80,822
Capital reserve - unrealised	**(15,676)**	1,575
Revenue reserve	**2,000**	1,554
	73,684	83,951

The distributable reserves of the Company are set out as follows:

Special reserve	**53,022**	54,598
Revenue reserve	**2,000**	1,554
	55,022	56,152

4. Comparative information

The above financial information does not constitute statutory Financial Statements as defined in Section 434 of the Companies Act 2006 ("the Act"). The audited Financial Statements for the year ended 30 April 2016, which contained an unqualified auditor's report, have been lodged with the Registrar of Companies and did not contain a statement required under Section 498 of the Act.