NEW STAR INVESTMENT TRUST PLC

This announcement constitutes regulated information.

UNAUDITED RESULTS
FOR THE YEAR ENDED 30TH JUNE 2017

New Star Investment Trust plc (the 'Company'), whose objective is to achieve long-term capital growth, announces its consolidated results for the year ended 30th June 2017.

FINANCIAL HIGHLIGHTS

	30th June 2017	30th June 2016	% Change
PERFORMANCE			
Net assets (£ '000)	**105,056**	89,274	17.7
Net asset value per Ordinary share	**147.92p**	125.70p	17.7
Mid-market price per Ordinary share	**105.00p**	76.00p	38.2
Discount of price to net asset value	**29.0%**	39.5%	n/a
Total Return*	**17.9%**	12.1%	n/a
IA Mixed Investment 40% - 85% Shares (total return)	**16.5%**	2.2%	n/a
MSCI AC World Index (total return, sterling adjusted)	**22.9%**	13.9%	n/a
MSCI UK Index (total return)	**16.7%**	3.4%	n/a

	1st July 2016 to 30th June 2017	1st July 2015 to 30th June 2016
REVENUE RETURN		
Return per Ordinary share	**1.14p**	0.27p
Proposed Dividend per Ordinary share	**0.80p**	0.30p
Dividend paid per Ordinary share	**0.30p**	0.30p
CAPITAL RETURN		
Return per Ordinary share	**21.38p**	13.29p
TOTAL RETURN*	**17.9%**	12.1%

* The total return figure for the Group represents the revenue and capital return shown in the consolidated statement of Comprehensive income before dividends paid (the Alternative performance measure).

CHAIRMAN'S STATEMENT

PERFORMANCE

Your Company's total return was 17.9% over the year to 30th June 2017. This took the year-end net asset value ('NAV') per ordinary share to 147.92p. By comparison, the Investment Association's Mixed Investment 40-85% Shares index gained 16.5%. Your Directors believe this benchmark is appropriate because your Company has, since inception, been invested in a broad range of asset classes. Equity markets generated positive returns, with overseas performance enhanced in sterling terms as a result of the pound's fall against the dollar and the euro. The MSCI AC World Total Return and MSCI UK Total Return Indices gained 22.9% and 16.7% respectively while UK government bonds fell 1.0%. Further information is provided in the investment manager's report.

EARNINGS AND DIVIDEND

The revenue return for the year was 1.14p per share (2016: 0.27p).

Your Company has a revenue surplus in its retained revenue reserve, enabling it to pay a dividend. Your directors recommend the payment of a final dividend in respect of the year of 0.8p per share (2016: 0.3p).

OUTLOOK

Inflation rises are likely to be modest over the coming months and, as a result, the pace of monetary tightening by the world's major central banks is likely to be slow. Such an environment would benefit equities at the expense of fixed income securities. In response, your Company began the new financial year with the majority of its assets in equity funds and with no direct investments in bond funds. Within the equity holdings, the focus was on Europe excluding the UK and the Asia-Pacific region because such markets appeared modestly valued relative to the US.

Should equity market prospects deteriorate as a result of significantly weaker economic growth, the Company's investments in cash, gold equities and lower-risk assets should offer some diversification and a measure of defensiveness during periods of stress in markets. The pattern of steady economic growth and relatively low inflation is, however, likely to be sustained over the coming months.

CASH AND BORROWINGS

Your Company has no borrowings and ended its financial year with cash representing 12.8% of its net asset value. Your Company is likely to maintain a significant cash position.

The Company is a small registered Alternative Investment Fund Manager under the European Union directive. The Company's assets now exceed the threshold of 100 million euros. As a result, should it wish to borrow it would require a change in regulatory permissions.

DISCOUNT

Your Company's shares continued to trade at a significant albeit narrowing discount to their NAV during the year under review. Your directors have discussed various options with a view to reducing this discount but no satisfactory solution has yet been found. This position is, however, kept under continual review by the board.

BOARD CHANGES

Marcus Gregson will be retiring from the board of your Company at the annual meeting after serving for more than 10 years as a director and eight years as chairman of our audit committee. We would like to thank Marcus for his contribution and counsel during his tenure as a director.

Following Marcus's retirement, we intend to ask shareholders to elect David Gamble as a director of your Company. David was chief executive of British Airways Pension Investment Management from 1993 to 2004. He has also served as a director of numerous financial services companies including a number of investment companies.

ANNUAL MEETING

The Annual General Meeting will be held on Thursday, 16th November 2017 at 11am.

NET ASSET VALUE

Your Company's unaudited net asset value per share at 31st August 2017 was 151.72p.

INVESTMENT MANAGER'S REPORT

MARKET REVIEW

The US, the UK and the eurozone experienced modest rises in retail prices during the Company's financial year to 30th June 2017. In July 2017, US and eurozone core inflation was 1.7% and 1.2% respectively, significantly above the rate in June 2016 although below the central bank target rates of 2%. In the UK, core inflation was 2.6%, which was above the Bank of England's 2% target. Inflation has been fuelled by price increases in 2016 for commodities such as oil feeding through into year-on-year comparisons. In the UK, the situation has been exacerbated by the pound's fall and the resultant increase in the cost of imported goods.

Prices have risen but wage growth remains subdued despite US and UK unemployment falling to historically low levels. There has been much debate on the reason for workers' apparent lack of bargaining power. Commentators have attributed the absence of wage pressure to factors such as greater self-employment and less unionisation and technological advances. In the UK, higher inflation may lead to a consumer spending squeeze. UK consumers have not as yet significantly reined in their spending, leading to a fall in the savings ratio.

In response to steady economic growth and resurgent inflation, the Federal Reserve has slowly tightened monetary policy, increasing interest rates three times during the year under review. In addition, Federal Open Markets Committee members have discussed plans to reduce the size of the Fed balance sheet progressively from late 2017 onwards. The European Central Bank is committed to its asset-purchase programme until 2018 and to maintaining current interest rates until some time thereafter. An interest rate rise is, however, expected from mid-2018 onwards. Brexit uncertainty has stayed the Bank of England's hand so far but it did not deter a minority of Monetary Policy Committee members from voting to raise rates in their meetings in June and August. UK government bond investors may begin to anticipate tighter monetary policy as the weak pound lifts the prices of imported goods, leading to falls for longer-dated gilts.

The position of the eurozone countries improved during the year under review, both in political terms following the election of centrist candidates in Holland and France and from an economic standpoint. Eurozone gross domestic product (GDP) increased by 0.6% in the second quarter of 2017, outperforming the UK's 0.3% rise. The eurozone economic recovery has lagged the US and the UK since the credit crisis. This is partly because the eurozone's federal structure made it difficult for the European Central Bank (ECB) to achieve a consensus in favour of quantitative easing until several years after the US and UK central banks adopted such policies. Eurozone unemployment has fallen, however, and the region has a current account surplus and, encouragingly, would do so even if the German contribution were excluded from the numbers. This has supported the euro, which rose against both the dollar and sterling during the year under review.

In the UK, Theresa May's miscalculation in calling a general election was laid bare by the loss of the Conservatives' House of Commons majority as voters' austerity-fatigue took precedence over the issues of Brexit and the economy. Political expediency dictated the terms of the subsequent "confidence and supply" agreement with the Democratic Unionist Party (DUP),which includes a commitment to increase Northern Irish public spending by £1 billion in return for the support of the DUP's 10 MPs on matters relating to the budget, defence and Brexit. The deal extends until May 2019 when the government may be forced to accede to further DUP demands to avoid a general election. With Brexit negotiations underway, the UK's stance has been more conciliatory than expected but the likely terms of any agreement remain unclear.

In the US, investor optimism following Donald Trump's election as president has reduced. His policies of tax cuts, increased infrastructure spending and business deregulation should prove expansionary at a time when the economy is already growing steadily. In August 2017, Trump's failure to repeal Obamacare to fund his planned fiscal stimulus cast doubt, however, on his ability to deliver on his election pledges. Rising tensions with North Korea created further political uncertainty.

PORTFOLIO REVIEW

Your Company's total return for the year under review was 17.92%. By comparison, the Investment Association's Mixed Investment 40-85% Shares Index, which measures a peer group of funds with a multi-asset approach to investing and a typical investment in global equities in the 40-85% range, rose 16.53%. The MSCI AC World Total Return Index gained 22.90% in sterling terms while the MSCI United Kingdom Total Return Index rose 16.73%.

The gentle rise in inflation from low levels proved a benign environment for global equities and the Company's majority allocation to equity funds benefited returns. In particular, the significant investment in income-orientated funds throughout the year has enabled your Company to pay an increased dividend to shareholders for the 2016-17 financial year. Global bonds returned only 0.67% in sterling. During the year, the Company had no direct investments in global bonds, which may fall if inflation and interest rates rise further.

Diversification was achieved through a significant allocation to cash held in dollars and investments in gold equities and the EF Brompton Global Conservative Fund. The dollar gained 2.91% against sterling during the year. The Company's investment in BlackRock Gold & General, however, fell 13.78%. Gold equities provide a geared exposure to the bullion price, which fell 4.23% during the year because the opportunity cost to investors of holding a nil-yielding investment increases when interest rates rise. The gold price had, however, recovered between the Company's year end and 31st August 2017 because of its safe-haven attractions in the face of North Korean sabre-rattling.

Amongst your Company's global equity funds, Fundsmith Equity and Artemis Global Income outperformed, gaining 25.01% and 24.80% respectively. The more defensively-positioned Newton Global Income holding lagged, rising 16.34%, but Polar Capital Global Technology gained 42.18% as technology shares outperformed.

The eurozone's improved economic performance contributed to a 28.99% gain for equities in Europe excluding the UK in sterling. The euro gained 5.66% against the pound, buoying returns for sterling investors. Your Company benefited from its significant holdings in Europe ex-UK markets including the FP Crux European Special Situations and Standard Life European Equity Income. The change in equity market leadership during the first half of the Company's financial year in favour of more cyclical "value" stocks proved a headwind for FP Crux European Special Situations, your Company's largest holding. The euro-denominated Aquilus Inflection fund, which takes both positive and negative positions in European equities, gained 11.38%.

UK equities gained 16.73%, with smaller companies, up 29.11%, outperforming larger peers as the economy grew more strongly than anticipated after the European Union referendum. The Aberforth Geared Income investment trust, which has a small company focus, was the Company's best performer, rising 47.00% as the underlying portfolio rose strongly and the trust's discount to net asset value narrowed ahead of the planned wind-up on 30 June. The Company's investment has been rolled over into the successor vehicle, Aberforth Split Level Income. Man GLG UK Income also did well, rising 35.74% thanks to its mid-cap "value" focus. By contrast, Trojan Income gained only 11.36%, held back by its bias towards large companies, which lagged the market.

Asian emerging markets outperformed as fears of US protectionism subsided and the pace of monetary policy tightening proved to be gradual. Equities in Asia excluding Japan and emerging markets gained 30.76% and 27.79% respectively in sterling. Emerging markets appeared attractive to investors on valuation grounds compared to developed markets. Within the portfolio, Wells Fargo China and Neptune Russia & Greater Russia did best, rising 29.72% and 29.07% respectively although Wells Fargo China underperformed the Chinese stockmarket.

In July 2016, the Company invested in the unquoted Embark Group, a leading personal pension and small self-administered pension scheme administrator through its Hornbuckle and Rowanmoor brands. Additional shares in Embark were acquired through a placing of new shares in April to fund an acquisition.

The Company's US equity allocation increased through purchases of the SPDR S&P 500 and iShares S&P 500 Financials exchange-traded funds (ETFs) in November following Trump's election with a mandate for fiscal expansion. The iShares S&P 500 Financials ETF should benefit from the improving profitability of US financial companies as interest rates rise. Their prospects may be further enhanced if Trump's plans for financial deregulation come to fruition.

OUTLOOK

Inflation trends will have a significant influence on financial markets over the coming months. Equities and other real assets should benefit if inflation continues to rise slowly from subdued levels and the pace of monetary tightening is gradual. Conversely, longer-duration assets such as longer-dated bonds could post losses if inflation continues to rise. The Company ended the year under review positioned for this environment, with a majority allocation to equity funds and no direct investments in bonds or bond funds.

Some equity markets such as the US were trading at the start of the current financial year on high valuations compared to historical standards. The strongest potential for further gains may, therefore, exist in lowly-valued markets where central bank monetary policy is accommodative such as in Europe ex-UK, emerging markets and Japan. The Company began the current financial year with significant holdings in Europe excluding the UK and the Asia-Pacific region.

It is possible that deflationary forces such as the growth in self-employment and technological change may hold inflationary pressures at bay. The lack of wage inflation despite historically low unemployment in the US and UK supports this view for now. The Company's investments in cash, gold equities and EF Brompton Global Conservative should provide diversification and may prove defensive should the rise in inflation falter. The recent environment of high equity valuations, moderate economic growth and low inflation may, however, persist for some time.

SCHEDULE OF TWENTY LARGEST INVESTMENTS AT 30TH JUNE 2017

Holding	Activity	Bid-market value £ '000	30th June 2017 Percentage of invested portfolio
FP Crux European Special Situations Fund	Investment Fund	10,918	11.90
Fundsmith Equity Fund	Investment Fund	9,014	9.83
Newton Global Income Fund	Investment Fund	5,524	6.02
Aberforth Split Level Income Trust	Investment Company	4,898	5.34
Polar Capital - Global Technology Fund	Investment Fund	4,208	4.59
EF Brompton Global Conservative Fund	Investment Fund	4,014	4.38
Artemis Global Income Fund	Investment Fund	3,930	4.28
Aquilus Inflection Fund	Investment Fund	3,364	3.67
BlackRock Gold & General Fund	Investment Fund	3,223	3.51
Embark Group	Unquoted Investment	3,130	3.41
Liontrust Asia Income Fund	Investment Fund	2,777	3.03
Man GLG UK Income Fund	Investment Fund	2,732	2.98
Lindsell Train Japanese Equity Fund	Investment Fund	2,694	2.94
EF Brompton Global Opportunities Fund	Investment Fund	2,652	2.89
EF Brompton Global Growth Fund	Investment Fund	2,515	2.74
EF Brompton Global Equity Fund	Investment Fund	2,508	2.73
MI Brompton UK Recovery Trust	Investment Fund	2,496	2.72
Trojan Income Fund	Investment Fund	2,449	2.67
Stewart Investors Indian Subcontinent Fund	Investment Fund	2,436	2.66
EF Brompton Global Income Fund	Investment Fund	2,215	2.41
		77,697	84.70
Balance held in 20 investments		14,033	15.30
Total investments		91,730	100.00

The investment portfolio can be further analysed as follows:

	£ '000
Investment funds	78,326
Investment companies and exchange traded funds	7,920
Other quoted investments	674
Unquoted investments, including loans of £250,000	4,810
	91,730

SCHEDULE OF TWENTY LARGEST INVESTMENTS AT 30TH JUNE 2016

Holding	**Activity**	**Bid-market value £ '000**	**30th June 2016 Percentage of invested portfolio**
EF Crux European Special Situations Fund	Investment Fund	9,803	12.34
Fundsmith Equity Fund	Investment Fund	8,106	10.20
Newton Global Income Fund	Investment Fund	6,417	8.07
BlackRock Gold & General Fund	Investment Fund	4,796	6.04
EF Brompton Global Conservative Fund	Investment Fund	3,669	4.62
Aberforth Geared Income Trust	Investment Company	3,361	4.23
Artemis Global Income Fund	Investment Fund	3,254	4.09
First State Indian Subcontinent Fund	Investment Fund	2,904	3.65
Polar Capital Global Technology Fund	Investment Fund	2,868	3.61
Aquilus Inflection Fund	Investment Fund	2,779	3.50
Liontrust Asia Income Fund	Investment Fund	2,338	2.94
Trojan Income Fund	Investment Fund	2,286	2.88
EF Brompton Global Opportunities Fund	Investment Fund	2,259	2.84
Lindsell Train Japanese Equity Fund	Investment Fund	2,170	2.73
Man GLG UK Income Fund	Investment Fund	2,163	2.72
Neptune Russia & Greater Russia Fund	Investment Fund	2,162	2.72
EF Brompton Global Growth Fund	Investment Fund	2,158	2.72
EF Brompton Global Equity Fund	Investment Fund	2,044	2.57
EF Brompton Global Income Fund	Investment Fund	2,015	2.54
MI Brompton UK Recovery Trust	Investment Fund	1,958	2.46
		69,510	87.47
Balance held in 16 investments		9,957	12.53
Total investments		79,467	100.00

The investment portfolio can be further analysed as follows:

	£ '000
Investment funds	74,085
Investment companies and exchange traded funds	3,361
Other quoted investments	441
Unquoted investments	1,580
	79,467

STRATEGIC REVIEW

The Strategic Review is designed to provide information primarily about the Company's business and results for the year ended 30th June 2017. The Strategic Review should be read in conjunction with the Chairman's Statement and the Investment Manager's Report, which provide a review of the year's investment activities of the Company and the outlook for the future.

STATUS

The Company is an investment company under section 833 of the Companies Act 2006. It is an Approved Company under the Investment Trust (Approved Company) (Tax) Regulations 2011 (the 'Regulations') and conducts its affairs in accordance with those Regulations so as to retain its status as an investment trust and maintain exemption from liability to United Kingdom capital gains tax.

The Company is a small registered Alternative Investment Fund Manager under the European Union Directive.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Company's investment objective is to achieve long-term capital growth.

Investment Policy

The Company's investment policy is to allocate assets to global investment opportunities through investment in equity, bond, commodity, real estate, currency and other markets. The Company's assets may have significant weightings to any one asset class or market, including cash.

The Company will invest in pooled investment vehicles, exchange traded funds, futures, options, limited partnerships and direct investments in relevant markets. The Company may invest up to 15% of its net assets in direct investments in relevant markets.

The Company will not follow any index with reference to asset classes, countries, sectors or stocks. Aggregate asset class exposure to any one of the United States, the United Kingdom, Europe ex UK, Asia ex Japan, Japan or Emerging Markets and to any individual industry sector will be limited to 50% of the Company's net assets, such values being assessed at the time of investment and for funds by reference to their published investment policy or, where appropriate, the underlying investment exposure.

The Company may invest up to 20% of its net assets in unlisted securities (excluding unquoted pooled investment vehicles) such values being assessed at the time of investment.

The Company will not invest more than 15% of its net assets in any single investment, such values being assessed at the time of investment.

Derivative instruments and forward foreign exchange contracts may be used for the purposes of efficient portfolio management and currency hedging. Derivatives may also be used outside of efficient portfolio management to meet the Company's investment objective. The Company may take outright short positions in relation to up to 30% of its net assets, with a limit on short sales of individual stocks of up to 5% of its net assets, such values being assessed at the time of investment.

The Company may borrow up to 30% of net assets for short-term funding or long-term investment purposes.

No more than 10%, in aggregate, of the value of the Company's total assets may be invested in other closed-ended investment funds except where such funds have themselves published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds.

Information on the Company's portfolio of assets with a view to spreading investment risk in accordance with its investment policy is given above.

FINANCIAL REVIEW

Net assets at 30th June 2017 amounted to £105,056,000 compared with £89,274,000 at 30th June 2016. In the year under review, the NAV per Ordinary share increased by 17.7% from 125.70p to 147.92p.

The Group's gross revenue rose to £1,715,000 (2016: £944,000). Last year the Company decided to increase its investment in income focused funds resulting in a significant increase in gross income during the year under review (2016: £nil). After deducting expenses and taxation the revenue profit for the year was £810,000 (2016: £193,000).

Total expenses for the year amounted to £898,000 (2016: £751,000). In the year under review the investment management fee amounted to £622,000 (2016: £509,000). No performance fee was payable in respect of the year under review as the Company has not outperformed the cumulative hurdle rate.

Dividends have not formed a central part of the Company's investment objective. The increased investment in income focused funds has enabled the Directors to declare an increased dividend. The Directors propose a final dividend of 0.8p per Ordinary share in respect of the year ended 30th June 2017 (2016: 0.3p). If approved at the Annual General Meeting, the dividend will be paid on 22nd November 2017 to shareholders on the register at the close of business on 15th November 2017 (ex-dividend 14th November 2017).

The primary source of the Company's funding is shareholder funds.

While the future performance of the Company is dependent, to a large degree, on the performance of international financial markets, which in turn are subject to many external factors, the Board's intention is that the Company will continue to pursue its stated investment objective in accordance with the strategy outlined above. Further comments on the short-term outlook for the Company are set out in the Chairman's Statement and the Investment Manager's report.

Throughout the year the Group's investments included seven funds managed by the Investment Manager (2016: seven). No investment management fees were payable directly by the Company in respect of these investments.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

In order to measure the success of the Company in meeting its objectives, and to evaluate the performance of the Investment Manager, the Directors review at each meeting: net asset value, income and expenditure, asset allocation and attribution, share price of the Company and the discount. The Directors take into account a number of different indicators as the Company does not have a formal benchmark.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks identified by the Board, and the steps the Board takes to mitigate them, are as follows:

Investment strategy

Inappropriate long-term strategy, asset allocation and manager selection could lead to underperformance. The Board discusses investment performance at each of its meetings and the Directors receive reports detailing asset allocation, investment selection and performance.

Business conditions and general economy

The Company's future performance is heavily dependent on the performance of different equity and currency markets. The Board cannot mitigate the risks arising from adverse market movements. However, diversification within the portfolio will reduce the impact. Further information is given in portfolio risks below.

Portfolio risks - market price, foreign currency and interest rate risks

Investment returns will be influenced by interest rates, inflation, investor sentiment, availability/cost of credit and general economic conditions in the UK and globally. A proportion of the portfolio is in investments denominated in foreign currencies and movements in exchange rates could significantly affect their sterling value. The Investment Manager takes all these factors into account when making investment decisions but the Company does not normally hedge against foreign currency movements. The Board's policy is to hold a spread of investments in order to reduce the impact of the risks arising from the above factors by investing in a spread of asset classes and geographic regions.

Net asset value discount
The discount in the price at which the Company's shares trade to net asset value means that shareholders cannot realise the real underlying value of their investment. Over the last few years the Company's share price has been at a significant discount to the Company's net asset value. The Directors review regularly the level of discount, however given the investor base of the Company, the Board is very restricted in its ability to control the discount to net asset value.

Investment Manager
The quality of the team employed by the Investment Manager is an important factor in delivering good performance and the loss of key staff could adversely affect returns. A representative of the Investment Manager attends each Board meeting and the Board is informed if any changes to the investment team employed by the Investment Manager are proposed.

Tax and regulatory risks
A breach of The Investment Trusts (Approved Companies) (Tax) Regulations 2011 (the 'Regulations') could lead to capital gains realised within the portfolio becoming subject to UK capital gains tax. A breach of the UKLA Listing Rules could result in suspension of the Company's shares, while a breach of company law could lead to criminal proceedings, financial and/or reputational damage. The Board employs Brompton Asset Management LLP as Investment Manager, and Maitland Administration Services Limited as Secretary & Administrator, to help manage the Company's legal and regulatory obligations.

Operational
Disruption to, or failure of, the Investment Manager's or Administrator's accounting, dealing or payment systems, or the Custodian's records, could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service.

The Directors confirm that they have carried out an assessment of the risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity.

VIABILITY STATEMENT
The assets of the Company consist mainly of securities that are readily realisable or cash and it has no significant liabilities. Investment income exceeds annual expenditure and current liquid net assets cover current annual expenses for many years. Accordingly, the Company is of the opinion that it has adequate financial resources to continue in operational existence for the long term which is considered to be in excess of five years. Five years is considered a reasonable period for investors when making their investment decisions. In reaching this view the Directors reviewed the anticipated level of annual expenditure against the cash and liquid assets within the portfolio. The Directors have also considered the risks the Company faces.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES
The Company has no employees, with day-to-day management and administration of the Company being delegated to the Investment Manager and the Administrator. The Company's portfolio is managed in accordance with the investment objective and policy; environmental, social and community matters are

considered to the extent that they potentially impact on the Company's investment returns. Additionally, as the Company has no premises, properties or equipment, it has no carbon emissions to report on.

The Company has sought, wherever possible, and been provided with assurance from each of its main suppliers, that no slaves, forced labour, child labour, or labour employed at rates of pay below statutory minimums for the country of their operations, are being employed in the provision of services to the Company.

GENDER DIVERSITY

The Board of Directors comprises three male directors. The Board recognises the benefits of diversity, however, the Board's primary consideration when appointing new directors is their knowledge, experience and ability to make a positive contribution to the Board's decision making regardless of gender.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30TH JUNE 2017

		Year ended 30th June 2017			Year ended 30th June 2016		
	Notes	**Revenue Return £ '000**	**Capital Return £ '000**	**Total £ '000**	Revenue Return £ '000	Capital Return £ '000	Total £ '000
INVESTMENT INCOME	*2*	**1,686**	**-**	**1,686**	934	-	934
Other operating income	*2*	**29**	**-**	**29**	10	-	10
		1,715	**-**	**1,715**	944	-	944
GAINS AND LOSSES ON INVESTMENTS							
Gains on investments at fair value through profit or loss	*9*	**-**	**14,814**	**14,814**	-	7,921	7,921
Other exchange gains		**-**	**367**	**367**	-	1,510	1,510
Trail rebates		**-**	**4**	**4**	-	9	9
		1,715	**15,185**	**16,900**	944	9,440	10,384
EXPENSES							
Management fees	*3*	**(622)**	**-**	**(622)**	(509)	-	(509)
Other expenses	*4*	**(276)**	**-**	**(276)**	(242)	-	(242)
		(898)	**-**	**(898)**	(751)	-	(751)
PROFIT BEFORE FINANCE COSTS AND TAX		**817**	**15,185**	**16,002**	193	9,440	9,633
Finance costs		**-**	**-**	**-**	-	-	-
PROFIT BEFORE TAX		**817**	**15,185**	**16,002**	193	9,440	9,633
Tax	*5*	**(7)**	**-**	**(7)**	-	-	-
PROFIT FOR THE YEAR		**810**	**15,185**	**15,995**	193	9,440	9,633
EARNINGS PER SHARE							
Ordinary shares (pence)	*7*	**1.14p**	**21.38p**	**22.52p**	0.27p	13.29p	13.56p

The total column of this statement represents the Group's profit and loss account, prepared in accordance with IFRS, as adopted by the European Union. The supplementary Revenue Return and Capital Return columns are both prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

All income is attributable to the equity holders of the parent company. There are no minority interests.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2017

	Note	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2016		**710**	**21,573**	**56,908**	**10,083**	**89,274**
Total comprehensive income for the year		**-**	**-**	**-**	**15,995**	**15,995**
Dividend paid	*8*	**-**	**-**	**-**	**(213)**	**(213)**
AT 30TH JUNE 2017		**710**	**21,573**	**56,908**	**25,865**	**105,056**

Included within Retained earnings were £851,000 of Company reserves available for distribution.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2016

	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2015	710	21,573	56,908	663	79,854
Total comprehensive income for the year	-	-	-	9,633	9,633
Dividend paid	-	-	-	(213)	(213)
AT 30TH JUNE 2016	710	21,573	56,908	10,083	89,274

Included within Retained earnings were £255,000 of Company reserves available for distribution.

CONSOLIDATED BALANCE SHEET AT 30TH JUNE 2017

	Notes	**30th June 2017 £ '000**	30th June 2016 £ '000
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	*9*	**91,730**	79,467
CURRENT ASSETS			
Other receivables	*11*	**85**	55
Cash and cash equivalents	*12*	**13,451**	9,938
		13,536	9,993
TOTAL ASSETS		**105,266**	89,460
CURRENT LIABILITIES			
Other payables	*13*	**(210)**	(186)
TOTAL ASSETS LESS CURRENT LIABILITIES		**105,056**	89,274
NET ASSETS		**105,056**	89,274
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS			
Called-up share capital	*14*	**710**	710
Share premium	*15*	**21,573**	21,573
Special reserve	*15*	**56,908**	56,908
Retained earnings	*15*	**25,865**	10,083
TOTAL EQUITY		**105,056**	89,274
NET ASSET VALUE PER ORDINARY SHARE (Pence)	*16*	**147.92p**	125.70p

CONSOLIDATED CASH FLOW STATEMENTS AT 30TH JUNE 2017

	Notes	**Year ended 30th June 2017 Group £ '000**	Year ended 30th June 2016 Group £ '000
NET CASH INFLOW FROM OPERATING ACTIVITIES		**808**	212
INVESTING ACTIVITIES			
Purchase of investments		**(6,500)**	(14,613)
Sale of investments		**9,051**	11,153
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**2,551**	(3,460)
FINANCING			
Equity dividends paid	8	**(213)**	(213)
NET CASH INFLOW/(OUTFLOW) AFTER FINANCING		**3,146**	(3,461)
INCREASE/(DECREASE) IN CASH		**3,146**	(3,461)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH & CASH EQUIVALENTS			
Increase/(decrease) in cash resulting from cash flows		**3,146**	(3,461)
Exchange movements		**367**	1,510
Movement in net funds		**3,513**	(1,951)
Net funds at start of the year		**9,938**	11,889
CASH & CASH EQUIVALENTS AT END OF YEAR	17	**13,451**	9,938
RECONCILIATION OF PROFIT BEFORE FINANCE COSTS AND TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Profit before finance costs and taxation	2	**16,002**	9,633
Gains on investments		**(14,814)**	(7,921)
Exchange differences		**(367)**	(1,510)
Capital trail rebates		**(4)**	(9)
Net revenue gains before finance costs and taxation		**817**	193
Increase in debtors		**(18)**	(7)
Increase in creditors		**24**	19
Taxation		**(19)**	(2)
Capital trail rebates		**4**	9
NET CASH INFLOW FROM OPERATING ACTIVITIES		**808**	212

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2017

1. ACCOUNTING POLICIES

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS'). These comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with interpretations of the International Accounting Standards and Standing Interpretations Committee ('IASC') that remain in effect, and to the extent that they have been adopted by the European Union.

These financial statements are presented in pounds sterling, the Group's functional currency, being the currency of the primary economic environment in which the Group operates, rounded to the nearest thousand.

(a) *Basis of preparation*: The financial statements have been prepared on a going concern basis. The principal accounting policies adopted are set out below.

Where presentational guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') issued by the Association of Investment Companies ('AIC') in November 2014 and updated in January 2017 with consequential amendments is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Basis of consolidation: The consolidated financial statements include the accounts of the Company and its subsidiary made up to 30th June 2017.

The parent company is an investment entity as defined by IFRS 10 and assets are held at their fair value. The consolidated accounts include subsidiaries which are an integral part of the Group and not investee companies.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated. Subsidiaries are valued at their NAV in the accounts of the Company.

(c) *Presentation of Statement of Comprehensive Income*: In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the consolidated statement of comprehensive income between items of a revenue and capital nature has been presented alongside the consolidated statement of comprehensive income.

In accordance with the Company's Articles of Association, net capital returns may not be distributed by way of a dividend. Additionally, the net revenue profit is the measure the Directors believe is appropriate in assessing the Group's compliance with certain requirements set out in the Investment Trust (Approved Company) (Tax) Regulations 2011.

(d) *Use of estimates*: The preparation of financial statements requires the Group to make estimates and assumptions that affect items reported in the consolidated and company balance sheets and consolidated statement of comprehensive income and the disclosure of contingent assets and liabilities at the date of the financial instruments. Although these estimates are based on the Directors' best knowledge of current facts, circumstances and, to some extent, future events and actions, the Group's actual results may ultimately differ from those estimates, possibly significantly. The most significant estimate relates to the valuation of unquoted investments.

(e) *Revenue*: Dividends and other such distributions from investments are credited to the revenue column of the consolidated statement of comprehensive income on the day in which they are quoted ex-dividend. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash and the amount of the cash dividend is recognised as income, any excess in the value of the shares received over the amount recognised is credited to the capital reserve. Deemed revenue from non-reporting funds is credited to the revenue account. Interest on fixed interest securities and deposits is accounted for on an effective yield basis.

(f) *Expenses*: Expenses are accounted for on an accruals basis. Management fees, administration and other expenses, with the exception of transaction charges, are charged to the revenue column of the consolidated statement of comprehensive income. Transaction charges are charged to the capital column of the consolidated statement of comprehensive income.

(g) *Investments held at fair value*: Purchases and sales of investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

All investments are classified as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in units of unit trusts or shares in OEICs are valued at the bid price for dual priced funds, or single price for non-dual priced funds, released by the relevant investment manager. Unquoted investments are valued by the Directors at the balance sheet date based on recognised valuation methodologies, in accordance with International Private Equity and Venture Capital ('IPEVC') Valuation Guidelines such as dealing prices or third party valuations where available, net asset values and other information as appropriate.

(h) *Taxation*: The charge for taxation is based on taxable income for the year. Withholding tax deducted from income received is treated as part of the taxation charge against income. Taxation deferred or accelerated can arise due to temporary differences between the treatment of certain items for accounting and taxation purposes. Full provision is made for deferred taxation under the liability method on all temporary differences not reversed by the Balance Sheet date. No deferred tax provision is made against deemed reporting offshore funds. Deferred tax assets are only recognised when there is more likelihood than not that there will be suitable profits against which they can be applied.

(i) *Foreign currency*: Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange applicable at the transaction date. Exchange gains and losses are taken to the revenue or capital column of the consolidated statement of comprehensive income depending on the nature of the underlying item.

(j) *Capital reserve*: The following are accounted for in this reserve:
- gains and losses on the realisation of investments together with the related taxation effect;
- foreign exchange gains and losses on capital transactions, including those on settlement, together with the related taxation effect;
- revaluation gains and losses on investments; and
- trail rebates received from the managers of the Company’s investments.

The capital reserve is not available for the payment of dividends.

(k) *Special reserve*: The special reserve can be used to finance the redemption and/or purchase of shares in issue.

(l) *Cash and cash equivalents*: Cash and cash equivalents comprise current deposits and balances with banks. Cash and cash equivalents may be held for the purpose of either asset allocation or managing liquidity.

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

(n) *Segmental Reporting*: The Directors consider that the Group is engaged in a single segment of business with the primary objective of investing in securities to generate long term capital growth for its shareholders. Consequently no business segmental analysis is provided.

(o) *New standards, amendments to standards and interpretations effective for annual accounting periods beginning after 1 July 2016:*

There have been no new standards, amendment to standards and interpretations effective for annual accounting periods beginning after 1 July 2016 that impact these financial statements.

(p) *Accounting standards issued but not yet effective*: Standards issued but not yet effective up to the date of issuance of the Group's Report & Accounts are listed below. This listing of standards and interpretations issued are those the Group reasonably expects will have an impact on disclosure, financial position and/or financial performance, when applied at a future date. The Group intends to adopt those standards (where applicable) when they become effective.

The revised IFRS 9 Financial Instruments replaces IAS 39 and applies to the classification and measurement and impairment of financial assets and financial liabilities, and hedge accounting. The adoption of IFRS 9 will have an effect on the classification but not the measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. It will also introduce a new expected loss impairment model requiring more timely recognition of expected credit losses and a reformed model for hedge accounting with enhanced disclosure of risk management activity. The standard is effective for annual periods beginning on or after 1 January 2018.

2. INVESTMENT INCOME

	Year ended 30th June 2017 £ '000	Year ended 30th June 2016 £ '000
INCOME FROM INVESTMENTS		
UK net dividend income	**1,540**	877
Unfranked investment income	**146**	57
	1,686	934
OTHER OPERATING INCOME		
Bank interest receivable	**28**	10
Loan interest income	**1**	-
	29	10
TOTAL INCOME COMPRISES		
Dividends	**1,686**	934
Other income	**29**	10
	1,715	944

The above dividend and interest income has been included in the profit before finance costs and taxation included in the cash flow statement.

3. MANAGEMENT FEES

	Year ended 30th June 2017			Year ended 30th June 2016		
	Revenue £ '000	**Capital £ '000**	**Total £ '000**	Revenue £ '000	Capital £ '000	Total £ '000
Investment management fee	**622**	**-**	**622**	509	-	509
Performance fee	**-**	**-**	**-**	-	-	-
	622	**-**	**622**	509	-	509

At 30th June 2017 there were amounts accrued of £162,000 (2016: £138,000) for investment management fees.

4. OTHER EXPENSES

	Year ended 30th June 2017 £ '000	Year ended 30th June 2016 £ '000
Directors' remuneration	**50**	50
Administrative and secretarial fee	**94**	94
Auditors' remuneration		
- Audit	**31**	27
- Interim review	**8**	8
-Taxation compliance services†	**-**	12
Other	**93**	51
	276	242

†The 2016 expenses cover two tax periods.

	Year ended 30th June 2017 £ '000	Year ended 30th June 2016 £ '000
Allocated to:		
- Revenue	**276**	242
- Capital	**-**	-
	276	242

5. TAXATION

(a) Analysis of tax charge for the year:

	Year ended 30th June 2017			Year ended 30th June 2016		
	Revenue Return £ '000	**Capital Return £ '000**	**Total £ '000**	Revenue Return £ '000	Capital Return £ '000	Total £ '000
Overseas tax	**18**	**-**	**18**	-	-	-
Recoverable income tax	**(11)**	**-**	**(11)**	-	-	-
Total current tax for the year	7	**-**	7	-	-	-
Deferred tax	**-**	**-**	**-**	-	-	-
Total tax for the year (note 5b)	7	**-**	7	-	-	-

(b) Factors affecting tax charge for the year:

The charge for the year of £7,000 (2016: £nil) can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	Year ended 30th June 2017 £ '000	Year ended 30th June 2016 £ '000
Total profit before tax	**16,002**	9,633
Theoretical tax at the UK corporation tax rate of 19.75% (2016: 20.0%)	**3,162**	1,927
Effects of:		
Non-taxable UK dividend income	**(304)**	(176)
Gains and losses on investments that are not taxable	**(3,000)**	(1,886)
Excess expenses not utilised	**153**	144
Overseas dividends which are not taxable	**(11)**	(9)
Overseas tax	**18**	-
Recoverable income tax	**(11)**	-
Total tax for the year	**7**	-

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

There is no deferred tax (2016: £nil) in the capital account of the Company. There is no deferred tax charge in the revenue account (2016: £nil).

At the year-end there is an unrecognised deferred tax asset of £386,000 at 17% (2016: £420,000) as a result of excess expenses.

6. COMPANY RETURN FOR THE YEAR

The Company's total return for the year was £15,995,000 (2016: £9,633,000).

7. RETURN PER ORDINARY SHARE

Total return per Ordinary share is based on the Group total return on ordinary activities after taxation of £15,995,000 (2016: £9,633,000) and on 71,023,695 (2016: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Revenue return per Ordinary share is based on the Group revenue profit on ordinary activities after taxation of £810,000 (2016: £193,000) and on 71,023,695 (2016: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Capital return per Ordinary share is based on net capital gains for the year of £15,185,000 (2016: £9,440,000) and on 71,023,695 (2016: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

8. DIVIDENDS ON EQUITY SHARES

Amounts recognised as distributions in the year:

	Year ended 30th June 2017 £ '000	Year ended 30th June 2016 £ '000
Dividends paid during the year	**213**	213
Dividends payable in respect of the year ended:		
30th June 2017: 0.8p (2016: 0.3p) per share	**568**	213

It is proposed that a dividend of 0.8p per share will be paid in respect of the current financial year.

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 30th June 2017 £ '000	Year ended 30th June 2016 £ '000
GROUP	**91,730**	79,467

ANALYSIS OF INVESTMENT PORTFOLIO – GROUP

	Listed* £ '000	**Unlisted £ '000**	**Total £ '000**
Opening book cost	**58,833**	**4,325**	**63,158**
Opening investment holding gains/(losses)	**19,054**	**(2,745)**	**16,309**
Opening valuation	**77,887**	**1,580**	**79,467**
Movement in period			
Purchases at cost	**3,270**	**3,230**	**6,500**
Sales			
- Proceeds	**(9,051)**	**-**	**(9,051)**
- Realised gains on sales	**2,739**	**-**	**2,739**
Movement in investment holding gains for the year	**12,075**	**-**	**12,075**
Closing valuation	**86,920**	**4,810**	**91,730**
Closing book cost	**55,791**	**7,555**	**63,346**
Closing investment holding gains/(losses)	**31,129**	**(2,745)**	**28,384**
Closing valuation	**86,920**	**4,810**	**91,730**

* Listed investments include unit trust and OEIC funds.

	Year ended 30th June 2017 £ '000	Year ended 30th June 2016 £ '000
ANALYSIS OF CAPITAL GAINS AND LOSSES		
Realised gains on sales of investments	**2,739**	1,096
Increase in investment holding gains	**12,075**	6,825
Net gains on investments attributable to ordinary shareholders	**14,814**	7,921

The purchase and sale proceeds figures above include transaction costs on purchases of £2,282 (2016: £685) and on sales of £nil (2016: £6,373).

10. INVESTMENT IN SUBSIDIARY UNDERTAKING

The Company owns the whole of the issued share capital (£1) of JIT Securities Limited, an investment company registered in England and Wales.

The financial position of the subsidiary is summarised as follows:

	Year ended 30th June 2017 £ '000	Year ended 30th June 2016 £ '000
Net assets brought forward	**503**	502
Profit for year	**1**	1
Net assets carried forward	**504**	503

11. OTHER RECEIVABLES

	30th June 2017 Group £ '000	30th June 2016 Group £ '000
Prepayments and accrued income	**70**	52
Taxation	**15**	3
Amounts owed by subsidiary undertakings	**-**	-
	85	55

12. CASH AND CASH EQUIVALENTS

	30th June 2017 Group £ '000	30th June 2016 Group £ '000
Cash at bank and on deposit	**13,451**	9,938

13. OTHER PAYABLES

	30th June 2017 Group £ '000	30th June 2016 Group £ '000
Accruals	**210**	186

14. CALLED UP SHARE CAPITAL

	30th June 2017 £ '000	30th June 2016 £ '000
Authorised		
305,000,000 (2016: 305,000,000) Ordinary shares of £0.01 each	**3,050**	3,050
Issued and fully paid		
71,023,695 (2016: 71,023,695) Ordinary shares of £0.01 each	**710**	710

15. RESERVES

	Share Premium account £ '000	Special Reserve £ '000	Retained earnings £ '000
GROUP			
At 30th June 2016	**21,573**	**56,908**	**10,083**
Increase in investment holding gains	**-**	**-**	**12,075**
Net gains on realisation of investments	**-**	**-**	**2,739**
Gain on foreign currency	**-**	**-**	**367**
Trail rebates	**-**	**-**	**4**
Retained revenue profit for year	**-**	**-**	**810**
Dividend paid			**(213)**
At 30th June 2017	**21,573**	**56,908**	**25,865**

The components of retained earnings are set out below:

	30th June 2017 £ '000	30th June 2016 £ '000
GROUP		
Capital reserve - realised	**(3,522)**	(6,632)
Capital reserve - revaluation	**28,384**	16,309
Revenue reserve	**1,003**	406
	25,865	10,083

16. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary share is calculated on net assets of £105,056,000 (2016: £89,274,000) and 71,023,695 (2016: 71,023,695) Ordinary shares in issue at year end.

17. ANALYSIS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

	At 1st July 2016 £ '000	Cash flow	Exchange movement	**At 30th June 2017 £ '000**
GROUP				
Cash at bank and on deposit	9,938	3,146	367	**13,451**

18. FINANCIAL INFORMATION

2017 Financial information

The figures and financial information for 2017 are unaudited and do not constitute the statutory accounts for the year. The preliminary statement has been agreed with the Company's auditors and the Company is not aware of any likely modification to the auditor's report required to be included with the annual report and accounts for the year ended 30th June 2017.

2016 Financial information

The figures and financial information for 2016 are extracted from the published Annual Report and Accounts for the year ended 30th June 2016 and do not constitute the statutory accounts for that year. The Annual Report and Accounts (available on the Company's website www.nsitplc.com) has been delivered to the Registrar of Companies and includes the Report and Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

Annual Report and Accounts

The accounts for the year ended 30th June 2017 will be sent to shareholders in October 2017 and will be available on the Company's website or in hard copy format at the Company's registered office, 1 Knightsbridge Green, London SW1X 7QA.

The Annual General Meeting of the Company will be held on 16th November 2017 at 11.00am at 1 Knightsbridge Green, London SW1X 7QA.

15th September 2017