**NEW STAR INVESTMENT TRUST PLC**

**PRELIMINARY ANNOUNCEMENT**

This announcement constitutes regulated information.

**UNAUDITED RESULTS**
**FOR THE YEAR ENDED 30th JUNE 2013**

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 2013.

**FINANCIAL HIGHLIGHTS**

| | **30th June 2013** | 30th June 2012 | % Change |
|---|---|---|---|
| **PERFORMANCE** | | | |
| Net assets (£ '000) | 73,320 | 68,067 | 7.7 |
| Net asset value per Ordinary share | 103.23p | 95.84p | 7.7 |
| Mid-market price per Ordinary share | 67.50p | 66.50p | 1.5 |
| Discount of price to net asset value | 34.6% | 30.6% | N/A |
| NAV performance | 7.7% | (9.8%) | |
| IMA Mixed Investment 40% - 85% Shares (total return) | 15.0% | (3.7%) | |
| MSCI AC World Index (total return, sterling adjusted) | 21.2% | (3.7%) | |
| MSCI UK Index (total return) | 15.7% | (2.3%) | |

| | **1st July 2012 to 30th June 2013** | 1st July 2011 to 30th June 2012 |
|---|---|---|
| **REVENUE** | | |
| Return per Ordinary share | (0.05)p | (0.11)p |
| Dividend per Ordinary share | - | - |
| **TOTAL RETURN** | | |
| Net assets | 7.7% | (9.8%) |

**CHAIRMAN'S STATEMENT**

**Performance**
Your Company's net asset value rose 7.7% over the year to 30th June 2013. This took the year-end NAV per ordinary share to 103.23p. By comparison, the Investment Management Association's (IMA's) Mixed Investment 40-85% Shares index gained 15.0%. Your directors believe this comparison is appropriate because your Company has since inception been invested in a broad range of asset classes. Equity markets were buoyant, with the MSCI AC World Total Return Index and the MSCI UK Total Return Index rising 21.2% and

15.7% respectively whereas UK gilts fell by 2.4%. Your directors believe the MSCI AC World Index is the most widely recognised benchmark for global equities and have, accordingly, adopted MSCI benchmark data.

Your directors intend to maintain your Company's long-term conservative investment strategy, investing in a diversified range of asset classes, sectors and geographic locations. At the start of the year under review, 54.4% of your Company's assets was invested in equity investments, 25.3% was in cash, 11.6% was in gold and gold equities, 4.5% was in hedge funds and 4.2% was in bonds. This defensive strategy has not served shareholders well in the recent bull market. We do, however, intend at present to maintain this cautious approach.

The principal reasons for your Company's underperformance during the year under review were its significant holdings in cash and in securities affected by weak commodity prices. Your Company also suffered from having relatively small holdings in US equities, which performed strongly.

Increased investment income helped the Company to reduce its net revenue loss before taxation. After taxation, the net revenue loss for the year was £35,000 against a £78,000 loss the previous year. Your directors do not recommend the payment of a final dividend.

**Market review**

Global stockmarkets gained 22.1% during the year, fuelled by abundant liquidity as a result of central bank monetary activism and growing evidence that the US economy was regaining momentum.

Among the stockmarkets of the Group of Seven (G7) major industrial nations, Germany and France were the best performers, rising 31.5%, and 30.1% respectively as hopes grew of a resolution of the eurozone crisis. US stocks gained 25.3% and Japanese stocks also gained 25.3% in sterling, with their 50.8% local currency gain eroded by yen weakness stemming from the reforms announced by Shinzo Abe, Japan's new prime minister. UK stocks returned 17.9%. Emerging market equities retreated in early 2013 in response to China's growth slowdown and suggestions of an end to US quantitative easing, ending the year up only 6.8%. China's growth slowdown and the approaching end to US quantitative easing also affected sector returns. Basic materials fell 7.3% yet healthcare gained 28.3% while consumer services and financials rose 25.3% and 24.3% respectively.

With investors' risk appetites increased by greater eurozone stability and US economic expansion, small and medium-sized companies outperformed larger stocks. Investors' recovering risk appetite was also apparent in bond markets, where Spanish bonds returned 22.2% but UK gilts fell 2.4%. In commodity markets, gold fell 23.9% on fears that Cyprus would sell its gold reserves and other weaker eurozone members might follow.

**Outlook**

The Federal Reserve has flagged a major change in monetary policy as it attempts to halt quantitative easing, the defining policy initiative of the post-credit crisis years. The rapid rise in bond yields that succeeded this announcement raises the risk that the economic recovery will falter at a time when developed market economies remain highly indebted. Your Company's investments in gold and cash remain core elements of the overall asset allocation given the considerable execution risk attendant on the Federal Reserve's stated aim of achieving this major policy transition.

**The discount**

Your Company's shares continue to trade at a significant discount to their net asset value. Your directors have explored various possibilities with a view to reducing this discount but no satisfactory solution has been found. This position is kept under continual review by the board.

Your Company's unaudited net asset value at 31st August 2013 was 105.55p.

Geoffrey Howard-Spink
Chairman
26th September 2013

**INVESTMENT MANAGER'S REPORT**

The New Star Investment Trust's net asset value rose 7.7% during the year under review. This compares with gains for the MSCI AC World Total Return Index and the MSCI UK Total Return Index of 21.2% and 15.7% respectively, reflecting strong performance from UK and global equity markets. The Company is invested in a multi-asset portfolio with major holdings in cash and gold in addition to the majority investment in global equities.

The IMA's Mixed Investment 40-85% Shares Index, which measures a peer group of funds that typically have 40-85% of their portfolios invested in equities, rose 15.0% during the year. The investment manager intends to refer to the return from this index as well as the MSCI AC World Total Return and MSCI UK Total Return indices in future reports to increase the reference points for investors in assessing the Company's performance in respect of its objective of delivering long-term capital growth. This does not mean the Company's equity allocation will be constrained within a 40-85% range because the investment manager reserves the flexibility to adjust the asset allocation to meet the Company's specific objective while maintaining a cautious approach to risk. The returns delivered by the two pure equity benchmarks are, however, likely to exceed the returns generated by a multi-asset portfolio in times of strongly rising equity markets such as the year under review. Conversely, the lower equity allocation may ensure that the Company does not fall as much in value in times of falling markets and is part of the overall risk control within the portfolio.

Equity investments, both equity funds and individual equities, accounted for the majority of the Company's assets throughout the year under review. The investment manager's principal focus remains on investing in a portfolio of funds that reflects both high-conviction asset allocation views as well as the talents of individual third-party fund managers. The approach remains, however, a conservative one and diversification across different asset classes is fundamental to portfolio risk control. This means that even in a year when equities were the preferred asset class from an asset allocation perspective, the Company also had substantial holdings in other asset classes and consequently the equity indices quoted above should be seen as illustrative rather than a target or benchmark level of return for this lower-risk, multi-asset portfolio.

Aberforth Geared Income Trust was the Company's best performing fund, rising 59.9% as this portfolio of smaller companies outperformed both UK smaller companies as a whole and the wider UK equity market. Recent economic data has indicated that the UK economic recovery is gathering pace, favouring more economically-sensitive small and medium-sized companies focused on the domestic economy. This theme should also continue to benefit the PFS Brompton UK Recovery and Artemis UK Special Situations funds, which delivered returns of 27.9% and 27.3% respectively.

The Company's allocation to equity markets has favoured funds investing in developing economy equity markets. The best-performing developing economy investment was Investec Africa, which gained 23.42%, and the worst was Neptune Russia & Greater Russia, which still delivered a gain of 10.4%. These markets as a whole, however, underperformed developed economy equity markets during the year. Asia Pacific excluding Japan and emerging market equities delivered 11.9% and 4.1% respectively during the year as concerns regarding the impact of tapering monetary expansion in the US and the attendant rise in US dollar and treasury yields affected the flow of capital into these economies. The longer-term attractions of their generally higher economic growth rates and lower levels of public sector debt remain.

There were a number of changes in the Company's developing economy investments. The First State Indian Subcontinent Fund was bought in August and delivered a 21.0% return up to the year end. The Atlantis China holding was reduced in September. Economic growth has slowed in China as the driver of expansion shifts from exports to domestic consumption. Elsewhere in the region, Liontrust Asia was sold and the proceeds invested in the recently-launched Liontrust Asia Income Fund.

Fixed income investments typically account for a substantial proportion of the non-equity investments in multi-asset portfolios such as that of the New Star Investment Trust but quantitative easing, the extraordinary and unconventional response of central banks in the wake of the credit crisis, ultimately led to many fixed income investments being priced to deliver negative real returns. The Company has held a substantial amount in cash during the year in preference to potentially-overvalued fixed income investments. UK gilts fell 2.4% during the year. UK corporate bonds performed better for the year as a whole but both gilts and UK corporate bonds fell following the Federal Reserve's announcement in May that its asset purchase programme might be reined in or "tapered" and potentially halted outright in 2014.

The Company has progressively sold its fixed income investments, disposing of the last traditional bond investment, M&G Optimal Income, through two sales in December and February. Some of the proceeds were invested in the Fidelity Global Inflation-linked Bond Fund, which has a relatively short duration, meaning that it has a low exposure to future interest rate rises. This investment increases the inflation protection in the portfolio given the relatively high exposure to cash.

Growing investor confidence in the US economic recovery and a perceived reduction in the risk of negative outcomes led to a sharp fall in the gold price. Financial investors in particular, aware of the opportunity cost of investing in a nil-yielding asset at a time of rising bond yields, contributed to significant outflows from physical gold exchange-traded funds (ETFs). The Company's two investments in gold and gold equities accounted for 11.6% of the portfolio at the beginning of the year. The ETFS Gold Bullion Securities ETF and the Blackrock Gold & General Fund fell by 22.1% and 41.9% respectively. Gold performed strongly following the credit crisis because investors saw it as a safe-haven asset given the debasement of fiat currencies occasioned by policies of quantitative easing. More recently, the gold price has fallen sharply at the prospect of an end to Federal Reserve asset purchases and the general perception that economic recovery has strengthened. However, five years after the crisis unfolded developed economy nations remain highly indebted and the execution risk inherent in the Federal Reserve's policy reversal means that for the time being, the Company's investments in gold remain core to the overall asset allocation.

Profits were taken through a partial sale of Henderson European Special Situations, which gained 40.2% during the year and is the largest equity investment within the portfolio. SW Mitchell Small Cap European rose 16.1% and was sold in favour of increasing long-only European equity exposure through investment in Standard Life European Equity Income, which gained 14.8%. The Company invested a total of £5.0 million in three Brompton multi-manager funds at launch. IFDS Brompton Global Income and IFDS Brompton Global Diversified are multi-asset funds and IFDS Brompton Global Growth is a fund of equity funds. These investments were mainly funded through proceeds from sales and realisations from the Henderson Private Equity Investment Trust.

Brompton Asset Management LLP
Investment Manager
26th September 2013

## SCHEDULE OF TWENTY LARGEST INVESTMENTS

*at 30th June 2013*

| **Holding** | **Activity** | **Bid-market value £ '000** | **30th June 2013 Percentage of invested portfolio** |
|---|---|---|---|
| Henderson Euro Special Situations Fund | Investment Fund | 7,180 | 12.31 |
| Investec Africa Fund | Investment Fund | 4,730 | 8.11 |
| Fundsmith Equity Fund | Investment Fund | 4,720 | 8.09 |
| Artemis UK Special Situations Fund | Investment Fund | 3,340 | 5.73 |
| BlackRock Gold & General Fund | Investment Fund | 3,049 | 5.23 |
| Trojan Investment Fund | Investment Fund | 2,966 | 5.09 |
| Aquilus Inflection Fund | Investment Fund | 2,625 | 4.50 |
| Brompton UK Quant Fund | Investment Fund | 2,487 | 4.26 |
| Aberforth Geared Income Trust | Investment Company | 2,446 | 4.19 |
| Gold Bullion Securities ETF | Exchange Traded Fund | 2,137 | 3.66 |
| IFDS Brompton Income Fund | Investment Fund | 1,851 | 3.17 |
| IFDS Brompton Diversified Fund | Investment Fund | 1,821 | 3.12 |
| Polar Capital Global Technology Fund | Investment Fund | 1,789 | 3.07 |
| PFS Brompton UK Recovery Unit Trust | Investment Fund | 1,681 | 2.88 |
| IFDS Brompton Global Growth Fund | Investment Fund | 1,600 | 2.74 |
| Standard Life Investment European Income Fund | Investment Fund | 1,582 | 2.71 |
| First State Indian Subcontinent Fund | Investment Fund | 1,568 | 2.69 |
| Neptune Russia & Greater Russia Fund | Investment Fund | 1,466 | 2.51 |
| Fidelity Global Inflation Linked Bond Fund | Investment Fund | 1,369 | 2.35 |
| Aberdeen Asia Pacific Fund | Investment Fund | 1,317 | 2.26 |
| | | 51,724 | 88.67 |
| Balance held in 16 investments | | 6,602 | 11.33 |
| Total investments | | 58,326 | 100.00 |

The investment portfolio can be further analysed as follows:

| | £ '000 |
|---|---|
| Equities (including Investment Companies) | 6,084 |
| Loan | 144 |
| Investment funds and ETF's | 52,098 |
| | 58,326 |

*All the Company's investments are either unlisted or are unit trusts/OEIC funds with the exception of Aberforth Geared Income Trust, BH Global Limited, Miton Group, Gold Bullion Securities ETF, Immedia Broadcasting and Bumi Plc.*

## SCHEDULE OF TWENTY LARGEST INVESTMENTS

*at 30th June 2012*

| Holding | Activity | Bid-market value £ '000 | 30th June 2012 Percentage of invested portfolio |
|---|---|---|---|
| Henderson Euro Special Situations Fund | Investment Fund | 6,603 | 12.91 |
| BlackRock Gold & General Fund | Investment Fund | 5,193 | 10.15 |
| Investec Africa Fund | Investment Fund | 3,686 | 7.21 |
| Henderson Private Equity Investment Trust | Investment Company | 3,055 | 5.97 |
| Trojan Investment Fund | Investment Fund | 2,989 | 5.84 |
| Polar Capital Global Technology Fund | Investment Fund | 2,986 | 5.84 |
| M&G Optimal Income Fund | Investment Fund | 2,903 | 5.68 |
| Gold Bullion Securities ETF | Exchange Traded Fund | 2,732 | 5.35 |
| Artemis UK Special Situations Fund | Investment Fund | 2,651 | 5.18 |
| Aquilus Inflection Fund | Investment Fund | 2,120 | 4.15 |
| Atlantis China Fund | Investment Fund | 2,005 | 3.92 |
| Fundsmith Equity Fund | Investment Fund | 1,798 | 3.52 |
| Aberforth Geared Income Trust | Investment Company | 1,744 | 3.41 |
| Neptune Russia & Greater Russia Fund | Investment Fund | 1,476 | 2.89 |
| PFS Brompton UK Recovery Unit Trust | Investment Fund | 1,315 | 2.57 |
| Aberdeen Asia Pacific Fund | Investment Fund | 1,183 | 2.31 |
| BH Global Limited | Investment Company | 1,149 | 2.25 |
| All Star Leisure (Group) Limited | Equity | 923 | 1.80 |
| SW Mitchell Small Cap European Fund | Investment Fund | 919 | 1.80 |
| Liontrust Asia Fund | Investment Fund | 853 | 1.67 |
| | | 48,283 | 94.42 |
| Balance held in 16 investments | | 2,857 | 5.58 |
| Total investments | | 51,140 | 100.00 |

The investment portfolio can be further analysed as follows:

| | £ '000 |
|---|---|
| Equities (including Investment Companies) | 7,931 |
| Loan | 348 |
| Investment funds and ETF's | 42,861 |
| | 51,140 |

*All the Company's investments are either unlisted or are unit trusts/OEIC funds with the exception of Henderson Private Equity Investment Trust, Aberforth Geared Income Trust, BH Global Limited, Miton Group, Gold Bullion Securities ETF, Immedia Broadcasting, Westhouse Holdings and Bumi Plc.*

**BUSINESS REVIEW**

The following business review is designed to provide information primarily about the Company's business and results for the year ended 30th June 2013. The Business Review should be read in conjunction with the Chairman's Statement which provide a review of the year's performance of the Company and the outlook for the future.

**STATUS**

The Company is incorporated and registered in England and Wales and is domiciled in the United Kingdom. The Company number is 3969011.

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') for accounting periods commencing on or after 30th June 2012, and conducts its affairs in accordance with those Regulations so as to continue to gain exemption from liability to United Kingdom capital gains tax.

HM Revenue & Customs granted the Company approval as an investment trust under section 1158 Corporation Tax Act 2010 for the financial year ended 30th June 2012, subject to no subsequent enquiry into the Company's corporation tax self-assessment being raised.

The Company is listed on the London Stock Exchange and conducts its affairs in accordance with the Listing Rules issued by the UK Listing Authority, and the Disclosure and Transparency Rules issued by the Financial Conduct Authority.

**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.

**FINANCIAL REVIEW**

*Assets*
Net assets at 30th June 2013 amounted to £73,320,000 compared with £68,067,000 at 30th June 2012. In the year under review, the net asset value per Ordinary share increased by 7.7% from 95.84p to 103.23p.

*Costs*
Total expenses for the year amounted to £730,000 (2012: £727,000). In the year under review the investment management fee amounted to £493,000 (2012: £513,000). No performance fee was payable in respect of the year under review as the Company has not outperformed the cumulative hurdle rate.

*Revenue*
The Group's gross revenue increased to £695,000 (2012: £485,000). After deducting expenses and taxation the revenue loss for the year was £35,000 (2012: loss of £78,000).

*Dividends*
Dividends do not form a central part of the Company's investment objective. The Directors have not declared a final dividend for the year ended 30th June 2013 (2012: nil).

*Funding*
The primary source of the Company's funding is shareholder funds. The Company is typically ungeared.

*VAT*
No VAT is charged on investment management fees but is payable at standard rate on other services provided to the Company.

*Payment of suppliers*
The Company seeks to obtain the best possible terms for the business it conducts, therefore, there is no single payment of supplier policy. In general the Company agrees with its suppliers the terms on which business will take place. There were no trade creditors at 30th June 2013 (2012: nil).

*Future developments*
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 outlook for the Company for the next 12 months are set out in the Chairman's Statement.

*Going concern*
The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities that are readily realisable or cash and it has no significant liabilities. Accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. In reaching this view, the Directors reviewed the anticipated level of expenditure of the Company for the next twelve months against the cash and liquid assets within the portfolio.

**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 take into account the following key performance indicators.

| | 30th June 2013 | 30th June 2012 | % Change |
|---|---|---|---|
| **PERFORMANCE** | | | |
| Net assets (£ '000) | 73,320 | 68,067 | 7.7 |
| Net asset value per share | 103.23p | 95.84p | 7.7 |
| Share price | 67.50p | 66.50p | 1.5 |
| Discount | 34.6% | 30.6% | N/A |
| Total return per share | 7.40p | (10.44p) | |
| NAV performance | 7.7% | (9.8%) | |
| IMA Mixed Investment 40% - 85% Shares (total return) | 15.0% | (3.7%) | |
| MSCI AC World Index (total return, sterling adjusted) | 21.2% | (3.7%) | |
| MSCI UK Index (total return) | 15.7% | (2.3%) | |

**MANAGEMENT ARRANGEMENTS**

In common with most investment trusts, the Company does not have any executive directors or employees. The day-to-day management and administration of the Company, including investment management, accounting and company secretarial matters, and custodian arrangements are delegated to specialist companies.

*Investment management services*
The Company's investments are managed by Brompton Asset Management LLP (the 'Investment Manager'). This relationship is governed by an agreement dated 23rd December 2009. The portfolio manager is Gill Lakin.

Brompton receives a management fee, payable quarterly in arrears, equivalent to an annual 0.75 per cent of total assets after the deduction of the value of any investments managed by the Investment Manager or its associates (as defined in the investment management agreement). The investment management agreement may be terminated by either party giving three months written notice to expire on the last calendar day of any month.

With effect from 1st September 2008, the Investment Manager has also been entitled to a performance fee of 15 per cent of the growth in net assets over a hurdle of 3 month Sterling LIBOR plus 1 per cent per annum, payable six monthly in arrears, subject to a high watermark. The aggregate of the Company's management fee and performance fee are subject to a cap of 4.99 per cent of net assets in any financial year (with any performance fee in excess of this cap capable of being earned in future years).

During the year under review the investment management fee amounted to £493,000 (2012: £513,000). No performance fee was accrued or paid in respect of the year ended 30th June 2013 (2012: £nil).

*Secretarial, administration and accounting services*
Company secretarial services, general administration and accounting services for the Company are undertaken by Phoenix Administration Services Limited (the 'Administrator').

*Custodian services*
Brown Brothers Harriman & Co is the independent custodian to the Company.

**RELATED PARTY TRANSACTIONS**

Mr Duffield is the senior partner of Brompton Asset Management Group LLP the ultimate parent of the Investment Manager.

The investment management fee payable to the investment manager in relation to the year ended 30th June 2013 was £493,000. No performance fee was payable in respect of the year ended 30th June 2013.

During the year the Group's investments included five funds managed by the Investment Manager or by associates of the Investment Manager. At 30th June 2013, the Company held five such investments. No investment management fees were payable directly by the Company in respect of these investments.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks associated with the Company that have been identified by the Board, together with the steps taken to mitigate them can be summarised as follows:

*Investment strategy*
Inappropriate long-term strategy, asset allocation and manager selection might lead to the underperformance of the Company.

The Company's strategy is kept under regular review by the Board. Investment performance is discussed at every Board meeting and the Directors receive a monthly report which details the Company's asset allocation, investment selection and performance.

*Business conditions and general economy*
The Company's investment returns are influenced by general economic conditions in the UK and globally. Factors such as interest rates, inflation, investor sentiment and the availability and cost of credit could adversely affect investment returns. The Board regularly considers the economic environment in which the Company operates.

The portfolio is managed with a view to mitigating risk by investing in a spread of different asset classes and geographic regions.

*Portfolio risks - Market price, foreign currency and interest rate risks*
The downward valuation of investments contained in the portfolio would lead to a reduction in the Company's net asset value. A proportion of the Company's portfolio is invested in investments denominated in foreign currencies and movements in exchange rates can significantly affect their sterling value. It is the Board's policy to hold an appropriate spread of investments in order to reduce the risk arising from factors specific to a particular investment or sector. The Investment Manager takes account of foreign currency risk and interest rate risk when making investment decisions.

The Company does not normally hedge against foreign currency movements affecting the value of the portfolio, although hedging techniques may be employed in appropriate circumstances.

*Investment Manager*
The quality of the management team employed by the Investment Manager is an important factor in delivering good performance and the loss by the Investment Manager of key staff could adversely affect investment returns. The Board receives a monthly financial report which includes information on performance, and a representative of the Investment Manager attends each Board meeting. The Board is kept informed of any personnel changes to the investment team employed by the Investment Manager.

*Tax and regulatory risks*
A breach of The Investment Trusts (Approved Companies)(Tax) Regulations 2011 (the 'Regulations') could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to United Kingdom 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, or financial or reputational damage. The Board employs Brompton as Investment Manager, and Phoenix Administration Services Limited as Secretary & Administrator, to help manage the Company's legal and regulatory obligations. The Board receives a monthly financial report which includes information on the Company's compliance with the Regulations.

*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.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the year ended 30th June 2013*

| | Notes | Year ended 30th June 2013 Revenue Return £ '000 | Capital Return £ '000 | Total £ '000 | Year ended 30th June 2012 Revenue Return £ '000 | Capital Return £ '000 | Total £ '000 |
|---|---|---|---|---|---|---|---|
| **INVESTMENT INCOME** | *2* | **688** | **-** | **688** | 468 | - | 468 |
| Other operating income | *2* | **7** | **-** | **7** | 17 | - | 17 |
| | | **695** | **-** | **695** | 485 | - | 485 |
| **GAINS AND LOSSES ON INVESTMENTS** | | | | | | | |
| Gains/(losses) on investments at fair value through profit or loss | *9* | **-** | **4,996** | **4,996** | - | (7,824) | (7,824) |
| Other exchange gains | | **-** | **109** | **109** | - | 65 | 65 |
| Trail rebates | | **-** | **34** | **34** | - | 141 | 141 |
| | | **695** | **5,139** | **5,834** | 485 | (7,618) | (7,133) |
| **EXPENSES** | | | | | | | |
| Management fees | *3* | **(493)** | **-** | **(493)** | (513) | - | (513) |
| VAT Recovery | | **-** | **-** | **-** | 35 | - | 35 |
| Other expenses | *4* | **(237)** | **-** | **(237)** | (249) | - | (249) |
| | | **(730)** | **-** | **(730)** | (727) | - | (727) |
| **PROFIT/(LOSS) BEFORE FINANCE COSTS AND TAX** | | **(35)** | **5,139** | **5,104** | (242) | (7,618) | (7,860) |
| Finance costs | | **-** | **-** | **-** | - | - | - |
| **PROFIT/(LOSS) BEFORE TAX** | | **(35)** | **5,139** | **5,104** | (242) | (7,618) | (7,860) |
| Tax | *5* | **-** | **149** | **149** | 164 | 279 | 443 |
| **PROFIT/(LOSS) FOR THE YEAR** | | **(35)** | **5,288** | **5,253** | (78) | (7,339) | (7,417) |
| **EARNINGS PER SHARE** | | | | | | | |
| Ordinary shares (pence) | *7* | **(0.05)** | **7.45** | **7.40** | (0.11) | (10.33) | (10.44) |

The total column of this statement represents the Group's profit and loss account, prepared in accordance with IFRS. 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.

The Company did not have any income or expense that was not included in 'profit for the year'. Accordingly, the 'profit for the year' is also the 'Total comprehensive income for the year', as defined in IAS1 (revised) and no separate Statement of Other Comprehensive Income has been presented.

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 2013*

| | **Share capital £ '000** | **Share premium £ '000** | **Special reserve £ '000** | **Retained earnings £ '000** | **Total £ '000** |
|---|---|---|---|---|---|
| **AT 30TH JUNE 2012** | **710** | **21,573** | **56,908** | **(11,124)** | **68,067** |
| Total comprehensive income for the year | **-** | **-** | **-** | **5,253** | **5,253** |
| **AT 30TH JUNE 2013** | **710** | **21,573** | **56,908** | **(5,871)** | **73,320** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the year ended 30th June 2012*

| | Share capital £ '000 | Share premium £ '000 | Special reserve £ '000 | Retained earnings £ '000 | Total £ '000 |
|---|---|---|---|---|---|
| **AT 30TH JUNE 2011** | 710 | 21,573 | 56,908 | (3,707) | 75,484 |
| Total comprehensive income for the year | - | - | - | (7,417) | (7,417) |
| **AT 30TH JUNE 2012** | 710 | 21,573 | 56,908 | (11,124) | 68,067 |

**CONSOLIDATED BALANCE SHEET**

*at 30th June 2013*

| | Notes | 30th June 2013 £ '000 | 30th June 2012 £ '000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Investments at fair value through profit or loss | 9 | **58,326** | 51,140 |
| **CURRENT ASSETS** | | | |
| Other receivables | 11 | **251** | 127 |
| Cash and cash equivalents | 12 | **14,969** | 17,181 |
| | | **15,220** | 17,308 |
| **TOTAL ASSETS** | | **73,546** | 68,448 |
| **CURRENT LIABILITIES** | | | |
| Other payables | 13 | **(226)** | (232) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **73,320** | 68,216 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liability | 5 | **-** | (149) |
| **NET ASSETS** | | **73,320** | 68,067 |
| **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 | **(5,871)** | (11,124) |
| **TOTAL EQUITY** | | **73,320** | 68,067 |
| **NET ASSET VALUE PER ORDINARY SHARE (Pence)** | 16 | **103.23** | 95.84 |

## CONSOLIDATED CASH FLOW STATEMENTS

*for the year ended 30th June 2013*

| | Note | **Year ended 30th June 2013 Group £ '000** | Year ended 30th June 2012 Group £ '000 |
|---|---|---|---|
| **NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES** | | **22** | (107) |
| **INVESTING ACTIVITIES** | | | |
| Purchase of Investments | | **(15,008)** | (5,415) |
| Sale of Investments | | **12,665** | 7,143 |
| **NET CASH (OUTFLOW )/INFLOW FROM INVESTING ACTIVITIES** | | **(2,343)** | 1,728 |
| **NET CASH (OUTFLOW) /INFLOW BEFORE FINANCING** | | **(2,321)** | 1,621 |
| **(DECREASE)/INCREASE IN CASH** | | **(2,321)** | 1,621 |
| **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS** | | | |
| (Decrease) /increase in cash resulting from cash flows | | **(2,321)** | 1,621 |
| Exchange movements | | **109** | 65 |
| Movement in net funds | | **(2,212)** | 1,686 |
| Net funds at 1st July | | **17,181** | 15,495 |
| **NET FUNDS AT END OF YEAR** | 17 | **14,969** | 17,181 |
| **RECONCILIATION OF PROFIT/(LOSS) BEFORE FINANCE COSTS AND TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit/(loss) before finance costs and taxation | | **5,104** | (7,860) |
| (Gains)/losses on investments | | **(4,996)** | 7,824 |
| Exchange differences | | **(109)** | (65) |
| Capital trail rebates | | **(34)** | (141) |
| Net revenue loss before finance costs and taxation | | **(35)** | (242) |
| (Increase)/decrease in debtors | | **(6)** | 14 |
| (Decrease)/increase in creditors | | **(6)** | 11 |
| Taxation | | **35** | (31) |
| Capital trail rebates | | **34** | 141 |
| **NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES** | | **22** | (107) |

## NOTES TO THE ACCOUNTS

*for the year ended 30th June 2013*

### 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 ('SORP') for investment trusts issued by the Association of Investment Companies ('AIC') in January 2009 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 2013. No Statement of Comprehensive Income is presented for the parent company as permitted by Section 408 of the Companies Act 2006.

(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 is the measure the Directors believe is appropriate in assessing the Group's compliance with certain requirements set out in section 1159 of the Corporation Tax Act 2010.

(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.

(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. Interest on fixed interest securities and deposits is accounted for on an effective yield basis. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised as income, and any excess in the value of the shares received over the amount recognised is credited to the capital reserve. Deemed income from non reporting funds is credited to the Revenue account. Deposit interest is taken into account on a receipts 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.

The Company's investment in its subsidiary company, JIT Securities Limited, is valued at net asset value in the Company's Balance Sheet.

(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.

(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. Foreign currency differences including exchange gains and losses are dealt with in the capital reserve.

(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, overdrafts with banks and bank loans. 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) *Accounting developments*: At the date of authorisation of these financial statements, the following Standards which have not been applied in these financial statements were in issue but were not yet effective (and in some cases had not yet been adopted by the European Union):

| | | Accounting periods beginning on or after |
|---|---|---|
| IAS 27 | Reissued as IAS 27 Consolidated and Separate Financial Statements (as amended in 2011) | 1st January 2014 |
| IAS 28 | Investments in Associates and Joint Ventures | 1st January 2013 |
| IFRS 10 | Consolidated Financial Statements | 1st January 2014 |
| IFRS 11 | Joint Arrangements | 1st January 2014 |
| IFRS 12 | Disclosure of Interests in Other Entities | 1st January 2014 |
| IFRS 13 | Fair Value Measurement | 1st January 2013 |

The Directors are considering what impact, if any, the adoption of these standards/interpretations in future periods will have. Currently they do not believe that there will be a material impact on the consolidated financial statements.

## 2. INVESTMENT INCOME

| | Year ended 30th June 2013 £ '000 | Year ended 30th June 2012 £ '000 |
|---|---|---|
| **INCOME FROM INVESTMENTS** | | |
| UK net dividend income | **561** | 310 |
| Unfranked investment income | **127** | 158 |
| | **688** | 468 |
| **OTHER OPERATING INCOME** | | |
| Bank interest receivable | **7** | 10 |
| VAT reclaim interest received from HMRC | **-** | 7 |
| | **7** | 17 |
| **TOTAL INCOME COMPRISES** | | |
| Dividends | **688** | 468 |
| Other income | **7** | 17 |
| | **695** | 485 |

## 3. MANAGEMENT FEES

| | Year ended 30th June 2013 | | | Year ended 30th June 2012 | | |
|---|---|---|---|---|---|---|
| | Revenue £ '000 | Capital £ '000 | Total £ '000 | Revenue £ '000 | Capital £ '000 | Total £ '000 |
| Investment management fee | **493** | **-** | **493** | 513 | - | 513 |
| Performance fee | **-** | **-** | **-** | - | - | - |
| | **493** | **-** | **493** | 513 | - | 513 |

At 30th June 2013 there were amounts accrued of £120,000 (2012: £126,000) for investment management fees.

## 4. OTHER EXPENSES

| | **Year ended 30th June 2013 £ '000** | Year ended 30th June 2012 £ '000 |
|---|---|---|
| Legal fees | **-** | 7 |
| Directors' remuneration | **50** | 50 |
| Administrative and secretarial fee | **87** | 96 |
| Auditors' remuneration | | |
| - Audit | **27** | 26 |
| - Interim review | **7** | 7 |
| -Taxation compliance services | **10** | 9 |
| Other | **56** | 54 |
| | **237** | 249 |
| Allocated to: | | |
| - Revenue | **237** | 249 |
| - Capital | **-** | - |
| | **237** | 249 |

## 5. TAXATION

*(a) Analysis of tax charge for the year:*

| | **Year ended 30th June 2013** | | | Year ended 30th June 2012 | | |
|---|---|---|---|---|---|---|
| | **Revenue £ '000** | **Capital £ '000** | **Total £ '000** | Revenue £ '000 | Capital £ '000 | Total £ '000 |
| UK corporation tax | **-** | **-** | **-** | - | - | - |
| Overseas tax | **-** | **-** | **-** | - | - | - |
| Tax relief to income | **-** | **-** | **-** | (115) | 115 | - |
| Irrecoverable income tax | **-** | **-** | **-** | - | - | - |
| Prior year adjustment | **-** | **-** | **-** | (49) | - | (49) |
| Total current tax for the year | **-** | **-** | **-** | (164) | 115 | (49) |
| Deferred tax | **-** | **(149)** | **(149)** | - | (394) | (394) |
| Total tax for the year (note 5b) | **-** | **(149)** | **(149)** | (164) | (279) | (443) |

*(b) Factors affecting tax charge for the year:*
The charge for the year can be reconciled to the profit/(loss) per the Consolidated Statement of Comprehensive Income as follows:

| | **Year ended 30th June 2013 £ '000** | Year ended 30th June 2012 £ '000 |
|---|---|---|
| Profit/(loss) before tax | **5,104** | (7,860) |
| Theoretical tax at the UK corporation tax rate of 23.75%* (2012: 25.5%) | **1,212** | (2,004) |
| Effects of: | | |
| Non-taxable UK dividend income | **(133)** | (79) |
| Gains and losses on investments that are not taxable | **(1,225)** | 1,985 |
| Movement in unrealised gains on non-qualifying offshore funds | **(149)** | (394) |
| Excess expenses not utilised | **146** | 98 |
| Prior year adjustment | **-** | (49) |
| Total tax for the year | **(149)** | (443) |

* Under the Finance Act 2011, the rate of Corporation Tax was lowered to 23% from 24% on 1st April 2012. An average rate of 23.75% was applicable for the year ended 30th June 2013.

Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to obtain 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 the majority of investments.

*(c) Provision for deferred tax:*

| | **Group and Company** | |
|---|---|---|
| | **Year ended 30th June 2013 £ '000** | Year ended 30th June 2012 £ '000 |
| Provision at start of year | **149** | 543 |
| Deferred tax credit for the year | **(149)** | (394) |
| Provision at end of year | **-** | 149 |

The deferred tax credit of £149,000 (2012: credit of £394,000) in the capital account of the Company relates to unrealised gains on non-reporting offshore funds. There is no deferred tax charge in the revenue account (2012: nil) relating to the reversal of the prior year tax charge on income taxable in the subsequent accounting period. No deferred tax provision has been made for deemed reporting offshore funds.

At the year end there is an unrecognised deferred tax asset of £43,000 (2012: nil) as a result of excess expenses.

**6. COMPANY RETURN FOR THE YEAR**

The Company's total return for the year was £5,253,000 (2012: loss (£7,417,000)).

**7. RETURN PER ORDINARY SHARE**

Total return per Ordinary share is based on the Group total return on ordinary activities after taxation of £5,253,000 (2012: (£7,417,000)) and on 71,023,695 (2012: 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 loss on ordinary activities after taxation of £35,000 (2012: (£78,000) and on 71,023,695 (2012: 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 £5,288,000 (2012: capital losses of £7,339,000) and on 71,023,695 (2012: 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 2013 £ '000** | Year ended 30th June 2012 £ '000 |
|---|---|---|
| Dividends paid for the year ended 30th June 2013: nil (2012: nil) per share | **-** | - |

The total dividend payable in respect of the financial year, which is the basis on which the requirements of section 1159 of the Corporation Tax Act 2010 are considered, is set out below.

| | **Year ended 30th June 2013 £ '000** | Year ended 30th June 2012 £ '000 |
|---|---|---|
| Final dividend for the year ended 30th June 2013: nil (2012: nil) | **-** | - |

The Company had a net revenue loss for the year ended 30th June 2013 (2012: loss).
The Directors do not recommend the payment of a final dividend for the year ended 30th June 2013 (2012: nil).

**9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

| | **Year ended 30th June 2013 £ '000** | Year ended 30th June 2012 £ '000 |
|---|---|---|
| **GROUP AND COMPANY** | **58,326** | 51,140 |

**ANALYSIS OF INVESTMENT PORTFOLIO – GROUP AND COMPANY**

| | Listed* £ '000 | Unlisted £ '000 | Total £ '000 |
|---|---|---|---|
| Opening book cost | 45,048 | 4,943 | 49,991 |
| Opening investment holding gains | 3,904 | (2,755) | 1,149 |
| Movement in classification of investments** | (3,149) | 3,149 | - |
| Opening valuation | 45,803 | 5,337 | 51,140 |
| Movement in period | | | |
| Purchases at cost | 15,008 | - | 15,008 |
| Sales | | | |
| - Proceeds | (9,461) | (3,357) | (12,818) |
| - Realised gains on sales | 1,671 | (47) | 1,624 |
| Movement in investment holding gains for the year | 3,595 | (223) | 3,372 |
| Closing valuation | 56,616 | 1,710 | 58,326 |
| Closing book cost | 48,997 | 4,808 | 53,805 |
| Closing investment holding gains | 7,619 | (3,098) | 4,521 |
| Closing valuation | 56,616 | 1,710 | 58,326 |

* Listed investments include unit trust and OEIC funds.

** Movement of Westhouse Holdings and Henderson Private Equity Investment Trust from listed to unlisted.

| | **Year ended 30th June 2013 £ '000** | Year ended 30th June 2012 £ '000 |
|---|---|---|
| **ANALYSIS OF CAPITAL GAINS AND LOSSES** | | |
| Realised gains on sales of investments | 1,624 | 2,191 |
| Increase in investment holding gains/(losses) | 3,372 | (10,015) |
| Net gains on investments attributable to ordinary shareholders | 4,996 | (7,824) |

## 9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

*Transaction costs*

The purchases and sales proceeds figures above include transaction costs on purchases of £nil (2012: £nil) and on sales of £nil (2012: £nil).

## 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 2013 £ '000 | Year ended 30th June 2012 £ '000 |
|---|---|---|
| Net assets brought forward | **499** | 499 |
| Profit for year | **1** | - |
| **NET ASSETS CARRIED FORWARD** | **500** | 499 |

**11. OTHER RECEIVABLES**

| | 30th June 2013 Group £ '000 | 30th June 2012 Group £ '000 |
|---|---|---|
| Amounts due from brokers | **153** | - |
| Prepayments and accrued income | **53** | **47** |
| Taxation | **45** | **80** |
| Amounts owed by subsidiary undertakings | **-** | **-** |
| | **251** | **127** |

**12. CASH AND CASH EQUIVALENTS**

| | 30th June 2013 Group £ '000 | 30th June 2012 Group £ '000 |
|---|---|---|
| Cash at bank | **14,969** | 17,181 |

**13. OTHER PAYABLES**

| | 30th June 2013 Group £ '000 | 30th June 2012 Group £ '000 |
|---|---|---|
| Accruals | **226** | 232 |

**14. CALLED UP SHARE CAPITAL**

| | 30th June 2013 £ '000 | 30th June 2012 £ '000 |
|---|---|---|
| Authorised | | |
| 305,000,000 (2012: 305,000,000) Ordinary shares of £0.01 each | **3,050** | 3,050 |
| Issued and fully paid | | |
| 71,023,695 (2012: 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 2012 | **21,573** | **56,908** | **(11,124)** |
| Increase in investment holding gains | **-** | **-** | **3,372** |
| Net gains on realisation of investments | **-** | **-** | **1,624** |
| Gains on foreign currency | **-** | **-** | **109** |
| Trail rebates | **-** | **-** | **34** |
| Deferred tax credit in capital | **-** | **-** | **149** |
| Retained revenue loss for year | **-** | **-** | **(35)** |
| At 30th June 2013 | **21,573** | **56,908** | **(5,871)** |

| | Share Premium account £ '000 | Special Reserve £ '000 | Retained earnings £ '000 |
|---|---|---|---|
| **COMPANY** | | | |
| At 30th June 2012 (restated) | **21,573** | **56,908** | **(11,124)** |
| Increase in investment holding gains | **-** | **-** | **3,373** |
| Net gains on realisation of investments | **-** | **-** | **1,624** |
| Gains on foreign currency | **-** | **-** | **109** |
| Trail rebates | **-** | **-** | **34** |
| Deferred tax credit in capital | **-** | **-** | **149** |
| Retained revenue profit for year | **-** | **-** | **(36)** |
| At 30th June 2013 | **21,573** | **56,908** | **(5,871)** |

The components of retained earnings are set out below:

| | **30th June 2013 £ '000** | 30th June 2012 £ '000 |
|---|---|---|
| **GROUP** | | |
| Capital reserve-realised | **(10,124)** | (12,040) |
| Capital reserve-revaluation | **4,248** | 876 |
| Revenue reserve | **5** | 40 |
| | **(5,871)** | (11,124) |
| **COMPANY** | | Restated |
| Capital reserve-realised | **(10,476)** | (12,392) |
| Capital reserve-revaluation | **4,748** | 1,375 |
| Revenue reserve | **(143)** | (107) |
| | **(5,871)** | (11,124) |

## 16. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary share is calculated on net assets of £73,320,000 (2012: £68,067,000) and 71,023,695 (2012: 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 2012 £ '000 | Cash flow | Exchange movement | **At 30th June 2013 £ '000** |
|---|---|---|---|---|
| **GROUP** | | | | |
| Cash at bank and on deposit | 17,181 | (2,321) | 109 | **14,969** |

## 18. FINANCIAL INFORMATION

*2013 Financial information*

The figures and financial information for 2013 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 2013.

*2012 Financial information*

The figures and financial information for 2012 are extracted from the published Annual Report and Accounts for the year ended 30th June 2012 and do not constitute the statutory accounts for that year. The Annual Report and Accounts 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 237(2) or section 237(3) of the Companies Act 1985.

*Annual Report and Accounts*

The accounts for the year ended 30th June 2013 will be sent to shareholders in October 2013 and will be available on the Company's website (www.nsitplc.com) 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 7th November 2013 at 11.00am at 1 Knightsbridge Green, London SW1X 7QA.