NEW STAR INVESTMENT TRUST PLC

INTERIM REPORT

for the six months ended 31st December 2016

INVESTMENT OBJECTIVE

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

REGISTERED OFFICE

1 Knightsbridge Green, London SW1X 7QA
Company Number: 3969011

COMPANY INFORMATION

DIRECTORS

G Howard-Spink *(Chairman)*
J L Duffield *(Deputy Chairman)*
M J Gregson

INVESTMENT MANAGER

Brompton Asset Management LLP
1 Knightsbridge Green, London SW1X 7QA
(Authorised and Regulated by the Financial Conduct Authority)

SECRETARY AND ADMINISTRATOR

Maitland Administration Services Limited
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
Telephone: 01245 398950 *Facsimile:* 01245 398951

SOLICITORS

Olswang LLP
90 High Holborn, London WC1V 6XX

AUDITORS

Ernst & Young LLP
25 Churchill Place, London E14 5EY

CUSTODIAN

Brown Brothers Harriman & Co
Park House, 16-18 Finsbury Circus, London EC2M 7EB

REGISTRARS

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone: 0371 384 2549
Website: www.shareview.co.uk

WEBSITE

www.nsitplc.com

The Company's shares are traded on the London Stock Exchange and their prices are shown in the Financial Times under "Investment Companies".

FINANCIAL HIGHLIGHTS

	31st December 2016	30th June 2016	% Change
PERFORMANCE			
Net assets (£ '000)	98,302	89,274	10.1
Net asset value per Ordinary share	138.41p	125.70p	10.1
Mid-market price per Ordinary share	94.50p	76.00p	24.3
Discount of price to net asset value	31.7%	39.5%	N/A

	Six months ended 31st December 2016	Six months ended 31st December 2015	
NAV performance (dividend added back)	10.35%	2.52%	N/A
IA Mixed Investment 40%-85% Shares (total return)	10.37%	-0.48%	N/A
MSCI AC World Index (total return, sterling adjusted)	15.55%	1.72%	N/A
MSCI UK Index (total return)	11.52%	-3.27%	N/A

	Six months ended 31st December 2016	Six months ended 31st December 2015
REVENUE		
Return (£'000)	495	112
Return per Ordinary share	0.70p	0.16p
Proposed dividend per Ordinary share	–	–
Dividend per Ordinary share	0.30p	0.30p
TOTAL RETURN		
Return (£'000)	9,241	2,010
Net assets	10.1%	2.3%
Net assets (dividend added back)	10.4%	2.5%

INTERIM REPORT

CHAIRMAN'S STATEMENT

Performance

Your Company generated a total return of 10.35% over the six months to 31st December 2016, leaving the net asset value (NAV) per ordinary share at 138.41p. By comparison, the Investment Association's Mixed Investment 40-85% Shares Index rose 10.37%. The MSCI AC World Total Return Index gained 15.55% while the MSCI UK Total Return Index gained 11.52%. Over the same period, UK government bonds fell 1.18%. Further information is provided in the Investment Manager's report.

Your Company made a revenue profit for the six months of £495,000 (2015: £112,000).

Gearing and dividends

Your Company has no borrowings. It ended the period under review with cash representing 14.9% of its NAV and is likely to maintain a significant cash position. Your Company has small retained revenue reserves and your Directors do not recommend the payment of an interim dividend (2015: nil). Your Company paid a dividend of 0.3p per share (2015: 0.3p) in November 2016 in respect of the previous financial year.

Discount

During the period under review, the Company's shares continued to trade at a significant discount to their NAV. Your Board has explored ways of reducing this discount but no satisfactory solution has been found. The position is, however, kept under continual review.

INTERIM REPORT

CHAIRMAN'S STATEMENT

continued

Outlook

Political events are likely to have a significant impact on financial market returns during 2017. The protectionism of Donald Trump, the new US president, may benefit US companies but emerging market equities and bonds may be negatively affected by substantive threats to free trade. In Europe, political uncertainties include the UK's Brexit negotiations, France's forthcoming presidential election and general elections in Germany and Holland and, possibly, Italy. These elections will take place at a time of growing nationalist opposition to European Union institutions, free trade and open financial markets.

Reviving inflation on both sides of the Atlantic may also affect investor sentiment over the coming months. US interest rates are likely to rise steadily over the course of the year and the Bank of England may face pressures to unwind its recent monetary easing following the stimulus to the UK economy provided by the fall in sterling over the second half of 2016. Equities tend to rise in the initial phase of a revival in inflation from low levels but longer-dated government and investment grade corporate bonds could prove vulnerable.

Net asset value

Your Company's unaudited NAV at 31st January 2017 was 140.24p.

Geoffrey Howard-Spink
Chairman
2nd March 2017

INTERIM REPORT

INVESTMENT MANAGER'S REPORT

Market review

Political events dominated financial markets during the six months to 31st December 2016, the key events being the UK electorate's Brexit vote just before the start of the period and Donald Trump's election as US president in November. Brexit and Trump's victory realised the worst fears of some observers, however, global equities advanced 15.55% in sterling terms, with the dollar's 8.19% rise against the pound enhancing returns for sterling investors.

Market movements differed from expectations for a number of reasons. Equities were buoyed by the slower-than-anticipated pace of US monetary tightening. The Federal Reserve raised interest rates only once and then only in December. Investors were heartened by the steady pace of global economic growth, a recovery in the prices of oil and other industrial commodities and rising inflation.

Trump's victory came to be viewed positively once investors weighed the expansionary impact of tax cuts, increased infrastructure spending, deregulation and "putting America first" on growth and inflation. US equities outperformed, rising 16.65% in sterling terms over the period under review. Trump's election focused investor attention on the rise in inflation but inflationary pressures were already building ahead of the vote because of near-full employment and rising commodity prices. US unemployment remained below 5% and the oil price rose 10.13% in sterling terms because of lower US output and an Opec supply accord. Global bonds fell 6.31% in local currency although this translated into a 1.36% gain for sterling investors because of the pound's weakness.

The change in inflation expectations sparked a change in equity market leadership. In the wake of the credit crisis, investors favoured companies with dependable business models and strong market positions often secured by competitive advantages such as strong brands or superior technology. The stable nature of cash flows led to these businesses being dubbed "bond proxies". The valuations of these companies became stretched during 2016, making them appear expensive compared to more cyclical "value" stocks.

The outperformance of "value" stocks compared to "bond proxies" that characterised the period under review may persist in conjunction with rising inflation.

The UK economy proved resilient during the third quarter of 2016 and into the fourth quarter. Consumer spending remained strong despite the likely future squeeze on real incomes from higher import prices following sterling's fall. The robust growth may have resulted from the Bank of England's swift action in cutting interest rates, increasing quantitative easing and fostering bank lending but UK monetary conditions may have eased too much given the powerful stimulus from the weaker pound. The Bank cut its 2017 UK gross domestic product forecast from 2.3% to 0.8% in its August 2016 inflation report to reflect its fears about the impact of Brexit. This pessimistic assessment was, however, soon reversed and growth revised upwards to 2.0%, close to the pre-referendum rate, in the February 2017 inflation report. UK government bonds fell 1.18% over the period under review but could prove vulnerable to further falls if the Bank tightens monetary policy in response to stronger growth and rising inflation.

Emerging markets were buoyed over the period by the recovery in commodity prices and slower-than-expected pace of US monetary tightening. The improvement in the current account positions of some countries contributed to gains for local currencies relative to sterling. Despite giving back some gains on fears of protectionism following Trump's election, equities in Asia excluding Japan and emerging markets gained 11.82% and 13.27% respectively in sterling terms.

Portfolio review

Your Company's total return was 10.35% over the period under review. 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 10.37%. The MSCI AC World Total Return Index gained 15.55% in sterling terms while the MSCI UK Total Return Index rose 11.52%. Your Company benefited from its relatively-high holdings in foreign-currency investments. In particular, the majority of your Company's significant cash allocation is held in dollars. Over the period, profits were taken from some investments in overseas equity funds and reinvested in US equities and one UK private company.

INTERIM REPORT

INVESTMENT MANAGER'S REPORT

continued

Rising inflation and the accompanying change in equity market leadership in favour of more cyclical, "value" stocks proved, however, to be a headwind for some of the portfolio's actively-managed funds. The managers of Fundsmith Equity and Newton Global Income focus on companies with stable cash flows and strong barriers to entry. These funds returned 10.18% and 10.46% respectively over the period but fell short of the 15.55% sterling gain from global equities. The holdings in both funds were reduced through profit-taking. Artemis Global Income, however, outperformed, rising 19.81% because of its higher holdings in cyclical companies.

Your Company's largest investment, FP Crux European Special Situations, was also affected by the change in equity market leadership, rising 11.64% while equities in Europe excluding the UK gained 14.60%. The holding was reduced through profit-taking.

From an economic perspective, the outlook for Europe ex-UK equities brightened over the period. Economic leading indicators and employment and inflation data all improved but the region is confronted in 2017 by a number of elections in which populist, anti-European Union candidates may gain support. Your company's investment in Europe ex-UK equities was reduced further through the outright sale of Schroder European Alpha Income.

Following the US election, your Company invested directly in US equities through purchases of the SPDR S&P 500 and iShares S&P 500 Financials Sector exchange-traded funds. Trump's expansionary economic policies should benefit US equities. Rising US bond yields and the new president's commitment to reducing regulatory burdens favour financial companies. A high-water mark in financial regulation appeared to have been reached in February 2017 when Trump signed an executive order to review the Dodd-Frank Wall Street Reform and Consumer Protection Act. During a period in which US equities gained 16.65% in sterling terms, your Company benefited from its significant allocation to US equities through investments in global equity and multi-asset funds.

Polar Capital Technology, which typically has a high allocation to US technology companies, gained 18.22%.

UK equities returned 11.52% as sterling's fall increased the export competitiveness of UK companies. All your Company's UK equity fund holdings outperformed because of their relatively high allocation to UK smaller companies, which outperformed their larger peers. Aberforth Geared Income did best, returning 16.41% as a result of the manager's focus on smaller companies and value-investing.

Amongst your Company's emerging market investments, Neptune Russia & Greater Russia did best. It returned 38.82%, buoyed by the rouble's 13.21% rise against sterling and higher oil prices. The investment was reduced during the period through profit-taking. Indian equities underperformed other emerging market equities, rising 5.44% in sterling terms, with their losses in local currency more than offset by the rupee's 7.59% gain against the pound. The Stewart Investors India Subcontinent holding, which returned 7.98%, was reduced through profit-taking. In November, India's prime minister, Narendra Modi, announced the demonetisation of larger denomination bank notes to reduce corruption and tax evasion. The unexpected money supply reduction led to temporary falls for Indian equities followed by a recovery in January 2017.

The rise in inflation and expectations of further monetary tightening in 2017 resulted in a 6.25% fall in the gold price in sterling as the opportunity cost of holding this nil-yielding asset increased. The gold price fall led to bigger falls for gold equities, with BlackRock Gold & General declining 12.18%. Your Company's holding in this fund was reduced although the residual investment continues to provide an important source of diversification. In January 2017, the gold price recovered 3.09% in sterling terms.

All six FP Brompton Global funds outperformed their respective benchmarks during the period under review, with FP Brompton Global Equity the strongest performer, rising 18.34%. FP Brompton Global Conservative was the weakest in absolute terms, returning 6.91% as a result of its low-risk mandate.

In July, your Company invested in the unquoted Embark Group, a leading personal pension and small self-administered pension scheme administrator through its Hornbuckle and Rowanmoor brands. The industry is undergoing significant regulatory and technological change. These developments should provide an opportunity for larger players such as Embark to increase market share.

INTERIM REPORT

INVESTMENT MANAGER'S REPORT

continued

Outlook

Over the coming months, fresh details about Donald Trump's policies of fiscal stimulus and protectionism are likely to have a significant impact on financial markets. In Europe, meanwhile, the eurozone's stability and integrity may be challenged by election results.

The recovery in inflation in developed economies is also likely to remain an important theme. Equities could prove vulnerable if inflation rises rapidly and precipitates a more hawkish stance on monetary policy from the Federal Reserve. In this event, your Company's investments in gold equities, cash and FP Brompton Global Conservative should provide some diversification and prove defensive. Equities tend to perform well, however, when inflation rises from subdued levels and conversely, longer-duration bonds could post losses. Your Company is positioned for this environment with a high allocation to global equities and no direct investments in bonds.

Brompton Asset Management LLP
2nd March 2017

INTERIM REPORT

DIRECTORS' REPORT

Performance

In the six months to 31st December 2016 the total return per Ordinary share increased by 10.4% to 138.41p, whilst the share price increased by 24.3% to 94.50p. This compares to an increase of 10.4% in the IA Mixed Investment 40-85% Shares Index.

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, their underlying investment exposure.

The Company may invest up to 20% of its net asset value 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.

Share capital

The Company's share capital comprises 305,000,000 Ordinary shares of 1p each, of which 71,023,695 (2015: 71,023,695) have been issued fully paid. No Ordinary shares are held in treasury, and none were bought back or issued during the six months to 31st December 2016.

Risk management

The principal risks associated with the Company that have been identified by the Board, together with the steps taken to mitigate them, are 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 reports detailing the Company's 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. The Board regularly considers the economic environment in which the Company operates.

Portfolio risks – market price, foreign currency and interest rate risks: the twenty largest investments are listed on page 18. 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, both asset classes and geographic regions, in order to reduce the impact of the risks arising from the above factors.

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 by the Investment Manager of key staff could adversely affect investment returns. The Company's portfolio is managed by Gill Lakin. 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 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 company) (Tax) Regulations 2011 (the Regulations) could lead to capital gains realised within the portfolio being 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, or financial or reputational damage. The Board employs Brompton Asset Management LLP as Investment Manager and Maitland Administration Services Limited as Corporate Secretary and 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.

INTERIM REPORT

DIRECTORS' REPORT

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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 Company receives regular reports from its contracted third parties.

Investment management arrangement and related party transactions
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 third party service providers.

Details of related party transactions are contained in the Annual Report. There have been no material transactions with related parties during the period which have had a significant impact on the performance of the Company.

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. 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 foreseeable future which is considered to be in excess of 5 years. 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.

Auditors
The half year financial report has been reviewed, but not audited, by Ernst & Young LLP pursuant to the Auditing Practices Board guidance on the Review of Interim Financial Information.

INTERIM REPORT

DIRECTORS' REPORT

continued

Responsibility statement

The Directors named on page 2 confirm that to the best of their knowledge:

- The financial statements contained within the half year financial report to 31st December 2016 has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting';
- The Chairman's statement, Directors' report or the Investment Manager's report include a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- The Chairman's statement, Directors' report or the Investment Manager's report include a fair review of the potential risks and uncertainties for the remaining six months of the year;
- The Director's report and note 8 to the half year financial report include a fair review of the information concerning transactions with the investment manager and changes since the last annual report.

By order of the Board

Maitland Administration Services Limited
2nd March 2017

INDEPENDENT REVIEW REPORT TO NEW STAR INVESTMENT TRUST PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 31st December 2016 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and related explanatory notes 1 to 8. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

INDEPENDENT REVIEW REPORT TO NEW STAR INVESTMENT TRUST PLC

continued

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 31st December 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
2nd March 2017

SCHEDULE OF TOP TWENTY INVESTMENTS

at 31st December 2016

Holding	Activity	Bid-market value £'000	% of Net Assets
FP Crux European Special Situations Fund	Investment Fund	9,488	9.65
Fundsmith Equity Fund	Investment Fund	7,945	8.08
Newton Global Income Fund	Investment Fund	5,323	5.42
FP Brompton Global Conservative Fund	Investment Fund	3,922	3.99
Artemis Global Income Fund	Investment Fund	3,809	3.87
Aberforth Geared Income Trust	Investment Company	3,703	3.77
Polar Capital Funds Plc- Global Technology Fund	Investment Fund	3,558	3.62
BlackRock Gold & General Fund	Investment Fund	3,295	3.35
Aquilus Inflection Fund	Investment Fund	3,117	3.17
Liontrust Asia Income Fund	Investment Fund	2,643	2.69
FP Brompton Global Opportunities Fund	Investment Fund	2,575	2.62
FP Brompton Global Growth Fund	Investment Fund	2,434	2.48
FP Brompton Global Equity Fund	Investment Fund	2,419	2.46
Man GLG UK Income Fund	Investment Fund	2,411	2.45
Embark Group	Unquoted investment	2,400	2.44
Trojan Income Fund	Investment Fund	2,380	2.42
Lindsell Train Japanese Equity Fund	Investment Fund	2,313	2.35
MI Brompton UK Recovery Unit Trust	Investment Fund	2,257	2.30
Stewart Investors Indian Subcontinent Fund	Investment Fund	2,209	2.25
FP Brompton Global Income Fund	Investment Fund	2,172	2.21
		70,373	71.59
Balance held in 17 investments		13,519	13.75
Total investments (excluding cash)		83,892	85.34
Net current assets		14,410	14.66
Net assets		98,302	100.00

The investment portfolio can be further analysed as follows:

	£'000
Investment funds	72,625
Investment companies and ETFs	6,668
Unquoted investments	3,980
Other quoted investments	619
	83,892

The Company's investments are either unlisted or are unit trust/OEIC funds with the exception of Aberforth Geared Income Trust, Miton Group, Immedia Group, iShares US Financials ETF and SPDR S&P 500 UCITS ETF.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31st December 2016
(unaudited)

		Six months ended 31st December 2016 *(unaudited)*		
	Notes	Revenue Return £'000	Capital Return £'000	Total Return £'000
INCOME				
Investment income		942	–	942
Other operating income		9	–	9
Total income	2	951	–	951
GAINS AND LOSSES ON INVESTMENTS				
Gains on investments at fair value through profit or loss	5	–	7,899	7,899
Other exchange gains		–	845	845
Management fee rebates		–	2	2
		951	8,746	9,697
EXPENSES				
Management fees	3	(300)	–	(300)
Other expenses		(150)	–	(150)
		(450)	–	(450)
PROFIT BEFORE FINANCE COSTS AND TAX		501	8,746	9,247
Finance costs		–	–	–
PROFIT BEFORE TAX		501	8,746	9,247
Tax		(6)	–	(6)
PROFIT FOR THE PERIOD		495	8,746	9,241
EARNINGS PER SHARE				
Ordinary shares (pence)	4	0.70p	12.31p	13.01p

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 items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

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

The notes on pages 24 to 29 form an integral part of these accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31st December 2015 and the year ended 30th June 2016

		Six months ended 31st December 2015 *(unaudited)*			Year ended 30th June 2016 *(audited)*		
	Notes	Revenue Return £'000	Capital Return £'000	Total Return £'000	Revenue Return £'000	Capital Return £'000	Total Return £'000
INCOME							
Investment income		475	–	475	934	–	934
Other operating income		3	–	3	10	–	10
Total income	2	478	–	478	944	–	944
GAINS AND LOSSES ON INVESTMENTS							
Gains on investments at fair value through profit or loss	5	–	1,282	1,282	–	7,921	7,921
Other exchange gains		–	610	610	–	1,510	1,510
Management fee rebates		–	6	6	–	9	9
		478	1,898	2,376	944	9,440	10,384
EXPENSES							
Management fees	3	(242)	–	(242)	(509)	–	(509)
Other expenses		(124)	–	(124)	(242)	–	(242)
		(366)	–	(366)	(751)	–	(751)
PROFIT BEFORE FINANCE COSTS AND TAX		112	1,898	2,010	193	9,440	9,633
Finance costs		–	–	–	–	–	–
PROFIT BEFORE TAX		112	1,898	2,010	193	9,440	9,633
Tax		–	–	–	–	–	–
PROFIT FOR THE PERIOD		112	1,898	2,010	193	9,440	9,633
EARNINGS PER SHARE							
Ordinary shares (pence)	4	0.16p	2.67p	2.83p	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. The supplementary Revenue Return and Capital Return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the periods.

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

The notes on pages 24 to 29 form an integral part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31st December 2016
(unaudited)

	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 period	–	–	–	9,241	9,241
Dividend paid	–	–	–	(213)	(213)
AT 31ST DECEMBER 2016	710	21,573	56,908	19,111	98,302

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31st December 2015
(unaudited)

	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 period	–	–	–	2,010	2,010
Dividend paid	–	–	–	(213)	(213)
AT 31ST DECEMBER 2015	710	21,573	56,908	2,460	81,651

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2016
(audited)

	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

The notes on pages 24 to 29 form an integral part of these accounts.

CONSOLIDATED BALANCE SHEET

at 31st December 2016

	Notes	31st December 2016 *(unaudited)* £ '000	31st December 2015 *(unaudited)* £ '000	30th June 2016 *(audited)* £ '000
NON-CURRENT ASSETS				
Investments at fair value through profit or loss	5	83,892	70,418	79,467
CURRENT ASSETS				
Other receivables		25	31	55
Cash and cash equivalents		14,580	11,370	9,938
		14,605	11,401	9,993
TOTAL ASSETS		98,497	81,819	89,460
CURRENT LIABILITIES				
Other payables		(195)	(168)	(186)
TOTAL ASSETS LESS CURRENT LIABILITIES		98,302	81,651	89,274
NET ASSETS		98,302	81,651	89,274
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS				
Called-up share capital		710	710	710
Share premium		21,573	21,573	21,573
Special reserve		56,908	56,908	56,908
Retained earnings	6	19,111	2,460	10,083
TOTAL EQUITY		98,302	81,651	89,274
NET ASSET VALUE PER ORDINARY SHARE (PENCE)	7	138.41	114.96	125.70

The interim report was approved and authorised for issue by the Board on 2nd March 2017.

The notes on pages 24 to 29 form an integral part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 31st December 2016

	Six months ended 31st December 2016 *(unaudited)* £'000	Six months ended 31st December 2015 *(unaudited)* £'000	Year ended 30th June 2016 *(audited)* £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	536	134	212
INVESTING ACTIVITIES			
Purchase of investments	(5,577)	(9,129)	(14,613)
Sale of investments	9,051	8,079	11,153
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	3,474	(1,050)	(3,460)
FINANCING			
Equity dividend paid	(213)	(213)	(213)
NET CASH INFLOW/(OUTFLOW) AFTER FINANCING	3,797	(1,129)	(3,461)
INCREASE/(DECREASE) IN CASH	3,797	(1,129)	(3,461)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(Decrease) in cash resulting from cash flows	3,797	(1,129)	(3,461)
Exchange movements	845	610	1,510
Movement in net funds	4,642	(519)	(1,951)
Net funds at start of period/year	9,938	11,889	11,889
NET FUNDS AT END OF PERIOD/YEAR	14,580	11,370	9,938
RECONCILIATION OF PROFIT BEFORE FINANCE COSTS AND TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Profit before finance costs and taxation*	9,247	2,010	9,633
Gains on investments	(7,899)	(1,282)	(7,921)
Exchange differences	(845)	(610)	(1,510)
Management fee rebates	(2)	(6)	(9)
Revenue profit before finance costs and taxation	501	112	193
Decrease/(increase) in debtors	37	15	(7)
Increase in creditors	9	1	19
Taxation	(13)	–	(2)
Management fee rebates	2	6	9
NET CASH INFLOW FROM OPERATING ACTIVITIES	536	134	212

The notes on pages 24 to 29 form an integral part of these accounts.

* Includes dividends received in cash of £646,000 (2015: £298,000), accumulated dividend income of £296,000 (2015: £177,000) and interest income of £9,000 (2015: £3,000).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31st December 2016

1. Accounting policies

These consolidated half year financial statements comprise the unaudited results of the Company and its subsidiary, JIT Securities Limited (together "the Group"), for the six months to 31st December 2016. The comparative information for the six months to 31st December 2015 and the year to 30th June 2016 do not constitute statutory accounts under the Companies Act 2006. Full statutory accounts for the year to 30th June 2016 included an unqualified audit report, did not contain any statements under section 498 of the Companies Act 2006, and have been filed with the Registrar of Companies.

The half year financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', and are presented in pounds sterling, as this is the Group's functional currency.

The same accounting policies have been followed in the interim financial statements as applied to the accounts for the year ended 30th June 2016, which were prepared in accordance with IFRSs as adopted by the European Union.

No segmental reporting is provided as the Group is engaged in a single segment.

2. Total income

	Six months ended 31st December 2016 £'000	Six months ended 31st December 2015 £'000	Year ended 30th June 2016 £'000
Income from Investments			
UK net dividend income	847	454	877
UK unfranked investment income	95	21	57
	942	475	934
Operating Income			
Bank interest receivable	9	3	10
	9	3	10

NOTES TO THE INTERIM FINANCIAL STATEMENTS

continued

2. Total income *continued*

	Six months ended 31st December 2016 £'000	Six months ended 31st December 2015 £'000	Year ended 30th June 2016 £'000
Total income comprises			
Dividends	942	475	934
Other income	9	3	10
	951	478	944

3. Management fees

	Six months ended 31st December 2016 £'000	Six months ended 31st December 2015 £'000	Year ended 30th June 2016 £'000
Investment management fee	300	242	509
Performance fee	–	–	–
	300	242	509

The Investment Manager 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 Manager is also entitled to a performance fee of 15% of the growth in net assets over a hurdle of 3-month Sterling LIBOR plus 1% per annum, payable six monthly in arrears, subject to a high water mark. The aggregate of the Company's management fee and any performance fee are subject to a cap of 4.99% of net assets in any financial year (with any performance fee in excess of this cap capable of being earned in subsequent periods). The performance fee will be charged 100% to capital, in accordance with the Board's expectation of how any out-performance will be generated. No performance fee is payable for the period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

continued

4. Return per Ordinary share

	Six months ended 31st December 2016 £'000	Six months ended 31st December 2015 £'000	Year ended 30th June 2016 £'000
Revenue return	495	112	193
Capital return	8,746	1,898	9,440
Total return	9,241	2,010	9,633
Weighted average number of Ordinary shares	71,023,695	71,023,695	71,023,695
Revenue return per Ordinary share	0.70p	0.16p	0.27p
Capital return per Ordinary share (before dividend)	12.31p	2.67p	13.29p
Total return per Ordinary share (before dividend)	13.01p	2.83p	13.56p

NOTES TO THE INTERIM FINANCIAL STATEMENTS

continued

5. Investments at fair value through profit and loss

	At 31st December 2016 £'000	At 31st December 2015 £'000	At 30th June 2016 £'000
GROUP AND COMPANY	83,892	70,418	79,467

ANALYSIS OF INVESTMENT PORTFOLIO – GROUP AND COMPANY

Six months ended 31st December 2016

	Listed* (Level 1 and 2) £'000	Unlisted** (Level 3) £'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:			
Purchase at cost	3,177	2,400	5,577
Sales			
– Proceeds	(9,051)	–	(9,051)
– Realised gains on sales	2,739	–	2,739
Investment holding gains	5,160	–	5,160
Closing valuation as at 31st December 2016	79,912	3,980	83,892
Closing book cost	55,698	6,725	62,423
Unrealised investment holding gains/(losses)	24,214	(2,745)	21,469
Closing valuation	79,912	3,980	83,892

* Listed investments include unit trust and OEIC funds which are valued at quoted prices. Included within Listed Investments is one level 2 investment of £3,117,000 (2015: £2,612,000).

** The Unlisted investments, representing approximately 4% of the Company's NAV, have been valued in accordance with IPEVC valuation guidelines. The largest unquoted investment amounting to £2,400,000 (2015: £1,280,000) was valued at the latest transaction price. A 10% increase or decrease in earnings would not have a material impact on the value of the investment.

There were no reclassifications of assets between Level 1 and Level 3.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

continued

5. Investments at fair value through profit and loss *continued*

	Six months ended 31st December 2016 £'000	Six months ended 31st December 2015 £'000	Year ended 30th June 2016 £'000
ANALYSIS OF CAPITAL GAINS AND LOSSES			
Realised gains on sales of investments	2,739	772	1,096
Increase in investment holding gains	5,160	510	6,825
	7,899	1,282	7,921

6. Retained earnings

	At 31st December 2016 £'000	At 31st December 2015 £'000	At 30th June 2016 £'000
Capital reserve – realised	(3,046)	(7,859)	(6,632)
Capital reserve – revaluation	21,469	9,994	16,309
Revenue reserve	688	325	406
	19,111	2,460	10,083

7. Net asset value per Ordinary share

	31st December 2016 £'000	31st December 2015 £'000	30th June 2016 £'000
Net assets attributable to Ordinary shareholders	98,302	81,651	89,274
Ordinary shares in issue at end of period	71,023,695	71,023,695	71,023,695
Net asset value per Ordinary share	138.41p	114.96p	125.70p

NOTES TO THE INTERIM FINANCIAL STATEMENTS

continued

8. Transactions with the Investment Manager

During the period there have been no new related party transactions that have affected the financial position or performance of the Group.

Since 1st January 2010 Brompton has acted as Investment Manager to the Company. This relationship is governed by an agreement dated 23rd December 2009.

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

The total investment management fee payable to Brompton for the half year ended 31st December 2016 was £300,000 (2015: £242,000) and at the half year end £151,000 (2015 £124,000) was accrued. No performance fee was payable in respect of the half year ended 31st December 2016 (2015: £nil).

The Group's investments include seven funds managed by Brompton or its associates valued at £17,828,000 (2015: £15,504,000). No investment management fees were payable directly by the Company in respect of these investments.