NEW STAR INVESTMENT TRUST PLC

This announcement constitutes regulated information.

UNAUDITED RESULTS
FOR THE YEAR ENDED 30TH JUNE 2018

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 2018.

FINANCIAL HIGHLIGHTS

	30th June 2018	30th June 2017	% Change
PERFORMANCE			
Net assets (£ '000)	**111,366**	105,056	6.0
Net asset value per Ordinary share	**156.80p**	147.92p	6.0
Mid-market price per Ordinary share	**113.00p**	105.00p	7.6
Discount of price to net asset value	**27.9%**	29.0%	n/a
Total Return*	**6.5%**	17.9%	n/a
IA Mixed Investment 40% - 85% Shares (total return)	**4.9%**	16.5%	n/a
MSCI AC World Index (total return, sterling adjusted)	**9.5%**	22.9%	n/a
MSCI UK Index (total return)	**8.3%**	16.7%	n/a

	1st July 2017 to 30th June 2018	1st July 2016 to 30th June 2017
Revenue return per Ordinary share	**1.17p**	1.14p
Capital return per share	**8.51p**	21.38p
Return per Ordinary share	**9.68p**	22.52p
Dividend per Ordinary share	**0.80p**	0.30p
*TOTAL RETURN**	**10.48p**	22.82p
	(6.5%)	(17.9%)
PROPOSED DIVIDEND PER ORDINARY SHARE	**1.00p**	0.80p

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

CHAIRMAN'S STATEMENT

PERFORMANCE

Your Company's net asset value (NAV) total return was 6.5% over the year to 30th June 2018. This took the year-end NAV per ordinary share to 156.80p. By comparison, the Investment Association's Mixed Investment 40-85% Shares index gained 4.9%. Your Directors believe this benchmark is appropriate because your Company has, since inception, been invested in a broad range of asset classes. Equity markets generated positive returns, with UK performance weaker than overseas performance principally as a result of concerns about the outcome of the UK's Brexit negotiations with the European Union. The MSCI AC World Total Return and MSCI UK Total Return Indices gained 9.5% and 8.3% respectively while UK government bonds returned 2.0%. Further information is provided in the investment manager's report.

EARNINGS AND DIVIDEND

The revenue return for the year was 1.17p per share (2017: 1.14p).

Your Company has a revenue surplus in its retained revenue reserve, enabling it to pay a dividend. Your directors recommend the payment of a final dividend in respect of the year of 1.0p per share (2017: 0.8p).

OUTLOOK

Uncertainty over the outcome of trade skirmishes between the US and China may play a significant role in determining investor sentiment over the coming months, with markets remaining volatile and capital flight from emerging markets into the dollar continuing. A swift resolution of the dispute, however, most likely by Beijing agreeing to reduce its trade surplus and ease restrictions on US companies operating in China, could be a buying opportunity for some riskier asset classes.

Strong consumer and business confidence, relatively low interest rates, Trump's fiscal stimulus and technology leadership may continue to underpin US equities. The longevity of the rise in share prices since the nadir of 2008 has, however, led some investors to suggest a correction is likely. Your Company has responded to high US equity valuations and low bond yields by focussing on cheaper markets in Europe, where monetary policy is likely to remain relatively loose for longer than in the US. If, however, inflation and interest rates rise more rapidly than anticipated, generating falls for equities and bonds, your Company's investments in dollars, gold equities and lower-risk multi-asset funds should prove defensive.

CASH AND BORROWINGS

Your Company has no borrowings and ended its financial year with cash representing 13.5% of its net asset value. Your Company is likely to maintain a significant cash position.

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

DISCOUNT

During the year under review, your Company's shares continued to trade at a significant, albeit narrowing, discount to their NAV. Your directors have discussed various options with a view to reducing this discount but no satisfactory solution has yet been found. The Board, however, keeps this issue under continual review.

BOARD CHANGES

Following a vote by shareholders at the last annual meeting, we have been pleased to welcome David Gamble as a Director of your Company. David was chief executive of British Airways Pension Investment Management from 1993 to 2004. He has also served as a director of numerous financial services companies including a number of investment companies.

ANNUAL MEETING

The Annual General Meeting will be held on Thursday, 15th November 2018 at 11am.

NET ASSET VALUE

Your Company’s unaudited net asset value per share at 31st August 2018 was 158.98p.

INVESTMENT MANAGER’S REPORT

MARKET REVIEW

In 2015, when Donald Trump said he would run for the US presidency, he reiterated traditional Republican pledges to reduce taxes and regulation. In a departure, however, from previous Republican campaigns, he also said he would tackle America’s trade imbalances with countries such as China and Mexico through renegotiating trade deals and, if necessary, imposing tariffs. He said he was “a free trader” but added that America needed “really talented” people to negotiate for it to “take the brand of the United States and make it great again”.

In 2018, Trump has set out to recast Sino-US trade relations, targeting the trade imbalance, which reached $375 billion in 2017, and the uneven playing field US companies face when operating in China, including threats to their intellectual property and state subsidies. In March, Trump’s opening salvo included steel and aluminium tariffs affecting $60 billion of US imports from China. US steel shares rose in response and rust-belt voters assessing Trump’s performance relative to his “made in America” pledges may show their approval in November’s mid-term elections.

In June, Trump introduced tariffs on a further $50 billion of China’s exports, equivalent to a tenth of its $500 billion of exports to the US in 2017. Beijing retaliated, imposing tariffs on US exports of equal value. In July, Trump announced tariffs on a further $200 billion of Chinese exports although these measures will not be enforced until later after a period of consultation. If, however, a settlement is not reached, approximately 50% of China’s exports to the US will face higher tariffs.

It may be easier for the Chinese to import more goods than yield on intellectual property and subsidies because Beijing wants to shift China’s economy from low-margin goods to products with greater added value. In 2015, Beijing launched its “made in China 2025” initiative, aiming for greater self-sufficiency in sectors such as robotics, semi-conductors and electric vehicles. China has, however, shown willingness to negotiate, saying it would end the requirement for US motor companies to operate through joint ventures with local partners.

Trump's tariffs may bring Beijing to the negotiating table but any gain for American manufacturers may be more than offset by higher consumer prices and lower consumer spending. Beijing, meanwhile, may seek to protect its economy by easing monetary policy. In April, it cut its reserve requirement ratio to encourage lending and soften the impact of public and private sector deleveraging. Chinese export competitiveness increased as the yuan weakened against the dollar in the second quarter of 2018.
The dollar also rose against other currencies because of rising US inflation and interest rates and near-full employment. In July 2018, headline inflation was 2.4%, its highest level in almost a decade and significantly above the Federal Reserve's 2% target. The Federal Open Market Committee raised interest rates three times during the Company's financial year, taking them to a 1.75-2.0% range, and may soon raise rates further. In July, unemployment was 3.9%, a level the Fed believes will generate wage-push inflation. In the early autumn, there were, however, few signs that US monetary policy had become restrictive and the comparatively low pick-up in bond yields suggested investors did not think interest rates would rise sharply over the longer term.

US businesses and consumers are benefiting from Trump's Tax Cuts and Jobs Act. The cut in the top rate of corporate tax from 35% to a 21% flat rate lowered the hurdle rate of return for corporate capital spending. Changes facilitating the repatriation of cash from abroad increased capital available for investment. Consumers benefit from rationalised tax brackets, lower business income taxes and changes to benefits and allowances. US equities were buoyed during the year under review by economic growth and improved profits, with a majority of US companies in the quarter to June reporting sales and profits ahead of analysts' expectations.

Sterling ended the year under review slightly higher against the dollar despite retreating in the final quarter. UK equities also made gains but underperformed global equities because of fears of an unfavourable Brexit deal and the leftwards shift in UK politics. The Bank of England raised interest rates in November 2017 and August 2018 but the rises may be reversed if there is post-Brexit dislocation. If, however, Britain secures unexpectedly good Brexit terms, interest rates may rise faster than expected as the Bank responds to near-full employment and steady economic growth. This is because UK monetary conditions looked accommodative over the summer, with inflation at 2.4% in July, having been above the Bank's 2% target since February 2017.

A trade war would damage European countries such as Germany, whose exports represented 37% of its economy in 2017 against 8% for the US. Equities in Europe excluding the UK underperformed global equities during the financial year as investors weighed Europe's vulnerability to tariffs and Italy's election of a Eurosceptic government. Higher inflation confirmed the European Central Bank in its plan to end asset purchases in late 2018 although interest rates may not rise until late 2019. Eurozone unemployment at 8.2% and incipient wage growth may result in gradual monetary tightening.

Some emerging markets suffered from capital flight as investors responded to trade tensions and dollar strength. Emerging market bonds fell in sterling while equities in Asia excluding Japan and emerging markets lagged global equities. Investor sentiment was also affected by the Turkish and Argentinian currency crises.

PORTFOLIO REVIEW

Your Company's total return for the year was 6.50%. This compares with a 4.94% rise in the Investment Association's Mixed Investment 40-85% Shares Index, whose constituent funds have a multi-asset approach, with typically 40-85% of their assets in equities. The MSCI AC World Total Return Index gained 9.51% in sterling while the MSCI UK Total Return Index rose 8.31%. Global bonds fell 0.28% in sterling while UK government bonds and sterling corporate bonds returned 2.0% and 0.37% respectively.

US equities outperformed, rising 12.53% in sterling. Your Company had a relatively low direct US allocation because American stocks appeared highly valued and this was further reduced through the sale of the iShares S&P 500 exchange-traded fund (ETF) in November 2017. The iShares S&P Financials ETF holding underperformed, rising 9.29%, but Polar Capital Technology, which has significant US holdings, was the portfolio's best performer, rising 30.05%. At the year end, Polar Capital Technology had a fifth of its portfolio in sector leaders such as Alphabet, which owns Google, and Microsoft, while also focussing on small and medium-sized companies with new, potentially disruptive technologies. This approach produced strong returns relative to its benchmark.

The US stockmarket did well in sterling despite the dollar's 1.61% fall against the pound. The dollar did, however, recover during the final quarter as Brexit fears weighed on sterling. The lack of clarity regarding Brexit and rising political risk following two cabinet resignations are strong arguments in favour of maintaining significant foreign currency assets in the portfolio. At the year end, the majority of the Company's cash was in dollars.

Among the global equity holdings, Polar Capital Technology was not alone in benefitting from its US holdings. Fundsmith Equity, where partial profits were taken in November 2017, gained 15.18%. Profits were also taken from the sale of Newton Global Income in May 2018. The higher-yielding Artemis Global Income holding lagged, however, rising 8.66%.

The Company's largest investment, FP Crux European, rose 2.92%, marginally outperforming the 2.70% gain from Europe excluding UK equities in sterling. Standard Life European Income underperformed, however, returning 1.38%. Investment in higher-yielding funds increased in November through the addition of Blackrock European Income.

In the UK, Man GLG UK Income outperformed, rising 13.47%, but the conservatively-managed Trojan Income holding fell 1.02%. UK equities ended the year relatively lowly valued and the market dividend yield looked attractive to income-seeking investors. UK larger companies may perform well if Brexit drives down sterling, with currency weakness enhancing their export competitiveness and the profits of their overseas operations on translation. Schroder Income, which holds stocks with "value" characteristics including high dividend yields, was added to the portfolio in May.

Smaller UK companies rose 7.64%, underperforming larger peers because of their domestic focus, which leaves them vulnerable to a poor outcome to the Brexit talks. Aberforth Split Level Income, which holds smaller stocks, rose just 0.71% but MI Brompton UK Recovery outperformed, rising 10.02%.

Equities in Asia excluding Japan and emerging markets rose 8.43% and 6.84% respectively in sterling but Liontrust Asia Income underperformed, rising 4.29%. Wells Fargo China was sold in favour of JP Morgan Emerging Market Income while Neptune Russia was replaced by the HSBC MSCI Russia Capped ETF. Russian equities outperformed, rising 24.29% as oil prices increased 57.46% in sterling terms, and Russia's market remained relatively resilient after the financial year end despite US sanctions.

Indian equities rose 4.76% in sterling despite the rupee's 7.18% fall. Stewart Indian Subcontinent outperformed, rising 11.09%. In response to high valuations, its manager bought more lowly-valued Indian information technology stocks as well as less well-researched stocks in Sri Lanka and Bangladesh.

Gold fell 1.41% in sterling as interest rate rises decreased the attraction of this nil-yielding asset and Blackrock Gold & General fell 9.88%. The potentially defensive characteristics of gold and gold shares, however, provide an important source of diversification to the portfolio given its minimal bond holdings.

Within the portfolio's private equity holdings, which accounted for 4.83% of assets at 30th June 2018, one company made a £2.8 million capital distribution to your Company following a disposal. The investment in the ongoing business was retained. Increased investments in Embark and another private equity investment were made and one new holding was added.

The focus on income-focused equity funds and interest income from the Company's dollar deposits has required the Company to pay an increased dividend.

OUTLOOK

Since Adam Smith wrote "An Inquiry into the Nature and Causes of the Wealth of Nations", most economists have supported free trade. Milton Friedman said import tariffs and export subsidies were "an indirect and concealed form of devaluation", a form of protectionism that served to "protect" consumers from low prices. It is, therefore, unsurprising that the Chinese responded to US tariffs with retaliatory tariffs and devaluation. Trump's protectionist rhetoric may in reality be an attempt to push China into buying more US goods and easing restrictions on US companies seeking to expand there, not a rejection of free trade principles. In the meantime, markets may remain volatile and capital flight from emerging markets into the dollar may continue. A swift resolution to the US-China trade dispute may in time confirm the recent sell-off in some markets as a buying opportunity. Over the longer term, a Chinese economic slowdown may be more concerning than the trade spat as Chinese policy makers seek to reduce public and private indebtedness.

Despite high valuations, US equities may be supported by strong consumer and business confidence, supportive monetary policy and Trump's fiscal stimulus. US superiority in sectors such as technology has also driven some stocks higher. The rise in US equities after the 2008 credit crisis has been one of the longest bull markets in history, causing investors to question how long the gains can continue. The Company has significant holdings in more lowly-valued markets where monetary policy is likely to remain accommodative for longer such as in Europe excluding the UK and, potentially, the UK, where sentiment may have become overly negative because of Brexit.

In July 2018, inflation was above central bank targets in the US, UK and the Eurozone, and central banks were reversing, or on course to reverse, the exceptionally loose conditions of recent years. This may generate falls for global bonds. Monetary policy has not, however, been restrictive and this may support global equities. If inflation and interest rates rise more rapidly than anticipated, generating falls for equities and bonds, the Company's investments in dollars, gold equities and lower-risk multi-asset funds should prove defensive.

SCHEDULE OF TWENTY LARGEST INVESTMENTS AT 30TH JUNE 2018

Holding	Activity	Bid-market value £ '000	Percentage of net assets
FP Crux European Special Situations Fund	Investment Fund	11,237	10.09
Polar Capital - Global Technology Fund	Investment Fund	5,473	4.91
Schroder Income Fund	Investment Fund	5,242	4.71
Fundsmith Equity Fund	Investment Fund	5,191	4.66
Aberforth Split Level Income Trust	Investment Company	4,859	4.36
Artemis Global Income Fund	Investment Fund	4,120	3.70
EF Brompton Global Conservative Fund	Investment Fund	4,105	3.69
BlackRock Continental European Income Fund	Investment Fund	3,699	3.32
Aquilus Inflection Fund	Investment Fund	3,562	3.20
Lindsell Train Japanese Equity Fund	Investment Fund	3,312	2.97
Embark Group	Unquoted Investment	3,268	2.93
Man GLG UK Income Fund	Investment Fund	2,929	2.63
BlackRock Gold & General Fund	Investment Fund	2,904	2.61
EF Brompton Global Opportunities Fund	Investment Fund	2,785	2.50
Liontrust Asia Income Fund	Investment Fund	2,768	2.49
MI Brompton UK Recovery Unit Trust	Investment Fund	2,746	2.47
Stewart Investors Indian Subcontinent Fund	Investment Fund	2,706	2.43
EF Brompton Global Equity Fund	Investment Fund	2,687	2.41
EF Brompton Global Growth Fund	Investment Fund	2,630	2.36
Trojan Income Fund	Investment Fund	2,384	2.14
		78,607	70.58
Balance not held in 20 investments above		17,694	15.89
Total investments (excluding cash)		96,301	86.47
Cash		15,027	13.49
Other net current assets		38	0.04
Net assets		111,366	100.00

The investment portfolio, excluding cash, can be further analysed as follows:

	£ '000
Investment funds	80,548
Investment companies and exchange traded funds	9,357
Unquoted investments, including interest bearing loans of £250,000	5,375

Other quoted investments	1,021
	96,301

SCHEDULE OF TWENTY LARGEST INVESTMENTS AT 30TH JUNE 2017

Holding	**Activity**	**Bid-market value £ '000**	**Percentage of net assets**
FP Crux European Special Situations Fund	Investment Fund	10,918	10.39
Fundsmith Equity Fund	Investment Fund	9,014	8.58
Newton Global Income Fund	Investment Fund	5,524	5.26
Aberforth Split Level Income Trust	Investment Company	4,898	4.66
Polar Capital - Global Technology Fund	Investment Fund	4,208	4.01
EF Brompton Global Conservative Fund	Investment Fund	4,014	3.82
Artemis Global Income Fund	Investment Fund	3,930	3.74
Aquilus Inflection Fund	Investment Fund	3,364	3.20
BlackRock Gold & General Fund	Investment Fund	3,223	3.07
Embark Group	Unquoted Investment	3,130	2.98
Liontrust Asia Income Fund	Investment Fund	2,777	2.64
Man GLG UK Income Fund	Investment Fund	2,732	2.60
Lindsell Train Japanese Equity Fund	Investment Fund	2,694	2.56
EF Brompton Global Opportunities Fund	Investment Fund	2,652	2.53
EF Brompton Global Growth Fund	Investment Fund	2,515	2.39
EF Brompton Global Equity Fund	Investment Fund	2,508	2.39
MI Brompton UK Recovery Trust	Investment Fund	2,496	2.38
Trojan Income Fund	Investment Fund	2,449	2.33
Stewart Investors Indian Subcontinent Fund	Investment Fund	2,436	2.32
EF Brompton Global Income Fund	Investment Fund	2,215	2.11
		77,697	73.96
Balance not held in 20 investments above		14,033	13.36
Total investments (excluding cash)		91,730	87.32
Cash		13,451	12.80
Other net current assets		(125)	(0.12)
Net assets		105,056	100.00

The investment portfolio, excluding cash, can be further analysed as follows:

	£ '000
Investment funds	78,326
Investment companies and exchange traded funds	7,920
Unquoted investments, including interest bearing loans of £250,000	4,810

Other quoted investments	674
	91,730

STRATEGIC REVIEW

The Strategic Review is designed to provide information primarily about the Company's business and results for the year ended 30th June 2018. The Strategic Review should be read in conjunction with the Chairman's Statement and the Investment Manager's Report, which provide a review of the year's investment activities of the Company and the outlook for the future.

STATUS

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

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

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

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

Investment Policy

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

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

Net assets at 30th June 2018 amounted to £111,366,000 compared with £105,056,000 at 30th June 2017. In the year under review, the NAV per Ordinary share increased by 6.0% from 147.92p to 156.80p, after paying a dividend of 0.8p per share.

The Group's gross revenue rose to £1,776,000 (2017: £1,715,000). Last year the Company decided to increase its investment in income focused funds resulting in an increase in gross income during the year under review. After deducting expenses and taxation the revenue profit for the year was £831,000 (2017: £810,000).

Total expenses for the year amounted to £940,000 (2017: £898,000). In the year under review the investment management fee amounted to £668,000 (2017: £622,000). No performance fee was payable in respect of the year under review as the Company has not outperformed the cumulative hurdle rate. At 30 June 2018 the hurdle rate NAV was slightly above the Company's NAV. Further details on the Company's expenses may be found in notes 3 and 4.

Dividends have not formed a central part of the Company's investment objective. The increased investment in income focused funds has enabled the Directors to declare an increased dividend. The Directors propose a final dividend of 1.0p per Ordinary share in respect of the year ended 30th June 2018 (2017: 0.8p). If approved at the Annual General Meeting, the dividend will be paid on 30th November 2018 to shareholders on the register at the close of business on 16th November 2018 (ex-dividend 15th November 2018).

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

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

Throughout the year the Group's investments included seven funds managed by the Investment Manager (2017: seven). No investment management fees were payable directly by the Company in respect of these investments.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Investment strategy

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

Business conditions and general economy

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

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

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

Net asset value discount

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

Investment Manager

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

Tax and regulatory risks

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

Operational

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

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

VIABILITY STATEMENT

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

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

The Company has no employees, with day-to-day management and administration of the Company being delegated to the Investment Manager and the Administrator. The Company's portfolio is managed in accordance with the investment objective and policy; environmental, social and community matters are considered to the extent that they potentially impact on the Company's investment returns. Additionally, as the Company has no premises, properties or equipment, it has no carbon emissions to report on.

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

GENDER DIVERSITY

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30TH JUNE 2018

		Year ended 30th June 2018			Year ended 30th June 2017		
		Revenue Return	**Capital Return**	**Total**	Revenue Return	Capital Return	Total
	Notes	**£ '000**	**£ '000**	**£ '000**	£ '000	£ '000	£ '000
INVESTMENT INCOME	*2*	**1,654**	**-**	**1,654**	1,686	-	1,686
Other operating income	*2*	**122**	**-**	**122**	29	-	29
		1,776	**-**	**1,776**	1,715	-	1,715
GAINS AND LOSSES ON INVESTMENTS							
Gains on investments at fair value through profit or loss	*9*	**-**	**6,218**	**6,218**	-	14,814	14,814
Other exchange (losses)/gains		**-**	**(176)**	**(176)**	-	367	367
Trail rebates		**-**	**5**	**5**	-	4	4
		1,776	**6,047**	**7,823**	1,715	15,185	16,900
EXPENSES							
Management fees	*3*	**(668)**	**-**	**(668)**	(622)	-	(622)
Other expenses	*4*	**(272)**	**-**	**(272)**	(276)	-	(276)
		(940)	**-**	**(940)**	(898)	-	(898)
PROFIT BEFORE TAX		**836**	**6,047**	**6,883**	817	15,185	16,002
Tax	*5*	**(5)**	**-**	**(5)**	(7)	-	(7)
PROFIT FOR THE YEAR		**831**	**6,047**	**6,878**	810	15,185	15,995
EARNINGS PER SHARE							
Ordinary shares (pence)	*7*	**1.17p**	**8.51p**	**9.68p**	1.14p	21.38p	22.52p

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

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 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 2018

	Note	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2017		**710**	**21,573**	**56,908**	**25,865**	**105,056**
Total comprehensive income for the year		**-**	**-**	**-**	**6,878**	**6,878**
Dividend paid	*8*	**-**	**-**	**-**	**(568)**	**(568)**
AT 30TH JUNE 2018		**710**	**21,573**	**56,908**	**32,175**	**111,366**

Included within Retained earnings were £1,112,000 of Company reserves available for distribution.

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

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

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

CONSOLIDATED BALANCE SHEET AT 30TH JUNE 2018

	Notes	**30th June 2018 £ '000**	30th June 2017 £ '000
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	*9*	**96,301**	91,730
CURRENT ASSETS			
Other receivables	*11*	**272**	85
Cash and cash equivalents	*12*	**15,027**	13,451
		15,299	13,536
TOTAL ASSETS		**111,600**	105,266
CURRENT LIABILITIES			
Other payables	*13*	**(234)**	(210)
TOTAL ASSETS LESS CURRENT LIABILITIES		**111,366**	105,056
NET ASSETS		**111,366**	105,056
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*	**32,175**	25,865
TOTAL EQUITY		**111,366**	105,056
NET ASSET VALUE PER ORDINARY SHARE	*16*	**156.80p**	147.92p

CONSOLIDATED CASH FLOW STATEMENTS AT 30TH JUNE 2018

	Notes	**Year ended 30th June 2018 Group £ '000**	Year ended 30th June 2017 Group £ '000
NET CASH INFLOW FROM OPERATING ACTIVITIES		**673**	808
INVESTING ACTIVITIES			
Purchase of investments		**(16,016)**	(6,500)
Sale of investments		**17,663**	9,051
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**1,647**	2,551
FINANCING			
Equity dividends paid	8	**(568)**	(213)
NET CASH INFLOW/(OUTFLOW) AFTER FINANCING		**(568)**	(213)
INCREASE IN CASH		**1,752**	3,146
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH & CASH EQUIVALENTS			
Increase in cash resulting from cash flows		**1,752**	3,146
Exchange movements		**(176)**	367
Movement in net funds		**1,576**	3,513
Net funds at start of the year		**13,451**	9,938
CASH & CASH EQUIVALENTS AT END OF YEAR	17	**15,027**	13,451
RECONCILIATION OF PROFIT BEFORE FINANCE COSTS AND TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Profit before finance costs and taxation	2	**6,883**	16,002
Gains on investments		**(6,218)**	(14,814)
Exchange differences		**176**	(367)
Capital trail rebates		**(5)**	(4)
Net revenue gains before finance costs and taxation		**836**	817
Increase in debtors		**(187)**	(18)

Increase in creditors	**24**	24
Taxation	**(5)**	(19)
Capital trail rebates	**5**	4
NET CASH INFLOW FROM OPERATING ACTIVITIES	**673**	808

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2018

1. ACCOUNTING POLICIES

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

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

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

Where presentational guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') issued by the Association of Investment Companies ('AIC') in November 2014 and updated in February 2018 with consequential amendments is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Basis of consolidation: The consolidated financial statements include the accounts of the Company and its subsidiary made up to 30th June 2018. No statement of comprehensive income is presented for the parent company as permitted by Section 408 of the Companies Act 2006.

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

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

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

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

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

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

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

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

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

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

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

(j) *Capital reserve*: The following are accounted for in this reserve:

- gains and losses on the realisation of investments together with the related taxation effect;
- foreign exchange gains and losses on capital transactions, including those on settlement, together with the related taxation effect;
- revaluation gains and losses on investments; and
- trail rebates received from the managers of the Company's investments.

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

(k) *Revenue reserve*: This reserve includes net revenue recognised in the revenue column of the Statement of Comprehensive Income.

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

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

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

(o) *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.

(p) *New standards, amendments to standards and interpretations effective for annual accounting periods beginning after 1 July 2017:*

There have been no new standards, amendment to standards and interpretations effective for annual accounting periods beginning after 1 July 2017 that impact these financial statements.

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

The revised IFRS 9 Financial Instruments replaces IAS 39 and applies to the classification and measurement and impairment of financial assets and financial liabilities, and hedge accounting. The adoption of IFRS 9 will have an effect on the classification of the Group's financial assets, but will have no impact on the classification and measurement of financial liabilities. It will also introduce a new expected loss impairment model requiring more timely recognition of expected credit losses and a reformed model for hedge accounting with enhanced disclosure of risk management activity. The standard is effective for annual periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers' (IFRS 15) supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations. The revenue of the Group is not within the scope of IFRS 15 and therefore it has had no material impact on adoption.

2. INVESTMENT INCOME

	Year ended 30th June 2018 £ '000	Year ended 30th June 2017 £ '000
INCOME FROM INVESTMENTS		
UK net dividend income	**1,481**	1,540
Unfranked investment income	**173**	146
	1,654	1,686
OTHER OPERATING INCOME		
Bank interest receivable	**111**	28
Loan interest income	**11**	1
	122	29
TOTAL INCOME COMPRISES		
Dividends	**1,654**	1,686
Other income	**122**	29
	1,776	1,715

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

3. MANAGEMENT FEES

	Year ended 30th June 2018			Year ended 30th June 2017		
	Revenue £ '000	**Capital £ '000**	**Total £ '000**	Revenue £ '000	Capital £ '000	Total £ '000
Investment management fee	**668**	**-**	**668**	622	-	622
Performance fee	**-**	**-**	**-**	-	-	-
	668	**-**	**668**	622	-	622

At 30th June 2018 there were amounts accrued of £173,000 (2017: £162,000) for investment management fees.

4. OTHER EXPENSES

	Year ended 30th June 2018 £ '000	Year ended 30th June 2017 £ '000
Directors' remuneration	**48**	50
Administrative and secretarial fee	**94**	94
Auditors' remuneration		
- Audit	**31**	31
- Interim review	**8**	8
Other	**91**	93
	272	276
Allocated to:		
- Revenue	**272**	276
- Capital	**-**	-
	272	276

5. TAXATION

(a) Analysis of tax charge for the year:

	Year ended 30th June 2018			Year ended 30th June 2017		
	Revenue Return £ '000	**Capital Return £ '000**	**Total £ '000**	Revenue Return £ '000	Capital Return £ '000	Total £ '000
Overseas tax	**17**	**-**	**17**	18	-	18
Recoverable income tax	**(12)**	**-**	**(12)**	(11)	-	(11)
Total current tax for the year	**5**	**-**	**5**	7	-	7
Deferred tax	**-**	**-**	**-**	-	-	-
Total tax for the year (note 5b)	**5**	**-**	**5**	7	-	7

(b) Factors affecting tax charge for the year:

The charge for the year of £5,000 (2017: £7,000) can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	Year ended 30th June 2018 £ '000	Year ended 30th June 2017 £ '000
Total profit before tax	**6,883**	16,002
Theoretical tax at the UK corporation tax rate of 19.00% (2017: 19.75%)	**1,307**	3,162
Effects of:		
Non-taxable UK dividend income	**(281)**	(304)
Gains and losses on investments that are not taxable	**(1,148)**	(3,000)
Excess expenses not utilised	**138**	153
Overseas dividends which are not taxable	**(16)**	(11)
Overseas tax	**17**	18
Recoverable income tax	**(12)**	(11)
Total tax for the year	**5**	7

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

There is no deferred tax (2017: £nil) in the capital account of the Company. There is no deferred tax charge in the revenue account (2017: £nil).

At the year-end there is an unrecognised deferred tax asset of £478,000 (2017: £386,000) based on the enacted tax rates of 17% for financial years beginning 1 April 2020 as a result of excess expenses.

6. COMPANY RETURN FOR THE YEAR

The Company's total return for the year was £6,878,000 (2017: £15,995,000).

7. RETURN PER ORDINARY SHARE

Total return per Ordinary share is based on the Group total return on ordinary activities after taxation of £6,878,000 (2017: £15,995,000) and on 71,023,695 (2017: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Revenue return per Ordinary share is based on the Group revenue profit on ordinary activities after taxation of £831,000 (2017: £810,000) and on 71,023,695 (2017: 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 £6,047,000 (2017: £15,185,000) and on 71,023,695 (2017: 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 2018 £ '000	Year ended 30th June 2017 £ '000
Dividends paid during the year	**568**	213
Dividends payable in respect of the year ended:		
30th June 2018: 1.0p (2017: 0.8p) per share	**710**	568

It is proposed that a dividend of 1.0p per share will be paid in respect of the current financial year.

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 30th June 2018 £ '000	Year ended 30th June 2017 £ '000
GROUP AND COMPANY	**96,301**	91,730

ANALYSIS OF INVESTMENT PORTFOLIO – GROUP AND COMPANY

	Quoted* £ '000	**Unquoted £ '000**	**Total £ '000**
Opening book cost	**55,791**	**7,555**	**63,346**
Opening investment holding gains/(losses)	**31,129**	**(2,745)**	**28,384**
Opening valuation	**86,920**	**4,810**	**91,730**
Movement in period			
Purchases at cost	**14,821**	**1,195**	**16,016**
Sales			

- Proceeds	**(14,820)**	**(2,843)**	**(17,663)**
- Realised gains on sales	**5,782**	**1,675**	**7,457**
Movement in investment holding gains for the year	**(1,778)**	**539**	**(1,239)**
Closing valuation	**90,925**	**5,376**	**96,301**
Closing book cost	**61,574**	**7,582**	**69,156**
Closing investment holding gains/(losses)	**29,351**	**(2,206)**	**27,145**
Closing valuation	**90,925**	**5,376**	**96,301**

* Quoted investments include unit trust and OEIC funds and one monthly priced fund.

	Year ended 30th June 2018 £ '000	Year ended 30th June 2017 £ '000
ANALYSIS OF CAPITAL GAINS AND LOSSES		
Realised gains on sales of investments	**7,457**	2,739
(Decrease)/Increase in investment holding gains	**(1,239)**	12,075
Net gains on investments attributable to ordinary shareholders	**6,218**	14,814

Transaction costs

The purchase and sale proceeds figures above include transaction costs on purchases of £8,870 (2017: £2,282) and on sales of £626 (2017: £nil).

10. INVESTMENT IN SUBSIDIARY UNDERTAKING

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

The financial position of the subsidiary is summarised as follows:

	Year ended 30th June 2018 £ '000	Year ended 30th June 2017 £ '000
Net assets brought forward	**504**	503
Profit for year	**2**	1
Net assets carried forward	**506**	504

11. OTHER RECEIVABLES

	30th June 2018 Group £ '000	**30th June 2018 Company £ '000**	30th June 2017 Group £ '000	30th June 2017 Company £ '000

Prepayments and accrued income	**257**	**257**	70	70
Taxation	**15**	**15**	15	15
Amounts owed by subsidiary undertakings	**-**	**-**	-	914
	272	**272**	85	999

12. CASH AND CASH EQUIVALENTS

	30th June 2018 Group £ '000	**30th June 2018 Company £ '000**	30th June 2017 Group £ '000	30th June 2017 Company £ '000
Cash at bank and on deposit	**15,027**	**15,027**	13,451	12,033

13. OTHER PAYABLES

	30th June 2018 Group £ '000	**30th June 2018 Company £ '000**	30th June 2017 Group £ '000	30th June 2017 Company £ '000
Accruals	**234**	**234**	210	210
Amounts owed to subsidiary undertakings	**-**	**506**	-	-
	234	**740**	210	210

14. CALLED UP SHARE CAPITAL

	30th June 2018 £ '000	30th June 2017 £ '000
Authorised		
305,000,000 (2017: 305,000,000) Ordinary shares of £0.01 each	**3,050**	3,050
Issued and fully paid		
71,023,695 (2017: 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 2017	**21,573**	**56,908**	**25,865**
Decrease in investment holding gains	**-**	**-**	**(1,239)**
Net gains on realisation of investments	**-**	**-**	**7,457**
Gain on foreign currency	**-**	**-**	**(176)**
Trail rebates	**-**	**-**	**5**

Retained revenue profit for year	-	-	831
Dividend paid			(568)
At 30th June 2018	21,573	56,908	32,175

	Share Premium account £ '000	Special Reserve £ '000	Retained earnings £ '000
COMPANY			
At 30th June 2017	21,573	56,908	25,865
Decrease in investment holding gains	-	-	(1,237)
Net gains on realisation of investments	-	-	7,457
Gain on foreign currency	-	-	(176)
Trail rebates	-	-	5
Retained revenue profit for year	-	-	829
Dividend paid			(568)
At 30th June 2018	21,573	56,908	32,175

The components of retained earnings are set out below:

	30th June 2018 £ '000	30th June 2017 £ '000
GROUP		
Capital reserve - realised	3,764	(3,522)
Capital reserve - revaluation	27,145	28,384
Revenue reserve	1,266	1,003
	32,175	25,865
COMPANY		
Capital reserve - realised	3,412	(3,874)
Capital reserve - revaluation	27,651	28,888
Revenue reserve	1,112	851
	32,175	25,865

16. NET ASSET VALUE PER ORDINARY SHARE7

The net asset value per Ordinary share is calculated on net assets of £111,366,000 (2017: £105,056,000) and 71,023,695 (2017: 71,023,695) Ordinary shares in issue at the year end.

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

	At 1st July 2017 £ '000	Cash flow	Exchange movement	**At 30th June 2018 £ '000**
GROUP				
Cash at bank and on deposit	13,451	1,752	(176)	**15,027**
COMPANY				
Cash at bank and on deposit	12,033	3,170	(176)	**15,027**

18. FINANCIAL INFORMATION

2018 Financial information

The figures and financial information for 2018 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 2018.

2017 Financial information

The figures and financial information for 2017 are extracted from the published Annual Report and Accounts for the year ended 30th June 2017 and do not constitute the statutory accounts for that year. The Annual Report and Accounts (available on the Company's website www.nsitplc.com) has been delivered to the Registrar of Companies and includes the Report and Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

Annual Report and Accounts

The accounts for the year ended 30th June 2018 will be sent to shareholders in October 2018 and will be available on the Company's website or in hard copy format at the Company's registered office, 1 Knightsbridge Green, London SW1X 7QA.

The Annual General Meeting of the Company will be held on 15th November 2018 at 11.00am at 1 Knightsbridge Green, London SW1X 7QA.

20th September 2018