

**The Law Debenture Corporation p.l.c. and its subsidiaries**  
**HALF YEARLY REPORT FOR THE SIX MONTHS TO 30 JUNE 2017 (unaudited)**

The directors recommend an interim dividend of 5.5p on the ordinary shares for the six months to 30 June 2017. The report including the unaudited results for the period was as follows:

**Group summary**

From its origins in 1889, Law Debenture has diversified to become a group with a unique range of activities in the financial and professional services sectors. The group divides into two distinct areas of business.

**Investment trust**

We are a global investment trust, listed on the London Stock Exchange.

Our portfolio of investments is managed by Henderson Global Investors Limited and the fund manager is James Henderson under a contract terminable by either side on six months' notice.

Our objective is to achieve long term capital growth in real terms and steadily increasing income. The aim is to achieve a higher rate of total return than the FTSE Actuaries All-Share Index through investing in a portfolio diversified both geographically and by industry.

**Independent professional services**

We have decided to rename our businesses, better to reflect the nature of the services that we provide. We are a leading provider of independent professional services. Our activities are corporate trusts, pension trusts, corporate services (including agent for service of process), whistle blowing services and governance services. We have offices in London, Sunderland, Dublin, New York, Delaware, Hong Kong, the Channel Islands and the Cayman Islands.

Companies, agencies, organisations and individuals throughout the world rely upon Law Debenture to carry out its duties with the independence and professionalism upon which its reputation is built.

**Registered office**

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(Registered in England No 30397)

## Performance to 30 June 2017

	6 months	1 year	5 years	10 years
	%	%	%	%
Share price total return <sup>1</sup>	<b>10.2</b>	21.3	78.0	126.6
NAV total return <sup>1</sup>	<b>9.3</b>	25.9	82.1	129.0
FTSE All-Share Index total return	<b>5.5</b>	18.1	65.2	68.5

<sup>1</sup> Calculated in accordance with AIC methodology based on NAV at fair value

	30 June 2017
	%
Ongoing charges <sup>1</sup>	<b>0.43</b>
Gearing <sup>1</sup>	<b>6</b>

Ongoing charges are based on the costs of the investment trust and include the Henderson management fee of 0.30% of NAV for the investment trust. There is no performance element related to the fee.

<sup>1</sup> Source: AIC

## Financial summary

	30 June 2017	30 June 2016	31 December 2016
	pence	pence	pence
Net revenue return per share:			
- Investment trust	<b>8.11</b>	7.05	10.88
- Independent professional services	<b>3.26</b>	3.44	7.68
- Group charges	-	-	(2.60)
Group net revenue return per share	<b>11.37</b>	10.49	15.96
Capital return per share	<b>39.49</b>	13.30	89.30
Dividends per share	<b>5.50</b>	5.20	16.70
Share price	<b>572.00</b>	486.50	530.00
NAV per share <sup>1</sup>	<b>641.10</b>	519.18	598.48
	%	%	%
(Discount)	<b>(10.8)</b>	(6.3)	(11.4)

<sup>1</sup> Calculated in accordance with AIC methodology based on NAV including fair value of IPS businesses and long term borrowings

## NAV per share

	30 June 2017	30 June 2016	31 December 2016
	pence	pence	pence
NAV per share per financial statements	<b>599.96</b>	485.56	560.73
Fair value adjustment for IPS	<b>65.99</b>	56.48	62.37
Debt fair value adjustment	<b>(24.85)</b>	(22.86)	(24.62)
NAV per share as disclosed with debt at fair value	<b>641.10</b>	519.18	598.48

## Fair valuation of the independent professional services businesses

The fair valuation of the independent professional services businesses (IPS) is based upon the historic earnings before interest, taxation, depreciation and amortisation (EBITDA), an appropriate multiple and the surplus net assets of the business at their underlying fair value. The multiple applied in valuing the IPS is from comparable companies sourced from market data, with appropriate adjustments to reflect the difference between the comparable companies and the IPS in respect of growth, margin, size and liquidity.

## Fair valuation of the IPS

	<b>30 June 2017 £000</b>	30 June 2016 £000	31 December 2016 £000
EBITDA at a multiple of 8.3 (30 June 2016: 7.9; 31 December 2016: 8.1)	<b>82,004</b>	73,865	80,028
Surplus net assets	<b>16,730</b>	15,823	9,908
	<b>98,734</b>	89,688	89,936

An increase or decrease of 1 in the multiple would give rise to a £9.9 million change in the fair valuation of the IPS. The adjustment to NAV to reflect the IPS fair value is an increase of 65.99p per share (30 June 2016: 56.48p; 31 December 2016: 62.37p).

## Half yearly management report

### Performance

Our Net Asset Value total return for the six months to 30 June 2017 was 9.3%, compared to a total return of 5.5% for the FTSE Actuaries All-Share Index. Net revenue per share was 11.37p, 8.4% higher than the corresponding period last year (2016: 10.49p).

### Dividend

The board has declared an interim dividend of 5.5p (2016: 5.2p). The dividend will be paid on 8 September 2017 to holders on the record date of 11 August 2017. The current expectation of the directors is that the final dividend will be at least maintained.

### Investment trust

The NAV rose 9.3% (with debt at fair value) while the FTSE All-Share Index rose 5.5%. The underlying equity portfolio rose 8.5%. The global economy continued to grow and outside the UK inflation remained muted. This is a benign background for equity investment and is one of the factors behind the continued satisfactory performance of global markets. For UK investors, it was a more testing period, with renewed political uncertainty adding to the continuing murmur of concerns over Brexit and the currency devaluation last year adding inflationary pressure. That said, company results in aggregate came through marginally better than expected.

In absolute terms the holding in Rolls Royce added the most value during the period as its share price began to reflect the long term strengths of the company. The holdings in Watkin Jones (which builds student accommodation) and International Consolidated Airlines (which includes British Airways) were the next largest contributors. The biggest absolute detractor was Royal Dutch Shell as a result of the fall in the oil price. Interserve and IP Group were also among the largest detractors. In both cases we have maintained the holdings as we believe they should recover in time.

During the period, Henderson Global Investors Limited, which continues to be our fund manager, formally became part of the Janus Henderson Group.

## Outlook

Global equity markets have been moving upwards since the spring of 2009, but the global bull run will not continue indefinitely. In the UK, there are signs of a slowdown. Valuations are at the higher end of their long term range so equity investors need to be increasingly careful in stock selection. The companies held in the portfolio in aggregate are generating cash, which is leading to increased dividend payments. With interest rates continuing at historically low levels, and in the absence of alternatives, the income (and income growth) available from equities continues for the time being to make them look a relatively attractive asset class.

## Independent professional services

As indicated in the 2016 annual report, we have implemented a strategy within each business line that is focused on organic growth. As part of this strategy we have decided to rename the independent fiduciary services business to Independent Professional Services, or IPS.

Law Debenture's IPS businesses will consistently highlight the unique strengths of our independent service offering, namely the quality of our:

- service;
- people;
- reputation; and
- clients.

The focus on growth will require some time and investment. The 2017 full year results are anticipated to be broadly in line with recent years. However the future growth agenda is already firmly in place and the early indicators are positive.

Revenue, net of cost of sales, which represents legal costs recharged to clients, decreased by 1.8% over the corresponding period last year. Administration costs decreased by 3.6%. Profit before tax increased by 4.7%. Performance in the first half was reasonable across all IPS businesses and we expect this to continue in the second half of the year. The tax charge has increased as a result of changes made by HMRC regarding tax relief of interest, which was highlighted in the 2016 Annual Report.

## Group income statement

for the six months ended 30 June (unaudited)

	30 June 2017			30 June 2016		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
UK dividends	10,135	-	10,135	9,316	-	9,316
UK special dividends	743	-	743	888	-	888
Overseas dividends	2,537	-	2,537	1,755	-	1,755
Overseas special dividends	50	-	50	114	-	114
	13,465	-	13,465	12,073	-	12,073
Interest income	47	-	47	110	-	110
Independent professional services fees	14,669	-	14,669	14,166	-	14,166
Other income	220	-	220	194	-	194
<b>Total income</b>	<b>28,401</b>	<b>-</b>	<b>28,401</b>	<b>26,543</b>	<b>-</b>	<b>26,543</b>
Net gain on investments held at fair value through profit or loss	-	46,828	46,828	-	15,803	15,803
<b>Gross income and capital gains</b>	<b>28,401</b>	<b>46,828</b>	<b>75,229</b>	<b>26,543</b>	<b>15,803</b>	<b>42,346</b>
Cost of sales	(1,838)	-	(1,838)	(1,085)	-	(1,085)
Administrative expenses	(10,287)	(178)	(10,465)	(10,278)	(107)	(10,385)
<b>Operating profit</b>	<b>16,276</b>	<b>46,650</b>	<b>62,926</b>	<b>15,180</b>	<b>15,696</b>	<b>30,876</b>
<b>Finance costs</b>						
Interest payable	(2,322)	-	(2,322)	(2,690)	-	(2,690)
<b>Profit before taxation</b>	<b>13,954</b>	<b>46,650</b>	<b>60,604</b>	<b>12,490</b>	<b>15,696</b>	<b>28,186</b>

Taxation	(521)	-	(521)	(106)	-	(106)
<b>Profit for period</b>	<b>13,433</b>	<b>46,650</b>	<b>60,083</b>	12,384	15,696	28,080
<b>Return per ordinary share (pence)</b>	<b>11.37</b>	<b>39.49</b>	<b>50.86</b>	10.49	13.30	23.79
Diluted return per ordinary share (pence)	11.37	39.49	50.86	10.49	13.30	23.79

## Statement of comprehensive income

for the six months ended 30 June (unaudited)

	30 June 2017			30 June 2016		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit for the period	13,433	46,650	60,083	12,384	15,696	28,080
Foreign exchange on translation of foreign operations	-	(119)	(119)	-	735	735
Other comprehensive income for the period	-	(119)	(119)	-	735	735
<b>Total comprehensive income for the period</b>	<b>13,433</b>	<b>46,531</b>	<b>59,964</b>	12,384	16,431	28,815

## Group statement of financial position

	30 June 2017 (unaudited) £000	30 June 2016 (unaudited) £000	31 December 2016 (audited) £000
<b>Assets</b>			
<b>Non current assets</b>			
Goodwill	1,941	2,350	1,968
Property, plant and equipment	136	204	161
Other intangible assets	145	6	70
Investments held at fair value through profit or loss	735,791	629,225	696,080
Deferred tax assets	1,076	703	1,312
<b>Total non current assets</b>	<b>739,089</b>	632,488	699,591
<b>Current assets</b>			
Trade and other receivables	6,910	5,863	6,680
Other accrued income and prepaid expenses	6,068	5,056	4,603
Derivative financial instruments	1,017	-	-
Cash and cash equivalents	94,462	68,239	94,804
<b>Total current assets</b>	<b>108,457</b>	79,158	106,087
<b>Total assets</b>	<b>847,546</b>	711,646	805,678
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11,534	11,960	13,346
Corporation tax payable	23	189	-
Other taxation including social security	597	665	444
Deferred income	3,871	4,202	3,826
Derivative financial instruments	-	1,731	2,029
<b>Total current liabilities</b>	<b>16,025</b>	18,747	19,645
<b>Non current liabilities and deferred income</b>			

Long term borrowings	114,046	114,002	114,024
Retirement benefit obligations	1,863	972	2,300
Deferred income	4,199	4,747	4,318
Provision for onerous contracts	2,551	-	3,106
<b>Total non current liabilities</b>	<b>122,659</b>	<b>119,721</b>	<b>123,748</b>
<b>Total net assets</b>	<b>708,862</b>	<b>573,178</b>	<b>662,285</b>
<b>Equity</b>			
Called up share capital	5,918	5,916	5,917
Share premium	8,753	8,667	8,722
Own shares	(1,034)	(1,467)	(1,197)
Capital redemption	8	8	8
Translation reserve	2,037	1,644	2,156
Capital reserves	655,727	519,345	609,077
Retained earnings	37,453	39,065	37,602
<b>Total equity</b>	<b>708,862</b>	<b>573,178</b>	<b>662,285</b>

## Group statement of cash flows

	30 June 2017 (unaudited) £000	30 June 2016 (unaudited) £000	31 December 2016 (audited) £000
<b>Operating activities</b>			
Operating profit before interest payable and taxation	62,926	30,876	129,796
(Gains) on investments	(46,650)	(15,696)	(105,428)
Foreign exchange (gains)	(11)	(102)	(68)
Depreciation of property, plant and equipment	49	58	112
Amortisation of intangible assets	21	10	20
Provision for impairment of goodwill	-	-	418
(Increase)/decrease in receivables	(1,695)	1,042	678
(Decrease)/increase in payables	(1,659)	(644)	1,763
Transfer from capital reserves	(40)	(46)	(157)
Pension contributions in excess of cost	(437)	(428)	(1,300)
<b>Cash generated from operating activities</b>	<b>12,504</b>	<b>15,070</b>	<b>25,834</b>
Taxation	(262)	(302)	(560)
<b>Operating cash flow</b>	<b>12,242</b>	<b>14,768</b>	<b>25,274</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	(27)	(48)	(53)
Expenditure on intangible assets	(96)	-	(75)
Purchase of investments	(38,385)	(51,132)	(91,494)
Sale of investments	45,442	59,127	122,248
<b>Cash flow from investing activities</b>	<b>6,934</b>	<b>7,947</b>	<b>30,626</b>
<b>Financing activities</b>			
Derivative financial instrument	(1,148)	-	(4,775)
Interest paid	(2,888)	(2,690)	(5,542)
Dividends paid	(13,582)	(12,983)	(19,122)
Proceeds of increase in share capital	32	-	56
Purchase of own shares	163	26	296
<b>Net cash flow from financing activities</b>	<b>(17,423)</b>	<b>(15,647)</b>	<b>(29,087)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,753</b>	<b>7,068</b>	<b>26,813</b>
Cash and cash equivalents at beginning of period	94,804	60,301	60,301
Foreign exchange (losses)/gains on cash and cash equivalents	(2,095)	870	7,690
<b>Cash and cash equivalents at end of period</b>	<b>94,462</b>	<b>68,239</b>	<b>94,804</b>
<b>Cash and cash equivalents comprise</b>			
Cash and cash equivalents	94,462	68,239	94,804

## Group statement of changes in equity

	Share capital £000	Share premium £000	Own shares £000	Capital redemption £000	Translation reserve £000	Capital reserves £000	Retained earnings £000	Total £000
Equity at 1 January 2017	5,917	8,722	(1,197)	8	2,156	609,077	37,602	<b>662,285</b>
Profit	-	-	-	-	-	46,650	13,433	<b>60,083</b>
Foreign exchange	-	-	-	-	(119)	-	-	<b>(119)</b>
Total comprehensive income for the period	-	-	-	-	(119)	46,650	13,433	<b>59,964</b>
Issue of shares	1	31	-	-	-	-	-	<b>32</b>
Movement in own shares	-	-	163	-	-	-	-	<b>163</b>
Dividend relating to 2016	-	-	-	-	-	-	(13,582)	<b>(13,582)</b>
<b>Total equity at 30 June 2017</b>	<b>5,918</b>	<b>8,753</b>	<b>(1,034)</b>	<b>8</b>	<b>2,037</b>	<b>655,727</b>	<b>37,453</b>	<b>708,862</b>

## Group segmental analysis

	Investment trust			Independent professional services			Group charges			Total		
	30 June 2017	30 June 2016	31 Dec 2016	30 June 2017	30 June 2016	31 Dec 2016	30 June 2017	30 June 2016	31 Dec 2016	30 June 2017	30 June 2016	31 Dec 2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue												
Income	<b>13,465</b>	12,073	20,477	<b>14,669</b>	14,166	30,735	-	-	-	<b>28,134</b>	26,239	51,212
Other income	<b>63</b>	53	74	<b>157</b>	141	151	-	-	-	<b>220</b>	194	225
Cost of sales	-	-	-	<b>(1,838)</b>	(1,085)	(3,565)	-	-	-	<b>(1,838)</b>	(1,085)	(3,565)
Administration costs	<b>(1,661)</b>	(1,327)	(2,739)	<b>(8,626)</b>	(8,951)	(17,573)	-	-	(464)	<b>(10,287)</b>	(10,278)	(20,776)
Provision for onerous contracts	-	-	-	-	-	-	-	-	(3,031)	-	-	(3,031)
	<b>11,867</b>	10,799	17,812	<b>4,362</b>	4,271	9,748	-	-	(3,495)	<b>16,229</b>	15,070	24,065
Interest (net)	<b>(2,280)</b>	(2,479)	(4,964)	<b>5</b>	(101)	(275)	-	-	-	<b>(2,275)</b>	(2,580)	(5,239)
Return, including profit on ordinary activities before taxation	<b>9,587</b>	8,320	12,848	<b>4,367</b>	4,170	9,473	-	-	(3,495)	<b>13,954</b>	12,490	18,826
Taxation	-	-	-	<b>(521)</b>	(106)	(405)	-	-	422	<b>(521)</b>	(106)	17
Return, including profit attributable to shareholders	<b>9,587</b>	8,320	12,848	<b>3,846</b>	4,064	9,068	-	-	(3,073)	<b>13,433</b>	12,384	18,843
Revenue return per ordinary share (pence)	<b>8.11</b>	7.05	10.88	<b>3.26</b>	3.44	7.68	-	-	(2.60)	<b>11.37</b>	10.49	15.96
Assets	<b>784,123</b>	653,711	743,248	<b>63,070</b>	57,935	62,052	<b>353</b>	-	378	<b>847,546</b>	711,646	805,678
Liabilities	<b>(96,025)</b>	(103,546)	(97,230)	<b>(40,108)</b>	(34,922)	(43,057)	<b>(2,551)</b>	-	(3,106)	<b>(138,684)</b>	(138,468)	(143,393)
Total net assets	<b>688,098</b>	550,165	646,018	<b>22,962</b>	23,013	18,995	<b>(2,198)</b>	-	(2,728)	<b>708,862</b>	573,178	662,285

The capital element of the income statement is wholly attributable to the investment trust.

## Analysis of the investment portfolio

### By geographical location

	Valuation 31 December 2016 £000	Purchases £000	Costs of acquisition £000	Sales proceeds £000	Appreciation /(depreciation) £000	Valuation 30 June 2017 £000	%
United Kingdom	492,710	24,371	(81)	(20,037)	31,115	528,078	71.8
North America	84,975	2,247	(3)	(15,564)	4,464	76,119	10.3
Europe	55,244	10,943	(15)	(9,841)	6,268	62,599	8.5
Japan	14,366	-	-	-	(1,041)	13,325	1.8
Other Pacific	35,140	-	-	-	5,427	40,567	5.5
Other	13,645	824	(1)	-	635	15,103	2.1
	696,080	38,385	(100)	(45,442)	46,868	735,791	100.0

### By sector (excluding cash)

	As at 30 June 2017 %	As at 31 December 2016 %
Oil & gas	8.3	9.7
Basic materials	6.4	6.7
Industrials	30.0	29.5
Consumer goods	6.9	7.7
Health care	8.4	8.3
Consumer services	7.9	7.5
Telecommunications	0.7	0.7
Utilities	1.6	1.8
Financials	27.5	25.4
Technology	2.3	2.7
	100.0	100.0

## Investment portfolio valuation

as at 30 June 2017

UK unless otherwise stated.

*Holdings in italics were acquired since 31 December 2016*

	£'000	%
<b>Oil &amp; gas</b>		
<b>Oil &amp; gas producers</b>		
Royal Dutch Shell	22,688	3.08
BP	14,170	1.93
Indus Gas	6,349	0.86
Total (Fra)	2,060	0.28
Premier Oil	612	0.08
Providence Resources	524	0.07
	46,403	6.30
<b>Oil equipment &amp; services</b>		
Cape	4,675	0.64
Gibson Energy (Can)	4,603	0.63
Schlumberger (USA)	4,055	0.55
National Oilwell Varco (USA)	1,268	0.17
Now (USA)	154	0.02
Gibson Energy (Can)		
	14,755	2.01



## Basic materials

### Chemicals

Croda	6,563	0.90
Elementis	6,228	0.85
Velocys	3,879	0.53
<i>Carclo</i>	2,200	0.30
Linde (Ger)	1,460	0.20
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	20,330	2.78

### Forestry & paper

Mondi	8,052	1.09
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	8,052	1.09

### Mining

Rio Tinto	12,158	1.65
BHP Billiton	6,465	0.88
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	18,623	2.53

## Industrials

### Construction & materials

Marshalls	10,050	1.37
Ibstock	5,640	0.77
Accsys Technologies	5,549	0.75
Balfour Beatty	5,445	0.74
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	26,684	3.63

### Aerospace & defence

Rolls Royce	16,929	2.30
Senior	13,473	1.83
BAE Systems	11,403	1.55
Embraer (Bra)	4,817	0.65
Meggitt	4,769	0.66
Lockheed Martin (USA)	4,274	0.58
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	55,665	7.57

### General industrials

Smith(DS)	10,478	1.42
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	10,478	1.42

### Electronic & electrical equipment

Spectris	11,354	1.54
Morgan Advanced Materials	8,496	1.15
Applied Materials (USA)	6,359	0.86
TT Electronics	2,802	0.38
XP Power	2,305	0.31
Legrand (Fra)	1,928	0.26
Philips Electronics (Net)	1,534	0.21
<i>Philips Lighting (Net)</i>	1,388	0.19
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	36,166	4.90

### Industrial engineering

Hill & Smith	10,833	1.47
Cummins (USA)	7,493	1.02
Caterpillar (USA)	7,445	1.01
Deere (USA)	5,618	0.77

IMI	5,224	0.71
Ceres Power	3,686	0.50
Weir Group	3,462	0.47
Renold	3,213	0.44
Severfield	642	0.09
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	47,616	6.48
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#### **Industrial transportation**

<i>Eddie Stobart Logistics</i>	4,710	0.64
AP Moller-Maersk (Den)	1,703	0.23
Wincanton	1,183	0.16
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	7,596	1.03
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#### **Support services**

Johnson Service	12,039	1.64
Interserve	6,144	0.84
Carillion	5,315	0.72
Babcock	4,366	0.59
Deutsche Post (Ger)	3,519	0.48
SGS (Swi)	2,331	0.32
Sodexo (Fra)	1,765	0.25
Augean	626	0.09
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	36,105	4.93
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#### **Consumer goods**

##### **Automobiles & parts**

GKN	14,739	2.00
Toyota Motor (Jap)	6,535	0.89
General Motors (USA)	6,050	0.82
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	27,324	3.71
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##### **Beverages**

Pernod-Ricard (Fra)	1,932	0.26
	<hr/>	
	1,932	0.26
	<hr/>	

##### **Food producers**

Unilever	3,116	0.42
Nestlé (Swi)	2,957	0.40
	<hr/>	
	6,073	0.82
	<hr/>	

##### **Household goods & home construction**

Watkin Jones	8,613	1.17
L'Oreal (Fra)	1,792	0.24
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	10,405	1.41
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##### **Tobacco**

Imperial Brands	5,173	0.70
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	5,173	0.70
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#### **Health care**

##### **Health care equipment & services**

Becton Dickinson (USA)	9,011	1.22
Smith & Nephew	6,227	0.85
Fresenius (Ger)	5,822	0.80

Spire Healthcare	5,661	0.77
Fresenius Medical Care (Ger)	2,891	0.39
	29,612	4.03

#### Pharmaceuticals & biotechnology

GlaxoSmithKline	12,259	1.67
AstraZeneca	5,135	0.70
Pfizer (USA)	3,879	0.53
Johnson & Johnson (USA)	3,564	0.49
Novartis (Swi)	3,047	0.41
Roche (Swi)	2,260	0.31
Novo-Nordisk (Den)	1,811	0.25
	31,955	4.36

#### Consumer services

##### General retailers

Dunelm	3,910	0.53
Inditex (Spa)	1,724	0.23
Findel	1,099	0.15
Topps Tiles	619	0.08
	7,352	0.99

##### Media

Relx	12,450	1.69
Sky	5,467	0.74
Pearson	3,630	0.49
Daily Mail & General Trust	3,435	0.47
Publicis Groupe (Fra)	1,557	0.21
	26,539	3.60

##### Travel & leisure

International Consolidated Airlines	9,295	1.26
Carnival	5,080	0.69
Irish Continental (Ire)	4,302	0.58
<i>Fastjet</i>	3,395	0.46
Marstons	2,656	0.36
	24,728	3.35

#### Telecommunications

##### Mobile telecommunications

Inmarsat	2,789	0.38
Vodafone	2,177	0.30
	4,966	0.68

#### Utilities

##### Electricity

SSE	4,359	0.59
	4,359	0.59

##### Gas, water & multiutilities

National Grid	5,321	0.72
Severn Trent	2,181	0.30
	7,502	1.02

## Financials

### Banks

HSBC	18,765	2.55
Standard Chartered	10,770	1.46
Barclays	4,054	0.55
ING Group (Net)	1,867	0.25
UBS (Swi)	1,410	0.19
Societe Generale (Fra)	1,350	0.18
	<hr/>	
	38,216	5.18

### Nonlife insurance

Hiscox	11,913	1.62
RSA Insurance	9,233	1.25
	<hr/>	
	21,146	2.87

### Life insurance/assurance

Prudential	12,922	1.76
Aviva	4,129	0.56
Chesnara	4,008	0.55
Standard Life	2,992	0.41
Allianz (Ger)	1,399	0.19
Permanent TSB (Ire)	10	-
	<hr/>	
	25,460	3.47

### Real estate investments & services

St Modwen Properties	6,628	0.90
	<hr/>	
	6,628	0.90

### Real estate investment trusts

Land Securities	3,763	0.51
Mucklow (A&J) Group	3,750	0.51
Pacific Industrial & Logistics	2,217	0.30
	<hr/>	
	9,730	1.32

### Financial services

IP Group	7,967	1.08
Provident Financial	6,691	0.91
Oxford Sciences Innovation (unlisted)	3,597	0.49
International Personal Finance	2,864	0.39
Amundi (Fra)	2,183	0.30
Deutsche Börse (Ger)	2,127	0.29
	<hr/>	
	25,429	3.46

### Equity investment instruments

Baillie Gifford Pacific	17,825	2.42
Stewart Investors Asia Pacific	15,184	2.06
Templeton Emerging Markets Investment Trust	10,286	1.40
Herald Investment Trust	8,458	1.15
Scottish Oriental Smaller Company Trust	7,558	1.03
Schroder Japan Growth Fund (Jap)	6,790	0.92
Syncona	4,916	0.67
Foresight Solar	3,368	0.46
Better Capital (2012)	1,350	0.18
	<hr/>	
	75,735	10.29

## Technology

### Software & computer services

Microsoft (USA)	9,020	1.23
SAP (Ger)	2,292	0.31
Amadeus IT (Spa)	2,135	0.29
	<hr/> 13,447	<hr/> 1.83
<b>Technology hardware &amp; equipment</b>		
Apple (USA)	3,326	0.45
	<hr/> 3,326	<hr/> 0.45

## Principal risks and uncertainties

The principal risks of the Corporation relate to the investment activities and include market price risk, foreign currency risk, liquidity risk, interest rate risk and credit risk. These are explained in the notes to the annual accounts for the year ended 31 December 2016. In the view of the board these risks are as applicable to the remaining six months of the financial year as they were to the period under review.

The principal risks of the independent professional services business arise during the course of defaults, potential defaults and restructurings where we have been appointed to provide services. To mitigate these risks we work closely with our legal advisers and, where appropriate, financial advisers, both in the set up phase to ensure that we have as many protections as practicable, and at all other stages whether or not there is a danger of default.

## Related party transactions

There have been no related party transactions during the period which have materially affected the financial position or performance of the group. During the period transactions between the Corporation and its subsidiaries have been eliminated on consolidation. Details of related party transactions are given in the notes to the annual accounts.

## Directors' responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and gives a true and fair view of the assets, liabilities, financial position and profit of the group as required by DTR 4.2.4R;
- the half yearly report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period.

On behalf of the board

Christopher Smith  
25 July 2017

## Basis of preparation

The results for the period have been prepared in accordance with International Financial Reporting Standards (IAS 34 – Interim financial reporting).

The financial resources available are expected to meet the needs of the group for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

There have been no changes to the group's accounting policies during the period.

## Notes

1. The financial information presented herein does not amount to full statutory accounts within the meaning of Section 435 of the Companies Act 2006 and has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The annual report and financial statements for 2016 have been filed with the Registrar of Companies. The independent auditors' report on the annual report and financial statements for 2016 was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.
2. The calculations of NAV and earnings per share are based on:  
  
NAV: shares at end of the period 118,152,259 (30 June 2016: 118,043,941; 31 December 2016: 118,111,845).  
Income: average shares during the period 118,134,437 (30 June 2016: 118,041,246; 31 December 2016: 118,063,495).
3. Listed investments are all traded on active markets and as defined by IFRS 7 are level 1 financial instruments. As such they are valued at unadjusted quoted bid prices. Unlisted investments are Level 3 financial instruments. They are valued by the directors using unobservable inputs including underlying net assets of the instruments.