# LONDON AND ST. LAWRENCE
## INVESTMENT COMPANY PLC

# INTERIM REPORT

for the six months ended 29 February 2016

**Objective**

The investment objective is to provide long term capital and income growth by investing in Approved Investment Trusts, Authorised Unit Trusts, fixed interest securities and bonds and other financial securities.

Investments are made in companies who have proved their worth over the years, have a consistent record of growth and have good prospects for continued growth in the future.

Investments in British Government Securities and other corporate bonds have provided steady results for shareholders, who are mostly individuals and families.

**Benchmark**

The Company compares its performance to the FTSE All-Share Index.

**Financial Highlights**

| | (Unaudited) Half year ended 29 February 2016 | (Unaudited) Half year ended 28 February 2015 | Movement % |
|---|---|---|---|
| Net assets per ordinary share | **346.51p** | 378.11p | -8.4 |
| Price per ordinary share | **329.75p** | 373.75p | -11.8 |
| Total net assets | **£100,310,137** | £109,459,382 | -8.4 |
| Shares in issue | **28,948,944** | 28,948,944 | – |
| **Index Changes** | | | |
| FTSE All-Share | **3345.84** | 3744.26 | -10.6 |

**Management Report**

The six months to 29 February 2016 has seen volatile stockmarkets with the FTSE All Share Index falling by 10.6%. The asset allocation as at 29 February 2016 was: Equities 90% (2015 88.4%) and Fixed Interest & Cash 10% (2015 11.6%).

**Responsibility Statement**

The Directors of London & St Lawrence Investment Company plc, who are listed at the end of this statement, confirm to the best of their knowledge:

The condensed set of financial statements have been prepared in accordance with IAS34 as adopted by the EU.

The Interim Management Report includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R.

The half-yearly financial report has not been audited or reviewed by the Auditors.

The half-yearly financial report was approved by the Board on 12 April 2016 and the responsibility statement was signed on its behalf by Philip Ashfield, Chairman of the Board.

# LONDON AND ST. LAWRENCE
## INVESTMENT COMPANY PLC

# INTERIM REPORT

for the six months ended 29 February 2016

## CONSOLIDATED INCOME STATEMENT

| | Unaudited – six months ended 29 February 2016 | | | Unaudited – six months ended 28 February 2015 | | |
|---|---|---|---|---|---|---|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| | £ | £ | £ | £ | £ | £ |
| Investment income | **1,785,877** | **–** | **1,785,877** | 1,644,283 | – | 1,644,283 |
| Other operating income | **469,810** | **–** | **469,810** | 596,255 | – | 596,255 |
| Gain/(loss) on investments held at fair value | **–** | **(5,471,507)*** | **(5,471,507)*** | – | 3,168,608* | 3,168,608* |
| **Total return** | **2,255,687** | **(5,471,507)** | **(3,215,820)** | 2,240,538 | 3,168,608 | 5,409,146 |
| **Expenses:** | | | | | | |
| Investment management | **(200,827)** | **–** | **(200,827)** | (288,936) | – | (288,936) |
| Other administrative expenses | **(211,928)** | **–** | **(211,928)** | (117,340) | – | (117,340) |
| **Return before finance costs and tax** | **1,842,932** | **(5,471,507)** | **(3,628,575)** | 1,834,262 | 3,168,608 | 5,002,870 |
| Finance costs | **(7,000)** | **–** | **(7,000)** | (7,000) | – | (7,000) |
| **Return before tax** | **1,835,932** | **(5,471,507)** | **(3,635,575)** | 1,827,262 | 3,168,608 | 4,995,870 |
| Tax | **(115,964)** | **–** | **(115,964)** | (147,823) | – | (147,823) |
| **Net return for the period** | **1,719,968** | **(5,471,507)** | **(3,751,539)** | 1,679,439 | 3,168,608 | 4,848,047 |
| **Basic and diluted return per share** | **5.94p** | **(18.90)p** | **(12.96)p** | 5.80p | 10.95p | 16.75p |
| **Basic and diluted ordinary shares in issue** | | | **28,948,944** | | | 28,948,944 |

The total column of this statement represents the Group's income statement, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are published under guidance published by the Association of Investment Trust Companies. The capital element of returns is not distributable. All items in the above statement derive from continuing operations.

**Dividend**

The Directors have declared a first interim dividend of 3.5p per ordinary share. This dividend was paid on 29 February 2016 to shareholders registered on 22 January 2016. The shares were quoted ex-dividend on 21 January 2016.

Further quarterly dividends will be paid as follows: Second, payable in May; Third, payable in August and the Fourth, payable in November.

*This figure represents the change in the value of investments over the period and is separate from the income arising from those investments.

# LONDON AND ST. LAWRENCE
INVESTMENT COMPANY PLC

# UNAUDITED RESULTS

for the six months ended 29 February 2016

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited – Interim 29 February 2016 | | Unaudited – Interim 28 February 2015 | |
|---|---|---|---|---|
| | Group | Company | Group | Company |
| | £ | £ | £ | £ |
| **ASSETS** | | | | |
| **Non current assets** | | | | |
| Investments held at fair value | **95,839,932** | **95,467,895** | 105,065,645 | 104,640,595 |
| Subsidiaries | **–** | **4,188,510** | – | 4,213,598 |
| Intangible assets | **2,159,979** | **–** | 2,159,979 | – |
| **Total non current assets** | **97,999,911** | **99,656,405** | 107,225,624 | 108,854,193 |
| **Current assets** | | | | |
| Trade and other receivables | **361,343** | **292,816** | 459,751 | 376,509 |
| Cash and cash equivalents | **2,660,289** | **870,133** | 2,506,134 | 721,611 |
| **Total current assets** | **3,021,632** | **1,162,949** | 2,965,885 | 1,098,120 |
| **Total assets** | **101,021,543** | **100,819,354** | 110,191,509 | 109,952,313 |
| **Current liabilities – Falling due within one year** | | | | |
| Trade and other payables | **(431,406)** | **(229,217)** | (452,127) | (212,931) |
| **Non current liabilities** | | | | |
| Falling due after more than one year | **(280,000)** | **(280,000)** | (280,000) | (280,000) |
| **Total liabilities** | **(711,406)** | **(509,271)** | (732,127) | (492,931) |
| **Net assets** | **100,310,137** | **100,310,137** | 109,459,382 | 109,459,382 |
| **EQUITY** | | | | |
| Ordinary share capital | **1,447,447** | **1,447,447** | 1,447,447 | 1,447,447 |
| Capital redemption reserve | **203,602** | **203,602** | 203,602 | 203,602 |
| Share premium | **21,033,364** | **21,033,364** | 21,033,364 | 21,033,363 |
| Capital reserves | **73,654,702** | **76,876,609** | 82,891,508 | 86,305,309 |
| Retained earnings | **3,971,022** | **749,115** | 3,883,461 | 469,661 |
| **Total equity attributable to equity shareholders** | **100,310,137** | **100,310,137** | 109,459,382 | 109,459,382 |
| **Basic and diluted net asset value per ordinary share** | **346.51** | **346.51** | 378.11p | 378.11p |

Note: retained earnings comprise other capital reserves and the revenue reserve

# UNAUDITED RESULTS

for the six months ended 29 February 2016

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Unaudited – six months ended 28 February 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Ordinary share capital £ | Capital redemption £ | Share premium £ | Capital reserves £ | Retained earnings £ | Total £ |
| Opening balance at 1 September 2015 | **1,447,447** | **203,602** | **21,033,364** | **79,126,209** | **3,264,267** | **105,074,889** |
| Profit for the period | **–** | **–** | **–** | **(5,471,507)** | **1,719,968** | **(3,751,539)** |
| Dividends paid | **–** | **–** | **–** | **–** | **(1,013,213)** | **(1,013,213)** |
| **As at 29 February 2016** | **1,447,447** | **203,602** | **21,033,364** | **73,654,702** | **3,971,022** | **100,310,137** |

| | Unaudited – six months ended 28 February 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Ordinary share capital £ | Capital redemption £ | Share premium £ | Capital reserves £ | Retained earnings £ | Total £ |
| Opening balance at 1 September 2014 | 1,447,447 | 203,602 | 21,033,364 | 79,722,900 | 3,188,286 | 105,595,599 |
| Profit for the period | – | – | – | 3,168,608 | 1,679,439 | 4,848,047 |
| Dividends paid | – | – | – | – | (984,264) | (984,264) |
| **As at 28 February 2015** | 1,447,447 | 203,602 | 21,033,364 | 82,891,508 | 3,883,461 | 109,459,382 |

## CONSOLIDATED CASH FLOW STATEMENT

| | | Interim 29 February 2016 £ | | Interim 28 February 2015 £ |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| Cash generated from operations | | **2,269,994** | | 2,210,178 |
| Taxation paid | | **(53,455)** | | (38,743) |
| Net cash generated from operating activities | | **2,216,539** | | 2,171,435 |
| Cash flows from investing activities | | | | |
| Purchase of investments | **(6,127,220)** | | (5,159,246) | |
| Sales of investments held at fair value | **6,001,734** | | 5,181,731 | |
| Net cash generated from investment activities | | **(125,486)** | | 22,485 |
| | | **2,091,053** | | 2,193,920 |
| Cash flows from financing activities | | | | |
| Dividends paid to company shareholders | **(2,200,120)** | | (2,142,222) | |
| Dividends paid to preference shareholders | **(7,000)** | | (7,000) | |
| Net cash used in financing activities | | **(2,207,120)** | | (2,149,222) |
| Net increase in cash and cash equivalents | | **(116,067)** | | 44,698 |
| Cash and cash equivalents at 1 September 2014 | | **2,776,356** | | 2,461,436 |
| **Cash and cash equivalents at 29 February 2016** | | **£2,660,289** | | £2,506,134 |

# NOTES TO THE ACCOUNTS

## General Information

The consolidated accounts comprise the unaudited results for London & St Lawrence Investment Company plc and its subsidiaries for the six months ended 29 February 2016. All companies in the group are registered and domiciled in England. The board approved the accounts of all of the companies on 12 April 2016.

The unaudited accounts to 29 February 2016 have been prepared using the accounting policies expected to be used in the Group's annual accounts to 31 August 2016. These accounting policies will be based on International Financial Reporting Standards ('IFRS') and comprise standards and interpretations approved by the International Accounting Standards Board ('ISAB') together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ('IASC') that remain in effect, to the extent that IFRS has been adopted by the European Union.

The results for the six months ended 29 February 2016 do not constitute statutory accounts as defined in sections 434 and 435 of the Companies Act 2006. Full statutory accounts for the year ended 31 August 2015, prepared under IFRS, including the report of the auditors which was unqualified and did not contain a statement under Chapter 3, Part 16 of the Companies Act 2006, have been delivered to the Registrar of Companies.

Book Cost of investments excludes transaction costs on purchases.

## Accounting Policies

### Basis of accounting

The accounts of the Group have been prepared in accordance with IFRS. The date of transition to IFRS was 1 September 2006.

The accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of investments at fair value and in accordance with the accounting policies set out below. All of the Group's operations are of a continuing nature.

Where presentational guidance set out in the Statement of Recommended Practice: Financial Statements of Investment Trust Companies (the 'SORP') issued by the AIC in January 2009 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

### Basis of consolidation

The Group accounts consolidate the accounts of the Company and entities controlled by the Company made up to 28 February and 31 August each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### Presentation of Income Statement

In order better to reflect the activities of an investment trust company, and in accordance with the guidance issued by the AITC supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement.

In accordance with the Company's status as a UK investment company under section 832 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 1158 of the Corporation Taxes Act 2010.

### Income

Dividends receivable from equity shares are taken to the revenue column of the Consolidated Income Statement on an ex-dividend basis. Special dividends are recognised on an ex-dividend basis and may be considered to be capital items. The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

Where the Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

The fixed returns on debt securities and non-equity shares are recognised under the effective interest rate method. Bank interest and other income receivable are accounted for on an accruals basis.

The dealing profits of the subsidiary undertaking, representing realised gains and losses on the sale of current asset investments are dealt with in the Consolidated Income Statement as a revenue item.

### Expenses and interest payable

All expenses, including the management fee and interest payable are accounted for on an accruals basis and are charged wholly to the revenue column of the Consolidated Income Statement except for transactions costs which are charged as detailed below and any performance fees payable which are allocated to capital reflecting the fact that although they are calculated on a total return basis they are expected to be attributable largely, if not wholly, to capital performance.

All transaction costs on the purchases and sale of investments are dealt with in the Consolidated Income Statement.

When an investment is purchased the difference between the price paid for the investment and its bid price is shown within the 'Gain/(loss) on investments held at fair value'.

# NOTES TO THE ACCOUNTS

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

In line with the recommendations off the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Income Statement is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Income Statement, then no tax relief is transferred to the capital return column. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Investments**

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date. On initial recognition the Group has designated all of its investments as fair value through profit and loss as defined by IFRS. All investments 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 investments is quoted.

Investments in unit trusts or OEICs are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager.

Fair value for unquoted investments, or for investments for which there is only an inactive market, is established by using various valuation techniques. These may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such instruments, they are carried at cost, subject to any provision for impairment.

**Movements in fair value**

Changes in fair value of all investments held at fair value are recognised in the Consolidated Income Statement. On disposal, realised gains and losses are also recognised in the Consolidated Income Statement.

**Other receivables**

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

**Non current liabilities**

All currency bank loans are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition these loans are subsequently measured at cost. The amount of the loans due for repayment within one year of the balance sheet date is included under current liabilities.

**Foreign currency**

The Group's functional currency and the currency used for presentation of these accounts is pounds sterling because that is the currency which is most relevant to the majority of the company's shareholders and creditors. Transactions denominated in currencies other than pounds sterling during the period are translated into sterling at the appropriate daily exchange rates.

Assets and liabilities denominated in currencies other than pounds sterling at the balance sheet date are translated into sterling at the appropriate daily exchange rates ruling at that date.

Gains and losses on retranslation are included in the profit or loss for the period.

# NOTES TO THE ACCOUNTS

**Derivative financial instruments**
The Group has not used any derivative products in the period.

**Earnings per ordinary share**
Earnings per ordinary share is based on the net profit after taxation attributable to the ordinary shares of £1,719,968 (28 February 2015 £1,679,439) and on 28,948,944 (28 February 2015 28,948,944) ordinary shares, being the number of shares in issue at the end of the period.

**Net asset value per ordinary share**
Net asset value per ordinary share is based on net assets attributable to the ordinary shares of £100,310,137 (28 February 2015 £109,459,382) and on 28,948,944 (28 February 2015 28,948,944) ordinary shares, being the number of ordinary shares in issue at the end of the period.

**Daily NAV**
The NAV released to the London Stock Exchange is calculated in accordance with the AITC recommendations and is not on the same basis as the numbers reported in this financial statement. The daily NAV does not reflect retained earnings or losses and currently quoted equities are valued at price.

**Other administrative expenses**
The other administrative expenses include the transaction costs (brokerage and stamp duty) on the purchasing of investments.

**Related party transactions**
There have been no related party transactions during the period.

**Management of risk**
The Group's financial instruments comprise:

- Equity and non-equity shares and fixed interest securities which are held in accordance with the Group's investment objectives which are set out in this report;
- Cash, liquid resources and short-term receivables and payables that arise directly from the Group's operations;

The main risks arising from the Group's financial instruments are market price risk, interest rate risk and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the inception of the Group. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

**Market price risk**
Market risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions in the face of price movements.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a particular sector. Market prices are actively monitored throughout the year and the Board meets regularly in order to consider investment strategy.

**Cash flow interest rate risk**
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to cash flow interest rate risk is primarily through the cash balances held which earn interest by reference to LIBOR or international equivalent.

**Liquidity risk**
The Group's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. The maturity of the Group's existing borrowings are set out in this note.

**Foreign currency risk**
The Group's total return and net assets are not significantly affected by currency translation movements as the majority of the Group's assets and revenue are denominated in sterling.

# LONDON AND ST. LAWRENCE
INVESTMENT COMPANY PLC

## SHAREHOLDER INFORMATION

**Directors**
P. J. C. Ashfield (Chairman)
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C. J. Lloyd
J. B. O. Carleton Paget
A. T. Maidment FCA
Ms. J. M. Sculley

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