



Premier
Asset Management

Acorn Income Fund Limited

Half-yearly Condensed
Financial Report
(unaudited) for the
six months ended
30 June 2015



Investment Objectives and Policy

Investment Policy

The investment objective and policy of Acorn Income Fund Limited (the "Company") is to provide Shareholders with high income and also the opportunity for capital growth.

The Company's investments are held in two portfolios. The Company's assets comprise investments in equities and fixed interest securities in order to achieve its investment objective. Approximately 70% to 80% of the Company's assets are invested in smaller capitalised United Kingdom companies, admitted to the Official List of the Financial Conduct Authority (the "FCA") and traded on the London Stock Exchange (the "LSE") or traded on the Alternative Investment Market ("AIM") at the time of investment. The Company also aims to enhance income for Ordinary Shareholders by investing approximately 20% to 30% of the Company's assets in high yielding instruments which are predominantly fixed interest securities but may include up to 15% of the Company's overall portfolio (measured at the time of acquisition) in high yielding investment company shares.

The proportion of the overall portfolio held in the Smaller Companies Portfolio and the Income Portfolio varies from day to day as the market prices of investments move. The Directors retain discretion to transfer funds from one portfolio to the other and generally expect between 70% to 80% of the investments to be held in the Smaller Companies Portfolio.

While the Company's investment policy is to spread risk by maintaining diversified portfolios, there are no restrictions on the proportions of either of the portfolios which may be invested in any one geographical area, asset class or industry sector. However, not more than 7.5% of the Company's gross assets may be invested in securities issued by any one company as at the time of investment, save that (i) in respect of the Income Portfolio only, investments may be made in other investment funds subject only to the restriction set out in paragraph (c) of the section headed "Investment Restrictions" below; and (ii) in respect of the Smaller Companies Portfolio only, provided that not more than 10% of the Company's gross assets are invested in securities issued by any one company at any time, the 7.5% limit may be exceeded on a short term basis, with Board approval, where a company whose securities form part of the Smaller Companies Portfolio issues new securities (for example by way of a rights issue).

The Company's capital structure is such that the underlying value of assets attributable to the Ordinary Shares is geared relative to the rising capital entitlements of the ZDP Shares. The Company's gearing policy is not to employ any further gearing through long-term bank borrowing. Save with the prior sanction of ZDP

Shareholders, the Company will incur no indebtedness other than short term borrowings in the normal course of business such as to settle share trades or borrowings to finance the redemption of the ZDP Shares.

Investment Restrictions

For so long as required by the Listing Rules in relation to closed-ended investment companies, the Company has adopted the following investment and other restrictions:

- (a) the Company will at all times invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
- (b) the Company will not conduct any significant trading activity; and
- (c) not more than 10% in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other listed closed-ended investment funds. The Listing Rules provide an exception to this restriction to the extent that those investment funds have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment companies.

Derivatives

The Company may invest in derivatives, money market instruments and currency instruments including contracts for difference, futures, forwards and options. These investments may be used for hedging positions against movements in, for example; equity markets, currencies and interest rates. In addition, these instruments will only be used for efficient portfolio management purposes. The Company will not use such instruments to engage in trading transactions. The Company will not maintain derivative positions should the total underlying exposure of these positions exceed one times adjusted total capital reserves.

TABLE OF CONTENTS

Investment Objectives and Policy	2	Statement of Comprehensive Income (unaudited)	13
Performance Summary	3	Statement of Financial Position (unaudited).....	14
Company Summary	4	Statement of Cash Flows (unaudited).....	15
Chairman's Statement & Interim Management Report ...	6	Statement of Changes in Equity (unaudited).....	16
Responsibility Statement	8	Notes to the Financial Statements (unaudited)	18
Investment Advisers' Reports.....	9	Directors and Advisers	30
Schedule of Principal Investments	11		

Performance Summary

for the six months ended 30 June 2015

	30/6/2015	31/12/2014	% change
Total Return Performance*			
Total Return on Gross Assets* ##	–	–	11.92%
Numis Small Company (ex Investment Companies) Index	17,352.59	15,524.80	11.77%
FTSE All Share Index	5,613.54	5,449.09	3.02%
FTSE Small Cap (ex Investment Companies) Index	5,984.26	5,349.78	11.86%

Share Price and NAV Returns

Ordinary Shares

Share Price	350.00p	305.75p	14.47%
NAV**	384.33p	336.59p	14.18%
IFRS NAV#	382.83p	334.52p	14.44%
Total return on Net Assets*	–	–	16.28%
Ordinary Share Price Total Return	–	–	16.80%
Discount (-) Premium (+) to NAV on Ordinary Shares	-8.93%	-9.16%	–

ZDP Shares

Share Price	131.88p	129.25p	2.03%
NAV**	124.87p	121.01p	3.19%
IFRS NAV	125.25p	121.60p	3.00%
Discount (-) Premium (+) to NAV on ZDP Shares	+5.61%	+6.81%	–
Cover on ZDP Shares	2.80:1	2.66:1	–
Package Discount (-) Premium (+) to NAV Combined Ordinary and ZDP Shares	-5.52%	-3.96%	–

	6 months to 30/6/2015	6 months to 30/6/2014	% change
Dividends and Earnings			
Revenue return per ordinary share	8.14p	7.59p	7.25%
Dividends declared per ordinary share	6.75p	6.25p	8.00%

* assumes dividends reinvested

** NAV calculated in accordance with the Articles

NAV calculated in accordance with International Financial Reporting Standards

adjusted for the issue and buyback of new Ordinary and ZDP Shares

Company Summary

Capital Structure

Bank Loan	As at 30 June 2015, the Company had no bank loans outstanding.
Zero Dividend Preference Shares (1p each)	<p>20,763,386 (excluding treasury shares).</p> <p>The ZDP Shares will have a final capital entitlement of 138 pence per ZDP Share on 31 January 2017 subject to there being sufficient capital in the Company. The ZDP Shares are not entitled to any dividends. ZDP shareholders rank ahead of the ordinary shareholders in regards to rights as to capital. The ZDP shareholders have the right to receive notice of all general meetings of the Company, but do not have the right to attend or vote unless the business of the meeting involves an alteration of the rights attached to the ZDP Shares, in which case the holders of ZDP Shares can attend and vote.</p>
Ordinary Shares (1p each)	<p>15,468,332 (excluding treasury shares).</p> <p>The Ordinary Shares, excluding treasury shares, are entitled to participate in all dividends and distributions of the Company. On a winding-up holders of Ordinary Shares are entitled to participate in the distribution and the holders of Ordinary Shares are entitled to receive notice of and attend and vote at all general meetings of the Company.</p>
Treasury Shares	As at 30 June 2015 there were 1,718,333 Ordinary and 2,306,546 ZDP Shares held in treasury.
Shareholder Funds (calculated in accordance with IFRS)	£59.22 million as at 30 June 2015.
Market Capitalisation of the Ordinary Shares	£54.14 million as at 30 June 2015.
The Board	The Board consists of three independent non executive directors, Helen Green (Chairman), Nigel Ward and David Warr (the "Directors").
Investment Manager	Premier Asset Management (Guernsey) Limited ("PAMG Ltd"), is a subsidiary of Premier Asset Management Limited ("PAM Ltd"). PAM Ltd had approximately £3.93 billion of funds under management as at 30 June 2015. PAMG Ltd is licensed under the provisions of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, by the Guernsey Financial Services Commission to carry on controlled investment business.
Investment Advisers	<p>Premier Fund Managers Limited ("PFM Ltd") – the Company's Income Portfolio is managed by Paul Smith and Nigel Sidebottom.</p> <p>Unicorn Asset Management Limited ("Unicorn Ltd") – the Company's Smaller Companies Portfolio is managed by Simon Moon and Fraser Mackersie.</p>

Company Summary (continued)

Secretary	Northern Trust International Fund Administration Services (Guernsey) Limited provide the Company's secretarial and administrative services.
Management Fee	0.7% per annum (Total Assets) charged 75% to capital and 25% to revenue, plus performance fee. Minimum annual management fee £100,000.

Financial Calendar

Company's year end	31 December
Annual results announced	April
Annual General Meeting	25 August 2015
Company's half year end	30 June
Half year results announced	August
Dividend payments	At the end of March, June, September and December

Chairman's Statement and Interim Management Report

30 June 2015

Dear Shareholder,

The final nine months of 2014 had not favoured Acorn as UK small cap stocks consistently underperformed larger companies. Poor sentiment towards the small cap sector was reflected in twelve successive months of net outflow from UK small cap open-ended funds (from April 2014).

2015 has seen a sharp and welcome reversal in this trend which commenced at the end of the first quarter. Over the first six months of the year small caps outperformed the broader market by a considerable margin. In the 6 months to 30 June 2015 the FTSE 100 Index (total return) returned just 1.36%. The broader FTSE All Share Index (total return) generated 3.02% whilst the FTSE Small Cap (ex Investment Companies) total return Index returned 11.86% and the Numis Small cap (ex Investment companies) total return Index 11.77%.

Investment commentary

Acorn performed fractionally ahead of the small cap sector indices* despite the potential drag of the income portfolio against a strongly rising market. Total return on gross assets over the six months to 30 June 2015 was 11.92% reflecting excellent relative performance from the Smaller Companies Portfolio. The leverage on the ordinary shares arising from the zero dividend preference share capital served to further enhance returns for ordinary shareholders. NAV total return was 16.28%. A slight narrowing in discount to net asset value generated a share price total return for ordinary shareholders of 16.80%. The income portfolio returned approximately 2% and outperformed the Merrill Lynch Sterling Non Gilts Index which declined 0.76% over the half year. It is to be expected that against a background of such strong equity performance the income portfolio will lag returns from the Smaller Companies Portfolio. The income portfolio fulfilled its function of reducing volatility and providing a defensive buffer for Acorn.

During the half year the allocation to the Smaller Companies Portfolio was increased from 75% to 77.5%. This change in asset allocation reflected our investment advisers' cautious approach to bond markets given the expectation that interest rates would eventually be increased and also their belief that the small cap stocks within Acorn's portfolio represented good value relative to the broader market and had sound prospects for providing a rising dividend income stream.

*FTSE Small cap ex investment companies total return Index and the Numis Smaller Companies ex investment companies total return Index

Our advisers were more sanguine about the outlook for larger companies which they considered were fully valued and vulnerable to a correction and with this in mind we put in place a strategy to provide some protection against a fall in the broader UK equity market. Protection was taken through a put spread on the FTSE 100 Index. This enabled Acorn to remain fully exposed to the Smaller Companies Portfolio whilst neutralising some of the gearing that would be damaging to net asset value performance in the event of a setback. Acorn bought a put option on the FTSE 100 Index at an Index level of 7,000 (the level at which the Index was trading at that time) and sold a put option at an Index level of 6,000. Selling the put reduced the cost of the overall transaction but also limits the return the strategy will generate in a falling market. The options were taken against £7 million notional of FTSE 100 exposure at a net cost of £385,000. At the half year end the FTSE 100 Index was trading at around 6,600 and the put spread was in profit. The impact on NAV returns has been relatively modest but the strategy has served to reduce risk for Acorn investors.

The Zero Dividend Preference (ZDP) shares appreciated in value by 2.03% over the period and final capital cover on the shares improved.

Share issuance and buy backs

In the early part of the year while sentiment towards small cap stocks was still weak Acorn was trading at a discount to asset value and experienced some selling pressure. During January and February the Company bought back 150,000 ordinary shares and 201,348 ZDPs at a package discount (the discount taking the ordinary shares and the ZDP shares together). The ordinary shares were bought at prices ranging from 283p to 306p per share. These buy backs served to help stabilise the price and were enhancing to net asset value for ordinary shareholders.

As the half year progressed demand for Acorn shares picked up and the ordinary share discount narrowed. The package discount at 30 June was slightly wider than at the start of the year due a reduction in the premium to asset value at which the ZDP shares traded.

Post the period end the Company was able to raise £713,000 through a tap issue of Ordinary Shares and ZDP Shares at a premium to asset value.

Chairman's Statement and Interim Management Report (continued)

30 June 2015

Dividends

A first interim dividend of 3.25p was paid on 27 March 2015. The second interim, paid on 26 June 2015, was increased by 7.7% to 3.50p per ordinary share. Revenue earnings per share for the half year were 8.14p (7.59p in 2014).

The Alternative Investment Fund Managers Directive (AIFMD)

In January 2015 the Company notified the Financial Conduct Authority that it was revoking the Article 42 notification that enabled it to market its shares in the UK under the National Private Placement Regime. As the Company's shares were trading at a discount to asset value at that time and it was unlikely that the Company would issue new shares in the immediate future revoking the Article 42 notification saved the additional costs of complying with the reporting obligations of the regime. In early August 2015 Acorn was trading at asset value and we were in a position to issue shares again in response to market demand. We therefore re-submitted an Article 42 notification to the Financial Conduct Authority.

Outlook

We remain positive with regard to the outlook for UK smaller companies but cautious with regard to the FTSE 100 index. A strategy of maintaining our exposure to UK small caps whilst taking a modest short position on the FTSE 100 index was a correct call and contributed to the Ordinary Share NAV rising to an all time high. Our income portfolio investment adviser remains cautious regarding the outlook for fixed interest securities and will continue to use derivatives to shorten duration whilst placing a greater focus on absolute return investments.

Helen Green

Chairman
25 August 2015

Responsibility Statement

for the period from 1 January 2015 to 30 June 2015

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting;
- the interim management 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; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board by:

Helen Green

Chairman

25 August 2015

Investment Advisers' Reports

The Smaller Companies Portfolio

During the six months to 30 June 2015 the Smaller Companies portfolio returned 14.5% outperforming the benchmark index, the NSCI (ex IC), which returned 11.8%.

The Smaller Companies Portfolio initiated positions in five new holdings and exited seven existing holdings in full during the period under review. In contrast to prior periods the initial public offerings (IPO) market was subdued and no new investments were made through IPOs.

It is pleasing to report that after a subdued period of performance during 2014, smaller companies have performed well in the first six months of the year and valuations are now beginning to catch up with larger quoted peers. The prospects for the type of companies in which we tend to invest, those offering a combination of both dividend income and earnings growth, remain highly compelling.

The new positions initiated during the period have collectively made a positive impact on performance. These new investments were: FDM Group, an international provider of trained IT personnel; Palace Capital, a real estate investment company focussed on UK assets outside of London; Sprue Aegis, a developer of smoke and carbon monoxide alarms; Jarvis Securities, a retail stockbroking service provider and Braemar Shipping Services, a provider of ship broking, technical and logistical services to the marine and energy industries.

Positions in Lookers, Electrocomponents, Premier Farnell, Interserve, Berendsen, Air Partner, and John Menzies were exited in full. These changes to the portfolio have also had the desired effect of lowering the average market capitalisation of the equity portfolio to just over £300 million.

The strongest contributors to performance during the period came from Acal, the specialist electrical components distributor, which ended the period 29% higher; Epwin, the manufacturer of PVC products for the construction industry, which was up 35%; and Alumasc, the supplier and manufacturer of aluminium building products, which saw a rise of 37%. It was especially pleasing to see the portfolio as a whole performing well, with 20 holdings posting double digit returns.

The largest and only meaningful negative contribution to performance came from Telecom Plus, which fell by 11%

during the period. The group was affected by lower energy usage during a period of warmer weather, lower energy prices reducing the rate of customer acquisition, and theft and leakage from the gas distribution network running at a level higher than previously anticipated. Following a sharp fall in the share price in April this position was increased significantly at a share price well below current levels. In our view the long term prospects for Telecom Plus remain compelling and whilst the current period of share price performance was disappointing we believe the issues outlined above are largely short term in nature. From an income perspective it was reassuring to see the company deliver 14% growth in the dividend for the year ended 31 March 2015 and maintain guidance of 15% dividend growth for the following year.

The Smaller Companies Portfolio has continued to selectively increase exposure to the domestic recovery whilst retaining a meaningful weighting towards high quality international earners. The closed-ended structure and size of the Company allows the Portfolio to invest in genuine smaller companies which we feel are better positioned to provide both dividend income and earnings growth. This has been an area of specific focus over the period.

Simon Moon and Fraser Mackersie

Unicorn Asset Management Limited

Income Portfolio

The remarkable bond market strength of 2014 initially continued as European governments cut rates and fears of deflation crossing the channel crept into the market's psyche, compounded by energy and food price deflation. The ten year benchmark gilt yield declined to a record low of less than 1.4% and the iTraxx Europe Index fell to less than 50 during the first quarter of 2015; strong returns were experienced across corporate bond markets. However, the second quarter unveiled a different picture with the ten year gilt yield rising sharply to over 2% and as we anticipated credit markets were also unable to maintain the tight spreads and liquidity concerns exacerbated. During these difficult times for bond investors it is pleasing to report that the portfolio delivered an attractive return of c.2% with lower risk than the increasingly choppy bond markets where losses proved unavoidable.

Activity in the portfolio continues and we are still able to position the portfolio as desired notwithstanding broader market liquidity concerns. Early additions included Tesco

Investment Advisers' Reports (continued)

Property Finance as mixed opinions among the rating agencies created forced sellers despite the added security provided by the underlying property portfolio. Further purchases of real-estate convertibles were made before share prices rallied sharply to asset values and subsequently profits were taken on a number of the positions. We added a holding in AB InBev, the world's largest brewer continuing to like the strong brands, industry-leading margins and strong cash generation, and extended our position in Bakkavor benefiting from improved operating performance and refinancing. We took part in very few new issues although we added the senior debt from specialist bank, Investec, which was subsequently upgraded by Moody's to investment grade.

There were periodic rebalances between the Small Companies Portfolio and the Income Portfolio during the six months in order to maintain the desired portfolio split and to make the most efficient use of cash balances. In addition, there was a change in the allocation during May when the Income Portfolio was reduced to a 22.5% weighting at the same time the Company put in place a strategy to provide some protection against a fall in the broader UK equity market. The sales made to finance purchases and rebalances included real-estate convertibles, Volta Finance, Tritax Big Box, a reduction in the long-dated University of Cambridge, and towards the end of the period a reduction in bank risk, specifically AT1 risk.

We are pessimistic on the outlook for bond markets overall and believe it is necessary to take various protective measures and maintain liquidity in order to continue to deliver positive returns. It is for this reason that the Income Portfolio is currently a smaller weighting in the overall Company. However, a small, nimble bond portfolio is likely to be able to produce good outcomes for investors, with a greater dispersion of bonds to choose from, an ability to manage duration more actively and a greater focus on absolute returns.

Paul Smith

Premier Fund Managers Limited

Schedule of Principal Investments

as at 30 June 2015

Position	Company	Market Value £'000	Percentage of Portfolio	Percentage of Total Assets
Smaller Companies Portfolio				
1	Acal plc	3,045,350	4.74	3.56
2	Macfarlane Group plc	2,520,000	3.92	2.95
3	Primary Health Properties plc	2,429,678	3.78	2.84
4	Hill & Smith Holdings plc	2,418,083	3.76	2.83
5	Secure Trust Bank plc	2,388,219	3.72	2.79
6	Clipper Logistics Group plc	2,089,978	3.25	2.45
7	Epwin Group plc	2,064,000	3.21	2.41
8	Alumasc Group plc	2,053,415	3.20	2.40
9	Safestyle UK plc	2,030,000	3.16	2.38
10	James Halstead plc	2,005,000	3.12	2.35
11	UK Mail Group plc	2,002,000	3.12	2.34
12	Somero Enterprises	1,982,875	3.09	2.32
13	Tyman plc	1,921,500	2.99	2.25
14	British Polythene Industries plc	1,899,813	2.96	2.22
15	Castings plc	1,886,270	2.94	2.21
16	Harvey Nash Group plc	1,846,200	2.87	2.16
17	Conviviality Retail plc	1,778,700	2.77	2.08
18	Park Group plc	1,754,594	2.73	2.05
19	Brewin Dolphin Holdings plc	1,751,400	2.73	2.05
20	Cineworld Group plc	1,613,150	2.51	1.89
		41,480,225	64.57	48.53
Income Portfolio				
1	Real Estate Credit Investment PCC	725,920	4.16	0.85
2	Ecofin Water & Pwr Opportunities CULS 6% 2016	649,219	3.72	0.76
3	GE Capital Funding 8.00% 2039	573,698	3.29	0.67
4	Credit Suisse Group G F2V 2041	531,851	3.05	0.62
5	Helical Bar Jersey 2016 Convertible	414,000	2.37	0.48
6	Rolls Royce 3.375% 2026	406,585	2.33	0.48
7	UBS F2V	401,494	2.30	0.47
8	Vib Vermoegen AG 4.00% 2016 Convertible	389,655	2.24	0.46
9	Apple 3.85% 2043	347,242	1.99	0.41
10	HSBC 6.00% 2040	339,217	1.95	0.40
11	Societe Generale F2V 8.25%	333,360	1.91	0.39
12	British Telecoms 2016	329,190	1.89	0.39
13	F&C Global Smaller Companies 3.50% 2019	320,600	1.84	0.38
14	St Modwen Prop Securities 2.875% 2019	318,030	1.82	0.37
15	British Sky Broad 3.125%	309,375	1.77	0.36
16	Electricite de France 6.125% 2034	306,304	1.76	0.36
17	Debenhams plc 5.25% 2021	295,442	1.69	0.35
18	BAA Funding 7.075% 2028	268,078	1.54	0.31
19	F&C Finance plc 9.00% 2016	267,172	1.53	0.31
20	Cooperatieve Centrale Raiffeisen F2V	265,753	1.52	0.31
	TOTAL	7,792,185	44.67	9.13

Schedule of Principal Investments

as at 31 December 2014

Position	Company	Market Value £'000	Percentage of Portfolio	Percentage of Total Assets
Smaller Companies Portfolio				
1	Acal plc	2,350,000	4.16	3.01
2	Secure Trust Bank plc	2,312,631	4.09	2.97
3	Primary Health Properties plc	2,298,513	4.07	2.95
4	Hill & Smith Holdings plc	2,138,843	3.78	2.74
5	Brewin Dolphin Holdings plc	2,016,339	3.57	2.59
6	Berendsen plc	1,980,000	3.50	2.54
7	Tyman plc	1,876,500	3.32	2.41
8	Safestyle UK plc	1,872,750	3.31	2.40
9	Cineworld Group plc	1,867,950	3.30	2.39
10	British Polythene Industries plc	1,851,788	3.28	2.37
11	Epwin Group plc	1,779,067	3.15	2.28
12	Castings plc	1,775,115	3.14	2.28
13	UK Mail Group plc	1,757,025	3.11	2.25
14	Diploma plc	1,753,750	3.10	2.25
15	Interserve plc	1,682,389	2.98	2.16
16	Park Group plc	1,627,245	2.88	2.09
17	Conviviality Retail plc	1,576,200	2.79	2.02
18	James Halstead plc	1,533,148	2.71	1.97
19	Alumasc Group plc	1,516,022	2.68	1.94
20	Numis Corporation plc	1,393,500	2.46	1.79
		36,958,775	65.38	47.40
Income Portfolio				
1	Credit Suisse 7.875% CoCo 2041	681,697	3.48	0.87
2	Societe Generale 8.25% Perp – 18	658,021	3.36	0.84
3	Ecofin Wtr & Pwr Opportunities CULS 6% 2016	656,250	3.35	0.84
4	Real Estate Credit 8% 2017 NPV	654,150	3.34	0.84
5	F&C Global Smaller Companies CULS 3y 2% 2019	645,000	3.29	0.83
6	GE Capital Funding 8% 2039	590,748	3.01	0.76
7	University of Cambridge 3.75% 2052	474,588	2.42	0.61
8	Rolls Royce 3.375% 2026	417,644	2.13	0.54
9	Grainger plc 5% 2020	406,356	2.07	0.52
10	Helical Bar Jersey 4% 2019 Convertible	401,132	2.05	0.51
11	Vib Vermoegen AG 4% 2016 Convertible	388,319	1.98	0.50
12	Apple Inc 3.85% 2043	380,850	1.94	0.49
13	HSBC 6% 2040	357,201	1.82	0.46
14	EDF 6.125% 2034	329,908	1.68	0.42
15	BAT Intl Finance plc 2026	329,334	1.68	0.42
16	Sky 3 1/8% 2022	315,080	1.61	0.40
17	St Mowden Prop Securities 2.875% 2014 Convertible	298,182	1.52	0.38
18	Nationwide Building Society 6.875% Perp – 18	292,911	1.49	0.38
19	Debenhams plc 5.25% 2021	289,644	1.48	0.37
20	Rabobank Nederland 8.375% Perp – 16	275,406	1.40	0.35
TOTAL		8,842,421	45.10	11.33

Condensed Statement of Comprehensive Income (unaudited)

for the period ended 30 June 2015

	Notes	Revenue GBP	Period ended 30 June 2015 Capital GBP	Total GBP	Period ended 30 June 2014 Total GBP
Net gains on financial assets designated as at fair value through profit or loss	8	–	7,910,502	7,910,502	509,443
Gains on derivative financial instruments		–	279,012	279,012	216,548
Investment income	3	1,607,747	–	1,607,747	1,577,625
Total income and gains		1,607,747	8,189,514	9,797,261	2,303,616
Expenses	4	(346,981)	(222,555)	(569,536)	(618,838)
Return on ordinary activities before finance costs and taxation		1,260,766	7,966,959	9,227,725	1,684,778
Interest payable and similar charges	5	–	(776,786)	(776,786)	(736,042)
Return on ordinary activities before taxation		1,260,766	7,190,173	8,450,939	948,736
Taxation on ordinary activities		–	–	–	–
Other comprehensive income		–	–	–	–
Total comprehensive income for the period attributable to Ordinary Shareholders		1,260,766	7,190,173	8,450,939	948,736
		Pence	Pence	Pence	Pence
Return per Ordinary Share	7	8.14	46.41	54.55	5.88
Dividend per Ordinary Share	6	6.75	0.00	6.75	6.25
Return per ZDP Share	7	–	3.74	3.74	3.40

The supplementary revenue return and capital return columns have been prepared in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC").

In arriving at the results for the financial period, all amounts above relate to continuing operations.

No operations were acquired or discontinued in the period.

The notes on pages 18 to 29 form an integral part of these financial statements.

Condensed Statement of Financial Position (unaudited)

as at 30 June 2015

	Notes	30 Jun 2015 GBP (Unaudited)	31 Dec 2014 GBP (Audited)
NON-CURRENT ASSETS			
Financial assets designated as at fair value through profit or loss	8	81,698,385	76,150,876
CURRENT ASSETS			
Receivables	9	611,846	848,723
Cash and cash equivalents		3,041,871	961,105
Derivative financial instruments		113,989	36,740
		3,767,706	1,846,568
TOTAL ASSETS		85,466,091	77,997,444
CURRENT LIABILITIES			
Derivative financial instruments		7,999	43,660
Payables – due within one year	10	233,814	214,111
Spot contracts payable	10	381	–
		242,194	257,771
NON-CURRENT LIABILITIES			
ZDP Shares	11	26,006,827	25,493,555
TOTAL LIABILITIES		26,249,021	25,751,326
NET ASSETS		59,217,070	52,246,118
EQUITY			
Share capital	12	172,033	173,533
Share premium		27,435,856	27,870,231
Treasury shares	13	(6,297,145)	(6,297,145)
Revenue reserve		1,212,798	996,144
Special reserve		10,000,000	10,000,000
Capital reserve		26,693,528	19,503,355
TOTAL EQUITY		59,217,070	52,246,118
		Pence	Pence
Net asset value per Ordinary Share (per Articles)		384.33	336.59
Net asset value per Ordinary Share (per IFRS)		382.83	334.52
Net asset value per ZDP Share (per Articles)		124.87	121.01
Net asset value per ZDP Share (per IFRS)		125.25	121.60

The financial statements on pages 13 to 29 were approved by the Board of Directors and authorised for issue on 25 August 2015 and signed on its behalf by:

Helen Green
Director

David Warr
Director

The notes on pages 18 to 29 form an integral part of these financial statements

Condensed Statement of Cash Flows (unaudited)

for the period ended 30 June 2015

	Notes	Period ended 30 Jun 2015 GBP	Period ended 30 Jun 2014 GBP
Operating activities			
Return on ordinary activities before taxation		8,450,939	948,736
Net gains on financial assets designated as at fair value through profit or loss	8	(7,910,502)	(509,443)
Investment income	3	(1,607,747)	(1,577,625)
Interest expense	5	776,786	736,042
Increase in derivative financial assets		(77,249)	(20,632)
(Decrease)/increase in derivative financial liabilities		(35,661)	–
Increase/(decrease) in payables and appropriations	10	20,084	(207,576)
Decrease/(increase) in receivables excluding accrued investment income	9	198,757	(917)
Net cash flow used in operating activities before investment income		(184,593)	(631,415)
Investment income received		1,645,867	1,424,850
Net cash flow from operating activities before taxation		1,461,274	793,435
Tax paid		–	–
Net cash flow from operating activities after taxation		1,461,274	793,435
Investing activities			
Purchase of financial assets	8	(15,226,998)	(34,160,093)
Sale of financial assets	8	17,589,991	28,828,795
Net cash flow from/(used in) investing activities		2,362,993	(5,331,298)
Financing activities			
Equity dividends paid	6	(1,044,112)	(1,019,258)
Proceeds from issue of Shares		(435,875)	3,656,322
Cost of issue of Ordinary Shares		–	(229,014)
Proceeds from issue of ZDP Shares		(18,406)	1,565,609
Cost of issue of ZDP Shares		(245,108)	(9,537)
Net cash flow (used in)/from financing activities		(1,743,501)	3,964,122
Increase/(decrease) in cash and cash equivalents		2,080,766	(573,741)
Cash and cash equivalents at beginning of period		961,105	2,458,412
Cash and cash equivalents at end of period		3,041,871	1,884,671

The notes on pages 18 to 29 form an integral part of these financial statements

Condensed Statement of Changes in Equity (unaudited)

as at 30 June 2015

	Share Capital 30 Jun 2015 GBP	Share Premium 30 Jun 2015 GBP	Treasury Reserve 30 Jun 2015 GBP	Revenue Reserve 30 Jun 2015 GBP	Special Reserve 30 Jun 2015 GBP	Capital Reserve 30 Jun 2015 GBP	Total 30 Jun 2015 GBP
Balance as at 1 January 2015	173,533	27,870,231	(6,297,145)	996,144	10,000,000	19,503,355	52,246,118
Total comprehensive income for the period attributable to shareholders	-	-	-	1,260,766	-	7,190,173	8,450,939
Dividends	-	-	-	(1,044,112)	-	-	(1,044,112)
Buyback of Ordinary Shares	-	-	(435,875)	-	-	-	(435,875)
Cancellation of Ordinary Shares	(1,500)	(434,375)	435,875	-	-	-	-
Balance as at 30 June 2015	172,033	27,435,856	(6,297,145)	1,212,798	10,000,000	26,693,528	59,217,070

The notes on pages 18-29 form an integral part of the financial statements

Condensed Statement of Changes in Equity (unaudited) (continued)

as at 31 December 2014

	Share Capital 31 Dec 2014 GBP	Share Premium 31 Dec 2014 GBP	Treasury Reserve 31 Dec 2014 GBP	Revenue Reserve 31 Dec 2014 GBP	Special Reserve 31 Dec 2014 GBP	Capital Reserve 31 Dec 2014 GBP	Total 31 Dec 2014 GBP
Balance as at 1 January 2014	153,781	20,411,044	–	447,558	10,000,000	23,834,893	54,847,276
Total comprehensive income for the year attributable to shareholders	–	–	–	2,590,349	–	(4,331,538)	(1,741,189)
Dividends	–	–	–	(2,041,763)	–	–	(2,041,763)
Treasury shares acquired	–	–	(6,411,998)	–	–	–	(6,411,998)
Treasury shares sold	–	–	1,448,433	–	–	–	1,448,433
Buyback of Ordinary Shares	–	–	(2,985,955)	–	–	–	(2,985,955)
Transfer between reserves	–	–	–	–	–	–	–
Issue of Ordinary Shares	25,002	9,258,714	–	–	–	–	9,283,716
Ordinary Share issue costs	–	(152,402)	–	–	–	–	(152,402)
Cancellation of Ordinary Shares	(5,250)	(1,647,125)	1,652,375	–	–	–	–
Balance as at 31 December 2014	173,533	27,870,231	(6,297,145)	996,144	10,000,000	19,503,355	52,246,118

The notes on pages 18-29 form an integral part of the financial statements

Notes to the Condensed Financial Statements (unaudited)

for the period ended 30 June 2015

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, the AIC's SORP (as revised in February 2015) and applicable legal and regulatory requirements of the Companies (Guernsey) Law, 2008.

The Unaudited Condensed Interim Financial Statements do not include all the information and disclosures in the Annual Financial Statements and should be read in conjunction with the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2014.

The accounting policies and methods of computation followed in this Interim Unaudited Condensed set of Financial Statements are consistent with those of the latest Annual Audited Financial Statement for the year ended 31 December 2014 which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, except for the adoption of the new standards and interpretations effective as of 1 January 2015, as listed below, which had no impact on the financial position or performance of the Company.

IFRS 8 – Operating Segments – (effective 1 July 2014)

IFRS 13 – Fair value measurement – (effective 1 July 2014)

IAS 24 – Related Party Disclosure – (effective 1 July 2014)

Presentation of information

The Unaudited Condensed Interim Financial Statements have been prepared on a going concern basis under the historical cost convention adjusted to take account of the revaluation of the Company's investments at fair value.

In order to better reflect the activities of an Investment Company and in accordance with the guidance issued by the Association of the Investment Companies, supplementary information which analyses the Statement of Comprehensive Income between items of capital and revenue nature has been presented within the Statement of Comprehensive Income.

2 OPERATING SEGMENTS

The Company has two reportable segments, being the Income Portfolio and the Smaller Companies Portfolio. Each of these portfolios is managed separately as they entail different investment objectives and strategies and contain investments in different products.

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

2 OPERATING SEGMENTS (continued)

For each of the portfolios, the Board reviews internal management reports on a quarterly basis. The objectives and principal investment products of the respective reportable segments are as follows:

Segment	Investment objectives and principal investments products
Income Portfolio	To maximise income through investments in sterling denominated fixed interest securities including corporate bonds, preference and permanent interest bearing shares, convertibles, reverse convertibles, debentures and other similar securities.
Smaller Companies Portfolio	To maximise income and capital growth through investments in smaller capitalised UK companies.

Information regarding the results of each reportable segment follows. Performance is measured based on the increase in value of each portfolio, as included in the internal management reports that are reviewed by the Board.

Segmental information is measured on the same basis as that used in the preparation of the Company's financial statements.

	Income Portfolio GBP	Smaller Companies Portfolio GBP	Unallocated GBP	Total GBP
30 June 2015				
External revenues:				
Net (losses)/gains on financial assets designated as at fair value through profit or loss	(183,390)	8,093,892	–	7,910,502
Gains on derivative financial instruments	279,012	–	–	279,012
Investment income:				
Bank interest	–	–	187	187
Dividend income	68,554	1,109,695	–	1,178,249
Bond income	429,311	–	–	429,311
Total income and gains	593,487	9,203,587	187	9,797,261
Expenses	–	–	(569,536)	(569,536)
Interest payable and similar charges	–	–	(776,786)	(776,786)
Total comprehensive income for the period attributable to shareholders	593,487	9,203,587	(1,346,135)	8,450,939

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

2 OPERATING SEGMENTS (continued)

	Income Portfolio GBP	Smaller Companies Portfolio GBP	Unallocated GBP	Total GBP
30 June 2015				
Financial assets designated as at fair value through profit or loss	17,410,624	64,287,761	–	81,698,385
Receivables	245,881	362,746	3,219	611,846
Derivative financial instruments	113,989	–	–	113,989
Cash and cash equivalents	1,469,319	1,572,552	–	1,884,670
Total assets	19,239,813	66,223,059	3,219	85,466,091
Derivative financial instruments	7,999	–	–	7,999
Payables	–	381	233,814	234,195
Total liabilities	7,999	381	233,814	242,194
	Income Portfolio GBP	Smaller Companies Portfolio GBP	Unallocated GBP	Total GBP

31 December 2014

External revenues:				
Net gains/(losses) on financial assets designated as at fair value through profit or loss	527,111	(2,777,785)	–	(2,250,674)
Losses on derivative financial instruments	(25,734)	–	–	(25,734)
Investment income:				
Bank interest	–	–	138	138
Dividend income	117,199	2,054,439	–	2,171,638
Bond income	995,510	–	–	995,510
Sundry Income	–	13,484	–	13,484
Total income and gains	1,614,086	(709,862)	138	904,362
Expenses	–	–	(1,147,605)	(1,147,605)
Interest payable and similar charges	–	–	(1,497,946)	(1,497,946)
Total comprehensive income for the year attributable to shareholders	1,614,086	(709,862)	(2,645,413)	(1,741,189)

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

2 OPERATING SEGMENTS (continued)

	Income Portfolio GBP	Smaller Companies Portfolio GBP	Unallocated GBP	Total GBP
31 December 2014				
Financial assets designated as at fair value through profit or loss	19,612,634	56,538,242	–	76,150,876
Receivables	560,998	268,451	19,274	848,723
Derivative financial instruments	36,740	–	–	36,740
Cash and cash equivalents	670,603	16,463	274,039	961,105
Total assets	20,880,975	56,823,156	293,313	77,997,444
Derivative financial liabilities	43,660	–	–	43,660
Payables	–	–	214,111	214,111
Total liabilities	43,660	–	214,111	257,771

Geographical information

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the domicile countries of the investees and counterparties to derivative transactions.

	UK GBP	Guernsey GBP	Jersey GBP	Other Europe GBP	Rest of the World GBP	Total GBP
30 June 2015						
External revenues						
Total Revenue	1,331,369	66,304	702	148,658	60,527	1,607,560

	UK GBP	Guernsey GBP	Jersey GBP	Other Europe GBP	Rest of the World GBP	Total GBP
31 December 2014						
External revenues						
Total Revenue	2,524,828	224,413	147,586	198,480	71,841	3,167,148

The Company did not hold any non-current assets during the period other than financial instruments (December 2014: £ Nil).

Major customers

The Company regards its shareholders as customers. There were no shareholders with a holding greater than 10% at the period end.

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

3 INVESTMENT INCOME

	Period ended 30 Jun 2015 GBP	Period ended 30 Jun 2014 GBP
Bank interest	187	79
Dividend income	1,178,249	1,127,526
Bond income	429,311	450,020
	1,607,747	1,577,625

4 EXPENSES

	Period ended 30 Jun 2015		
	Revenue GBP	Capital GBP	Total GBP
Manager's fee*	70,972	212,502	283,474
Performance fee*	–	–	–
Administrator's fee	48,838	–	48,838
Registrar's fee	10,437	–	10,437
Directors' fees	37,458	–	37,458
Custody fees	29,663	–	29,663
Audit fee	14,023	–	14,023
Directors' and Officers' insurance	3,517	–	3,517
Annual fees	12,125	–	12,125
Bank charges	241	–	241
Commission paid	–	10,053	10,053
Legal and professional fees	2,128	–	2,128
Broker fees	16,123	–	16,123
Sundry costs	10,397	–	10,397
Loss on foreign exchange	91,059	–	91,059
	346,981	222,555	569,536

*The Company has entered into a Management Agreement with Premier Asset Management (Guernsey) Limited, a wholly-owned, Guernsey incorporated subsidiary of Premier Asset Management Limited. The Manager receives a management fee of 0.7% per annum of total assets (subject to a minimum fee of £100,000) calculated monthly and payable quarterly in arrears, out of which it pays fees to the Investment Advisers. The Manager is also paid a shareholder communication and support fee, currently £3,100 for the twelve months from 1 April 2015 to 31 March 2016. The Manager is also potentially entitled to a performance fee of 15% of any excess of the NAV per Ordinary Share (together with any dividends paid by reference to the relevant period) over the higher of the first benchmark or the second benchmark. The first benchmark is calculated as the NAV per Ordinary Share immediately following completion of the tender offer, in January 2007, compounded at a rate of 10% per annum up to the relevant calculation day. The second benchmark being the higher NAV on the last day in the prior period is used if a performance fee was paid in that prior period. The Management Agreement may be terminated by either party on 12 months' written notice.

Under the terms of their appointment, each Director is paid a fee of £20,000 per annum by the Company. In addition the Chairman receives £7,500 per annum (in total remuneration £27,500) and both the Chairman of the Audit Committee and the Remuneration and Management Engagement Committee and Risk Committee each receive an additional £5,000, (total remuneration for each post being £25,000).

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

4 EXPENSES (continued)

	Period ended 30 Jun 2014		
	Revenue GBP	Capital GBP	Total GBP
Manager's fee	73,843	221,528	295,371
Performance fee	–	–	–
Administrator's fee	58,158	–	58,158
Registrar's fee	9,578	–	9,578
Directors' fees	38,609	–	38,609
Custody fees	22,607	–	22,607
Audit fee	20,929	–	20,929
Directors' and Officers' insurance	3,771	–	3,771
Annual fees	6,781	–	6,781
Bank charges	1,288	–	1,288
Commission paid	–	44,805	44,805
Legal and professional fees	10,767	–	10,767
Broker fees	18,515	–	18,515
Sundry costs	16,930	–	16,930
Loss on foreign exchange	70,729	–	70,729
	352,505	266,333	618,838

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 30 Jun 2015			Period ended 30 Jun 2014		
	Revenue GBP	Capital GBP	Total GBP	Revenue GBP	Capital GBP	Total GBP
Appropriation in respect of ZDP shares	–	729,777	729,777	–	689,186	689,186
Amortisation of ZDP issue costs	–	47,009	47,009	–	46,856	46,856
	–	776,786	776,786	–	736,042	736,042

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

6 DIVIDENDS IN RESPECT OF ORDINARY SHARES

	Period ended 30 Jun 2015	
	GBP	Pence per share
First interim payment	502,721	3.25
Second interim payment	541,391	3.50
	1,044,112	6.75

	Year ended 31 Dec 2014	
	GBP	Pence per share
First Interim payment	481,600	3.00
Second interim payment	537,658	3.25
Third interim payment	513,283	3.25
Fourth interim payment	509,221	3.25
	2,041,762	12.75

7 EARNINGS PER SHARE

Ordinary Shares

The total return per Ordinary Share (per IFRS) is based on the total return on ordinary activities for the period attributable to Ordinary shareholders of £8,450,939 (Jun 2014: £948,736) and on 15,493,885 (Jun 2014: 16,143,911) shares, being the weighted average number of shares in issue during the period. There are no dilutive instruments and therefore basic and diluted gain per share is identical.

The revenue return per Ordinary Share (per IFRS) is based on the revenue return on activities for the period attributable to Ordinary shareholders of £1,260,766 (Jun 2014: £1,225,120) and on 15,493,885 (Jun 2014: 16,143,911) shares, being the weighted average number of shares in issue during the period. There are no dilutive instruments and therefore basic and diluted gain per share are identical.

The capital return per Ordinary Share (per IFRS) is based on the capital loss on ordinary activities for the period attributable to Ordinary shareholders of £7,190,173 (Jun 2014: gain of £276,384) and on 15,493,885 (Jun 2014: 16,143,911) shares, being the weighted average number of shares in issue during the period. There are no dilutive instruments and therefore basic and diluted gain per share are identical.

ZDP shares

The return per ZDP Share (per IFRS) is based on the appropriation in respect of ZDP Shares and the amortisation of ZDP Share issue costs totaling £776,786 (Jun 2014: £736,042) and on 20,795,832 (Jun 2014: 21,670,227) shares, being the weighted average number of ZDP Shares in issue during the period.

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

8 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 Jun 2015 GBP	31 Dec 2014 GBP
INVESTMENTS		
Opening portfolio cost	62,431,660	52,881,014
Unrealised appreciation on valuation brought forward	13,719,216	23,095,363
Opening valuation	76,150,876	75,976,377
Movements in the period/year		
Purchases at cost	15,226,998	72,813,768
Sales		
– proceeds	(17,589,991)	(70,388,595)
– realised gains on sales	3,160,017	8,158,452
– realised losses on sales	(1,724,634)	(1,032,980)
Unrealised appreciation on valuation for the period/year	6,764,431	4,053,076
Unrealised depreciation on valuation for the period/year	(289,312)	(13,429,222)
Fair value of investments at 30 June 2015	81,698,385	76,150,876
Closing book cost	61,505,285	62,431,660
Closing unrealised appreciation	20,193,100	13,719,216
	81,698,385	76,150,876
Realised gains on sales	1,435,383	7,125,473
Increase/(Decrease) in unrealised appreciation	6,475,119	(9,376,147)
Net gains/(loss) on financial assets designated as at fair value through profit or loss	7,910,502	(2,250,674)

As at 30 June 2015, the closing fair value of investments comprises £64,265,095 (Dec 2014: £57,956,148) of equity shares, £17,410,624 (Dec 2014: £18,252,746) of fixed income securities and £22,666 (Dec 2014: (58,018)) in respect of long gilts held.

IFRS 13 requires the fair value of investments to be disclosed by the source of inputs using a three-level hierarchy as detailed below:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);

Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

8 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Investments held by the Company have been classified as Level 1. This is in accordance with the fair value hierarchy.

Details of the value of each classification are listed in the table below. Values are based on the market value of the investments as at the reporting date:

Financial assets designated as at fair value through profit or loss

	30 Jun 2015 Market Value %	30 Jun 2015 Market Value GBP	31 Dec 2014 Market Value %	31 Dec 2014 Market Value GBP
Level 1	99.67	81,430,196	100	76,150,876
Level 3	0.33	268,189	–	–
Total	100	81,698,385	100	76,150,876

Level 3 investments comprise two investments valued at cost. As there is not an active market for these investments the investment manager and directors consider the cost to be an appropriate fair value at 30 June 2015.

Derivative financial assets and liabilities designated as at fair value through profit or loss

	30 Jun 2015 Market Value %	30 Jun 2015 Market Value GBP	31 Dec 2014 Market Value %	31 Dec 2014 Market Value GBP
Level 2 derivative financial assets	100	113,989	100	36,740
Level 2 derivative financial liabilities	100	7,999	100	43,660

There have been no transfers between levels of the fair value hierarchy during the period under review. It is the Company's policy to recognise all the transfers into the levels and transfers out of the levels at the end of the reporting period. Transfers into each level shall be disclosed and discussed separately from transfer out of each level.

The derivative financial instruments held by the Company have been classified as Level 2. This is in accordance with the fair value hierarchy. The Company uses widely recognised valuation models for determining fair value of derivative financial instruments that use only observable market data and require little management judgement and estimation.

9 RECEIVABLES

	30 Jun 2015 GBP	31 Dec 2014 GBP
Prepayments	29,671	19,274
Accrued income	578,956	617,076
Sundry receivables	3,219	212,373
	611,846	848,723

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

10 PAYABLES

(amounts falling due within one year)

	30 Jun 2015 GBP	31 Dec 2014 GBP
Accrued expenses	88,313	53,773
Spot contracts payable	381	–
Trade creditors	145,501	160,338
	234,195	214,111

11 ZDP SHARES

	30 Jun 2015 GBP	31 Dec 2014 GBP
ZDP Share entitlement	26,006,827	25,493,555
The above entitlement comprises the following:		
27,032,008 ZDP Shares issued to date up to 31 December 2014	22,471,543	–
201,348 Buyback of ZDP Shares during the period	(263,514)	–
20,642,306 ZDP Shares issued 31 December 2013	–	22,147,580
3,356,065 ZDP Shares issued in the year to 31 Dec 2014	–	3,899,340
523,504 ZDP shares sold out of treasury during the year to 31 Dec 2014	–	643,617
3,557,141 Buyback of ZDP Shares during the year to 31 Dec 2014	–	(4,218,994)
ZDP Premium	(232,343)	(323,895)
Appropriation in respect of ZDP Shares	3,951,554	3,221,777
ZDP value (calculated in accordance with the Articles)	25,927,240	25,369,424
ZDP issue costs	(199,765)	(294,823)
Issue costs amortised	47,009	95,059
Add back ZDP Premium	232,343	323,895
ZDP value (calculated in accordance with IFRS)	26,006,827	25,493,555

The fair value of the ZDP Shares is considered to be the same as the value calculated in accordance with IFRS.

ZDP Shares carry no entitlement to income distributions to be made by the Company. The ZDP Shares will not pay dividends but have a final capital entitlement at the end of their life on 31 January 2017 of 138 pence. It should be noted that the predetermined capital entitlement of a ZDP Share is not guaranteed and is dependent upon the Company's gross assets being sufficient on 31 January 2017 to meet the final capital entitlement of ZDP Shares. If the Company had been wound up on 30 June 2015, the ZDP Shares would have had an entitlement of 124.87 pence each. The ZDP Shares have the right to receive notice of and attend, but shall not have the right to vote at, any general meeting.

Under the Articles of Incorporation, the Company is obliged to redeem all of the ZDP Shares on 31 January 2017 (if such redemption has not already been effected).

The number of authorised ZDP Shares is 50,000,000. The number of issued ZDP Shares is 20,763,386 (Dec 2014: 20,964,734). The non-amortisation of the ZDP Shares in line with the Articles has the effect of increasing the NAV per Ordinary Share by 1.50 pence.

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

12 SHARE CAPITAL

Authorised

GBP

Ordinary Shares of 1p each	unlimited
----------------------------	-----------

Issued

Number of
shares

The issue of Ordinary Shares took place as follows:

Ordinary Shares	11 Feb 1999	29,600,002
Tender offer	17 Jan 2007	(20,660,212)
Purchase of treasury shares – Year ended 31 December 2011		(215,000)
Placing – Year ended 31 December 2013		6,438,339
Purchase of treasury shares – Year ended 31 December 2013		(1,756,000)
Shares sold out of Treasury – Year ended 31 December 2013		1,971,000
Issue of Shares during the year		2,500,205
Buyback of Ordinary Shares – Year ended 31 December 2014		(2,650,000)
Shares sold out of Treasury – Year ended 31 December 2014		390,000

Number of shares in issue at 31 December 2014	15,618,334
---	------------

Issue from treasury shares during the period	–
Buyback of Ordinary Shares during the period	(150,002)
Shares sold out of Treasury during the period	–

Number of shares in issue at 30 June 2015	15,468,332
---	------------

GBP

Issued and fully paid capital as at 30 June 2015	172,033
--	---------

The Ordinary Shares (excluding treasury shares) are entitled to participate in all dividends and distributions of the Company. On a winding-up holders of Ordinary Shares are entitled to participate in the distribution and the holders of Ordinary Shares are entitled to receive notice of and attend and vote at all general meetings of the Company.

Notes to the Condensed Financial Statements (unaudited)

(continued)

for the period ended 30 June 2015

13 TREASURY RESERVES

	30 Jun 2015 GBP	31 Dec 2014 GBP
Balance as at 1 January 2015	(6,297,145)	–
Acquired during the period/year	–	(6,411,998)
Treasury shares sold during the period/year	–	1,448,433
Buyback of Ordinary Shares during the period/year	–	(2,985,955)
Cancellation of Treasury Shares during the period/year	–	1,652,375
Balance as at 30 June 2015	(6,297,145)	(6,297,145)

	30 Jun 2015 No. Shares	31 Dec 2014 No. Shares
Balance as at 1 January 2015	1,735,000	–
Buyback of shares during the period/year	–	2,650,000
Treasury shares sold during the period/year	–	(390,000)
Cancellation of Treasury Shares during the period/year	(16,667)	(525,000)
Balance as at 30 June 2015	1,718,333	1,735,000

The Treasury Shares were purchased in the market at various prices ranging from £2.83 to £3.06 and held by the Company in treasury.

14 RELATED PARTIES

Premier Asset Management (Guernsey) Limited is the Company's Investment Manager and operates under the terms of the management agreement in force which gives it complete control over the Company's investment portfolio.

£283,474 (Jun 2014: £295,371) of costs were incurred by the Company with this related party in the period, of which £109,126 (Dec 2014: £136,987) was due to this related party as at 30 June 2015.

The directors' remuneration is disclosed in Note 4.

15 SUBSEQUENT EVENTS

These Financial Statements were approved for issue by the Board on 25 August 2015. Subsequent events have been evaluated until this date.

On 3 August 2015 the Company raised £713,000 through a tap issue of Ordinary Shares and ZDP Shares at a premium to asset value.

No other significant events have occurred after the statement of financial position date in respect of the Fund that may be deemed relevant to the accuracy of these Financial Statements.

Directors and Advisers

Board of Directors

Helen Foster Green (Chairman)
John Nigel Ward
David John Warr

Investment Manager

Premier Asset Management (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL
Tel: 01483 306090
Contact: Nigel Sidebottom

Investment Adviser – Smaller Companies Portfolio

Unicorn Asset Management Limited
Preacher's Court
The Charterhouse
Charterhouse Square
London EC1M 6AU
Tel: 0207 2530889
Contact: Simon Moon

Investment Adviser – Income Portfolio

Premier Fund Managers Limited
Eastgate Court
High Street
Guildford GU1 3DE
Tel: 01483 306090
Contact: Nigel Sidebottom

Administrator and Secretary

Northern Trust International Fund
Administration Services (Guernsey) Limited
(appointed 1 April 2015)
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

JTC (Guernsey) Limited (resigned 31 March 2015)
(formerly JTC Fund Managers (Guernsey) Limited) PO Box
156
Frances House Sir William Place St Peter Port
Guernsey GY1 4EU

Custodian

Northern Trust (Guernsey) Limited *(appointed 1 April 2015)*
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

BNP Paribas Securities Services SCA, Guernsey Branch
(formerly BNP Paribas Trust Company (Guernsey) Limited)
(resigned 31 March 2015)

BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey GY1 3WE

Corporate Broker

Numis Securities Limited
10 Paternoster Square
London EC4M 7LT
Tel: 0207 2601000

Registrar

Anson Registrars Limited
PO Box 426
Anson House
Havilland Street
St Peter Port
Guernsey GY1 3WX
Email: registrars@anson-group.com

Directors and Advisers (continued)

Company's Registered Office

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

Company Details

Company Number: 34778

Ordinary Shares
ISIN: GB0004829437
Ticker: AIF

ZDP Shares
ISIN: GG00B4W1FT21
Ticker: AIFZ

