

253644

**ARTEMIS ALPHA TRUST PLC**

**Interim accounts for the six months ended 31 October 2013**

**(prepared in accordance with Section 838 of the Companies Act 2006)**



Artemis Alpha Trust plc

Income Statement

For the six months ended 31 October 2013

	6 months ended 31 October 2013			6 months ended 31 October 2012			Year ended 30 April 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	934	-	934	1,156	-	1,156	1,743	-	1,743
Other income	(1)	-	(1)	15	-	15	15	-	15
<b>Total revenue</b>	<b>933</b>	<b>-</b>	<b>933</b>	<b>1,171</b>	<b>-</b>	<b>1,171</b>	<b>1,758</b>	<b>-</b>	<b>1,758</b>
Gains/(losses) on investments	-	16,276	16,276	-	1,712	1,712	-	(4,174)	(4,174)
Foreign exchange gains/(losses)	-	2	2	-	(17)	(17)	-	(21)	(21)
<b>Total income</b>	<b>933</b>	<b>16,278</b>	<b>17,211</b>	<b>1,171</b>	<b>1,695</b>	<b>2,866</b>	<b>1,758</b>	<b>(4,195)</b>	<b>(2,437)</b>
<b>Expenses</b>									
Investment management fees	(47)	(426)	(473)	(51)	(456)	(507)	(102)	(920)	(1,022)
Performance fees	-	-	-	-	-	-	-	-	-
Other expenses	(205)	(6)	(211)	(218)	(3)	(221)	(378)	(2)	(380)
<b>Profit/(loss) before finance costs and taxation</b>	<b>681</b>	<b>15,846</b>	<b>16,527</b>	<b>902</b>	<b>1,236</b>	<b>2,138</b>	<b>1,278</b>	<b>(5,117)</b>	<b>(3,839)</b>
Finance costs	(25)	(220)	(245)	(22)	(195)	(217)	(44)	(400)	(444)
<b>Profit/(loss) before taxation</b>	<b>656</b>	<b>15,626</b>	<b>16,282</b>	<b>880</b>	<b>1,041</b>	<b>1,921</b>	<b>1,234</b>	<b>(5,517)</b>	<b>(4,283)</b>
Taxation	(7)	-	(7)	(12)	-	(12)	(12)	-	(12)
<b>Profit/(loss) for the period</b>	<b>649</b>	<b>15,626</b>	<b>16,275</b>	<b>868</b>	<b>1,041</b>	<b>1,909</b>	<b>1,222</b>	<b>(5,517)</b>	<b>(4,295)</b>

Artemis Alpha Trust plc

Balance Sheet

As at 31 October 2013

	Note	As at 31 October 2013 £'000	As at 31 October 2012 £'000	As at 30 April 2013 £'000
<b>Non-current assets</b>				
Investments		168,508	164,342	162,121
Investments in subsidiary undertakings		1,548	1,151	1,170
		<b>170,056</b>	<b>165,493</b>	<b>163,291</b>
<b>Current assets</b>				
Cash and cash equivalents		2,814	5,508	2,514
Amounts due from brokers		177	571	241
Amounts due from subsidiary undertakings		-	422	-
Other receivables		110	434	164
		<b>3,101</b>	<b>6,935</b>	<b>2,919</b>
<b>Total assets</b>		<b>173,157</b>	<b>172,428</b>	<b>166,210</b>
<b>Current liabilities</b>				
Bank loan		(26,500)	(24,000)	(26,500)
Amounts payable to brokers		(85)	(1,143)	(813)
Other payables		(762)	(476)	(1,549)
		<b>(27,347)</b>	<b>(25,619)</b>	<b>(28,862)</b>
<b>Net assets</b>		<b>145,810</b>	<b>146,809</b>	<b>137,348</b>
<b>Equity attributable to equity holders</b>				
Share capital		543	556	554
Share premium		636	634	635
Special reserve	3	57,345	67,027	65,334
Capital redemption reserve		47	34	36
Retained earnings	3	87,239	78,558	71,789
<b>Total equity</b>		<b>145,810</b>	<b>146,809</b>	<b>138,348</b>

These financial statements were approved by the Board of Directors and signed on its behalf on 19 December 2013 by

DIRECTOR

SIMON MILLER

Company number 253644

Artemis Alpha Trust plc

Statement of Changes in Equity  
For the six months ended 31 October 2013

For the six months ended 31 October 2013

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 May 2013	554	635	65,334	36	71,789	138,348
Repurchase of ordinary shares into treasury	-	-	(7,989)	-	-	(7,989)
Cancellation of ordinary shares from treasury	(11)	-	-	11	-	-
Conversion of subscription shares	-	1	-	-	-	1
Dividends paid	-	-	-	-	(824)	(824)
Profit for the period	-	-	-	-	16,274	16,274
At 31 October 2013	543	636	57,345	47	87,239	145,810

For the six months ended 31 October 2012

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 May 2012	557	630	69,649	33	77,480	148,349
Repurchase of ordinary shares into treasury	-	-	(2,622)	-	-	(2,622)
Cancellation of ordinary shares from treasury	(1)	-	-	1	-	-
Conversion of subscription shares	-	4	-	-	-	4
Dividends paid	-	-	-	-	(831)	(831)
Profit for the period	-	-	-	-	1,909	1,909
At 31 October 2012	556	634	67,027	34	78,558	146,809

For the year ended 30 April 2013

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 May 2012	557	630	69,649	33	77,480	148,349
Repurchase of ordinary shares into treasury	-	-	(4,315)	-	-	(4,315)
Cancellation of ordinary shares from treasury	(3)	-	-	3	-	-
Conversion of subscription shares	-	5	-	-	-	5
Dividends paid	-	-	-	-	(1,396)	(1,396)
Loss for the year	-	-	-	-	(4,295)	(4,295)
At 30 April 2013	554	635	65,334	36	71,789	138,348

# Artemis Alpha Trust plc

## Cash Flow Statements

for the six months ended 30 October 2013

	Six months ended 31 October 2013 £'000	Six months ended 31 October 2012 £'000	Year ended 30 April 2013 £'000
<b>Operating activities</b>			
Profit/(loss) before tax	16,282	1,921	(4,283)
Interest payable	245	217	444
(Gains)/losses on investments	(16,276)	(1,712)	4,174
Currency (gains)/losses	(2)	17	21
Decrease/(increase) in other receivables	55	(8)	260
Decrease in other payables	(28)	(33)	(23)
<b>Net cash inflow from operating activities before interest and tax</b>	<b>276</b>	<b>402</b>	<b>593</b>
Interest paid	(245)	(217)	(444)
Irrecoverable overseas tax suffered	(8)	(12)	(12)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>23</b>	<b>173</b>	<b>137</b>
<b>Investing activities</b>			
Purchases of investments	(14,766)	(26,328)	(51,895)
Sales of investments	23,612	26,788	48,672
<b>Net cash inflow/(outflow) from investing activities</b>	<b>8,846</b>	<b>460</b>	<b>(3,223)</b>
<b>Financing activities</b>			
Repurchase of ordinary shares into treasury	(7,989)	(2,622)	(4,315)
Conversion of subscription shares	1	4	5
Dividends paid	(824)	(831)	(1,396)
Increase/(decrease) in inter-company loan	241	(176)	310
<b>Net cash outflow from financing activities</b>	<b>(8,571)</b>	<b>(3,625)</b>	<b>(5,396)</b>
<b>Net decrease/(increase) in net debt</b>	<b>298</b>	<b>(2,992)</b>	<b>(8,482)</b>
<b>Net debt at the start of the year</b>	<b>(23,986)</b>	<b>(15,483)</b>	<b>(15,483)</b>
<b>Effect of foreign exchange rate changes</b>	<b>2</b>	<b>(17)</b>	<b>(21)</b>
<b>Net debt at the end of the year</b>	<b>(23,686)</b>	<b>(18,492)</b>	<b>(23,986)</b>
Bank loans	(26,500)	(24,000)	(26,500)
Cash	2,814	5,508	2,514
	<b>(23,686)</b>	<b>(18,492)</b>	<b>(23,986)</b>

## Artemis Alpha Trust plc

### Notes to the interim accounts

#### 1 Accounting policies

##### (a) Basis of preparation

The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and in accordance with the provisions of the Companies Act 2006 (the "Act"). The principal accounting policies adopted by the Company are set out below.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in January 2009 is consistent with the requirements of IFRS, the financial statements have been prepared in accordance with the SORP.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30th April 2013.

The Company financial statements are presented in Sterling, which is the currency of the primary environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

A number of estimates and judgements have been made in the preparation of the interim accounts. These are reviewed regularly by the Board and Investment manager. The most significant judgement is the valuation of unquoted investments, which is described in note 1(c) below.

##### (b) Segmental reporting

The Company is one material segment of business being that of an investment trust company.

##### (c) Investments

Investments are designated as fair value through profit or loss upon initial recognition. Listed investments are measured initially at cost, and are recognised at trade date. Investments in subsidiary undertakings are stated at fair value, which is deemed to be the net assets of each subsidiary.

For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, all listed investments are measured at their quoted bid or SETS prices without deduction for the estimated future selling cost. Unquoted investments are valued at fair value which is determined by the Board, through discussion with the Investment Manager and with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Board. Valuation techniques employed include price of recent investment, earnings multiples, net assets, discounted cash flows techniques, industry valuation benchmarks, and available market prices.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as gains/(losses) on investments. Also included within this caption are transaction costs in relation to the purchase or sale of investments.

Assets are derecognised at the trade date of the disposal. Proceeds are measured at fair value which are regarded as the proceeds of sale less any transaction costs.

##### (d) Revenue

Dividends receivable on equity shares are recognised as revenue on an ex-dividend basis. Provision is made for any dividends not expected to be received. Income from fixed interest securities is recognised on an effective interest rate basis. Interest receivable from cash and short-term deposits and interest payable is recognised on an accruals basis. Special dividends are treated as repayment of capital or as revenue depending on the facts of each particular case.

##### (e) Expenses and finance costs

All expenses and interest payable are accounted for on an accruals basis. Expenses are charged through the revenue column in the Income Statement except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital, and
- expenses are treated as capital where they are made in connection with the maintenance or enhancement of the value of the investments. As a result, investment management fees, performance fees and finance costs are allocated on the basis of 10% to revenue and 90% to capital.

The performance fee is accrued in the daily net asset value and is calculated using the prevailing price of the Company's ordinary shares and benchmark performance. The accrued fee is based on the full expected liability of performance fee as at the date of the calculation. Payment will be made to the Investment Manager at the end of each performance period, in line with the Investment Management Agreement. Any amounts accrued but not due for payment may be reversed as a result of future relative performance.

Notes to the interim accounts (continued)

1. Accounting policies (continued)

(f) **Taxation**

Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Due to the Company's status as an investment trust, and the intention to meet the conditions required to obtain approval under section 1158 of the Corporation Taxes Act 2010 in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) **Cash and cash equivalents**

Cash and cash equivalents comprises deposits and overdrafts with banks.

Bank borrowings are used on a periodic basis to meet the Company's cash requirements and are reviewed regularly by the Investment Manager. Loan draw downs are normally of short durations which are subject to an insignificant risk of change in valuation.

(h) **Dividends**

Dividends are recognised from the date on which they are irrevocably committed to payment. In accordance with the Company's status as a UK investment company, net capital returns may not be distributed by way of a dividend.

(i) **Foreign currency translation**

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling on the balance sheet date. Foreign exchange differences arising on investment transactions are recognised in the Income Statement and treated as capital.

(j) **Other receivables and payables**

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value. Other payables are non-interest bearing and are stated at their nominal value.

(k) **Reserves**

**Capital Reserves – realised**

The following are accounted for in this reserve:

- gains and losses on the realisation of investments and changes in the fair value of investments which are readily convertible to cash, and
- expenses, together with any related taxation effect, in accordance with the above policies.

**Capital Reserves – unrealised**

Changes in the fair value of investments that are not readily convertible to cash and amounts by which other assets and liabilities valued at market value differ from their book value are accounted for in this reserve.

**Special Reserve**

This reserve is treated as distributable profits for all purposes, excluding the payment of dividends. The cost of share buy-backs is accounted for through this reserve.

**Capital Redemption Reserve**

This reserve includes the nominal value of all shares bought back and cancelled by the Company.

**Retaining earnings – revenue**

The revenue profit or loss for the period is taken to or from this reserve, and any dividends declared by the Company are paid from this reserve.

## Artemis Alpha Trust plc

### Notes to the interim accounts (continued)

#### 2 Interim dividend

	Six months ended 31 October 2013 £'000	Six months ended 31 October 2012 £'000	Year ended 30 April 2013 £'000
2012 second interim dividend of 1 75p (2011 1 65p)	-	831	831
2013 first interim dividend of 1 20p (2012 1 20p)	-	-	565
2013 second interim dividend of 1 85p (2012 1 75p)	824	-	-
	<b>824</b>	<b>831</b>	<b>1,396</b>

A first interim dividend for the year ending 30 April 2014 of £525,000 (1 20p per ordinary share) has been declared. This will be paid on 31 January 2014 to those shareholders on the register at close of business on 3 January 2014.

#### 3 Analysis of retained earnings

	Six months ended 31 October 2013 £'000	Six months ended 31 October 2012 £'000	Year ended 30 April 2013 £'000
Capital reserve - realised	64,704	83,417	58,245
Capital reserve - unrealised	21,840	(5,940)	12,674
Revenue reserve	695	1,081	870
	<b>87,239</b>	<b>78,558</b>	<b>71,789</b>

The distributable reserves of the Company are set out as follows:

	Six months ended 31 October 2013 £'000	Six months ended 31 October 2012 £'000	Year ended 30 April 2013 £'000
Special reserve	57,345	67,027	65,334
Revenue reserve	695	1,081	870
	<b>58,040</b>	<b>68,108</b>	<b>66,204</b>

#### 4 Comparative information

The above financial information does not constitute statutory financial statements as defined in Section 234 of the Companies Act 2006. The Annual Financial Report for the year ended 30 April 2013, which contained an unqualified auditor's report, has been lodged with the Registrar of Companies and did not contain a statement required under Section 498 of the Companies Act 2006.