Athelney
TRUST PLC

Athelney Trust plc

Half Yearly Financial Statements

for the six months ended 30 June 2016

Athelney Trust plc

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HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

I enclose the unaudited results for the six months to 30 June 2016. The salient points are as follows:

- The overall return, which is the increase in NAV during the half year plus the dividend paid, is minus 8.4 per cent.
- Unaudited Net Asset Value (NAV) is 216.5p per share (31 December 2015: 245p, 30 June 2015: 236p), a decrease of 11.6 per cent for the half year and a decrease of 8.3 per cent over the past year.
- Gross Revenue increased by 2 per cent to £116,257 compared with the half year ended 30 June 2015 of £113,963 (full year to 31 December 2015 £218,309).
- Revenue return per ordinary share was 4.9p (31 December 2015: 7.9p, 30 June 2015: 4.9p).
- A final dividend of 7.9p was paid in April 2016 (2015: final dividend 6.7p).

Review of 1 January 2016 to 30 June 2016

There is nothing quite so useless as doing with great efficiency something that should not be done at all. – Peter Drucker, management guru.

Just about the only way a smart person can go broke is to borrow money. – Warren Buffett

History teaches us that man and nations behave wisely once they have exhausted all other alternatives. – Abba Eban, Israeli diplomat.

The best won't run and the worst won't quit. – Old saying about American primary elections.

Chairmen often use weasel words to describe trading conditions such as *challenging* or *difficult* but I prefer *very, very tricky*. There are problems everywhere I look: China cleverly and quietly devaluing the renminbi to make that country's exports look more competitive while the economy cools steadily; Japan seemingly unable to get the rate of inflation up and its currency down: Italy's banks likely to be overwhelmed by bad debts unless Matteo Renzi can get Brussels' agreement to a massive rescue scheme or, failing that, go ahead with it anyway and look to leave the euro; data from America continues to puzzle with, until recently, good employment figures but poor company profitability and subdued GDP growth; Venezuela by all accounts ready to disappear down an economic plug-hole; the migration crisis in Continental Europe seems to be as far away from a solution as ever and, *the elephant in the room,* the aftermath of the referendum in Britain which will force 16 million Remainers out of the EU, much against their will. More, much more, on that in due course.

Meanwhile, best performing minor markets over the six months were Pakistan, Thailand and Hungary with rises of 15.1, 12 and 10.3 per cent respectively whereas Italy, Spain and Czech Republic were the worst with falls of 25.5, 15.6 and 15.5 per cent respectively. Major markets such as China and Japan did even worse with falls of 17.2 per cent and 18.2 per cent respectively. New York rose by 1.5 per cent and London by 1.9 per cent, the latter buoyed by the strength of overseas earners such as oils, tobaccos, miners and pharma as domestic investors sought and found some protection from the plunging pound. However, property, house-building, construction, retail, fund management and almost everything of a domestic nature fared much, much worse than that.

Take property, for example. Retail investors have panicked and rushed to sell their holdings in open-ended commercial property funds. Standard Life, Aviva, M&G, Henderson and others, having run through their liquidity (which apparently varied from about 15 to 25 per cent) have now shut the gate and said that investors will only be paid out when orderly disposals of the underlying properties have been made. Potential buyers will see these funds coming and will bid low for the properties that they particularly like – this will give property valuers the opportunity to call these transactions willing buyer/willing seller, which they are not. So, expect sharp mark-downs in asset values in the months ahead. As you can imagine, this has spooked the market right across the board.

Returning to the liquidity of open-ended funds, this was often held in the form of Real Estate Investment Trusts (REITs) shares since bank deposit rates are very low – naturally, all these shares have been sold thus depressing prices and sentiment even more. Selling has continued into July so expect more of the same. Having said all that, I would not be in favour of joining the Gaderene swine by selling Athelney's property shares. They will be reviewed one by one and, if found wanting, will be replaced by better choices but please do not expect the substantial commitment to the sector to fall by much, if at all. First and foremost, they are great dividend payers and, second, there is virtually nothing in Athelney's portfolio in the over-heated London commercial and residential market.

In the near-term, though, the huge fall in property shares adversely affected Athelney's performance between the date of the referendum and the end of the Trust's first half – only seven days but what a difference a week makes! The three small cap indices that I track did pretty well on the whole with falls of only 3.5, 3.4 and 3.9 per cent respectively over the six months under review whereas the total return on Athelney's shares was minus 8.4 per cent because of its 27 per cent stake in property shares. More later on the idiocy of putting illiquid office buildings, warehouses and shopping malls inside an open-ended wrapper.

Richard Burgon (Labour)*:* If the British people vote to leave the European Union, will the prime minister resign – yes or no?

The Prime Minister: No.

The things these politicians say!

Take back control and *Independence Day* were key slogans of the Leavers but the country has seldom been so wildly off the tracks (the aftermath of Suez comes to mind). The prime minister has handed in his resignation, the leading Brexiteer, Boris Johnson, has been stabbed in the back by another contender for leadership, the leader of the opposition is struggling to survive a coup, the pound has hit a 31-year low against the greenback and there is talk in Scotland and Northern Ireland of independence and union with Ireland respectively.

According to the newspaper Bild, *Germany would have:-*

1) *Acknowledged the 1966 Wembley goal*
2) *Stopped making jokes about Prince Charles' ears.*
3) *Done without a goalkeeper at the next penalty shoot-out to make it more exciting*
4) *Proposed European legislation to outlaw a head on beer.*
5) *Used their towels to save a sun-bed for the British.*
6) *Appear as villains in all future James Bond films.*

if the UK had voted Remain.

How could the country have said No thanks?

Although Britons opted to leave the EU, Brexit comes in 57 varieties. The mildest sort would be an arrangement like Norway's, which would involve access to Europe's single market in return for free movement of people, capital, goods and services and an annual contribution to the EU budget. At the other extreme, Britain could cut its ties completely, meaning no more contributions to the EU budget and no more unlimited immigration - but no special access to the market that buys nearly half Britain's exports. Voters were told by Mr Johnson that he was a *have my cake and eat it kind of person* and that they could have it all. They cannot.

We're getting rid of the biggest waste of EU money – your salary. *Belgian MEP Guy Verhofstadt speaking to Nigel Farage, then leader of UKIP. €8,213 monthly salary + €4,320 general expenditure allowance + €4,264 yearly travel expenses + €306 daily subsistence, all of which he will draw for the next two years.*

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The Norwegian option would do least damage to the economy and perhaps keep Scotland and Northern Ireland within the UK. In any event, independence might be painful for the Scots: it would mean promising to accept the euro and hardening the border with England, with which Scotland trades much more than with Europe. Under a Norwegian-style deal, Scots might prefer to stick with England. Another snag is that Britain's exit from Europe would break the Good Friday Agreement of 1998, in which the peace process was underpinned by the EU. This treaty has kept the peace in Northern Ireland for nearly 20 years.

European leaders are in no mood to negotiate with their pesky neighbour: that is why Britain should delay as long as possible before invoking Article 50 of the Lisbon Treaty, the mechanism for leaving the EU, which sets a two-year deadline. For every month that the cost of the exit sinks in, the possibility of a fudge giving both sides something of what they want would increase. Germany, France and Holland all face testing elections next year and Angela Merkel, in particular, may wish to accommodate British demands for an emergency brake on the free movement of people during a surge of mass immigration although she might find it difficult to sell the idea to other EU leaders.

Whatever deal takes shape in Brussels would be so far from what was promised by the Leave campaign that I would hope that it would be put to the British electorate through a referendum, a general election or both. Maybe this is wishful thinking on my part but, when faced with the question of a Norway-type deal that entails many of the costs of being in the single market without having any say in the rules, many would rather stay in the EU after all.

Satirical magazine Private Eye *is to hold a competition to name Sir Philip Green's new yacht, reputed to cost a cool £100m. Initial suggestions include: BootyMcBootyface; Fishy McFishface; Greedy McGreedface; Fatty McFatface; Shamey McShameface and The Lady Ghislaine.*

After months of economic hardship (I especially worry about prospects for 2017), and a fall in immigration caused by the likely recession, British voters may be ready to think differently about the balance between immigration, sovereignty, the economy and our place in Europe. The EU specialises in fudges and finding its way around referendums. The likeliest outcome, a sorry one, is an inglorious exit but Remainers should not give up all hope just yet.

So what should happen now? Monetary policy is the first line of defence in an uncertain world so we will need lower interest rates to support demand and a further round of quantitative easing will be required. Fiscal policy should allow the so-called automatic stabilisers to operate as tax revenues fall, benefit spending rises and borrowing increases. However, a structural hit to the public finances (very likely, in my opinion) would require difficult decisions on taxation and spending to fill the black hole. The UK, with high levels of public debt, a big banking system and large twin deficits on the current account and budget balance, should move quickly. A budget, informed by a new fiscal forecast from the OBR, should be an urgent priority for Mrs May soon after she takes office. Looking longer term, much depends on the nature of the United Kingdom's new relationship with Europe: it is also becoming clearer that there is no mad rush to rush into negotiations by triggering Article 50. *European Economic Area minus* looks to be a reasonable aim of negotiations when the time comes. EEA members have full access to the single market but must accept free movement of people, capital, goods and services so that is probably a non-starter, hence the *minus*. Something must be given up in exchange for more control over immigration so how would that effect our access to the single market in business and financial services? The electorate has spoken but we need to find out what exactly it said – for myself, I am not at all sure.

Goldman Sachs has decided that oil is going up from today's $47 a barrel or so. This is quite a change of view because the oil market has gone from nearing storage saturation to being in deficit much earlier than we expected. *It is only a few months since its analysts concluded that the world's tanks were so full of crude that the price might get down to $20. When oil was surging past $110 in 2011, Goldman Sachs' top oil man feared a super-spike to take it towards $200. To be fair, very few of us predicted the fall in the oil price but can the Squid really be so consistently wrong?*

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

The bleeding stopped on the third day: the British pound steadied and markets perked up on 28 June after two sessions of carnage during which Lloyds, Barclays and Royal Bank of Scotland were down by about 30 per cent and French, German and Italian banks were also heavily affected by about 20-30 per cent. London boasts 250 foreign banks and 200 foreign law firms: finance employs 730,000. An abundance of clever people adept in English law and finance draws in banks, fund managers and so forth and the wealth of employers, in turn, attracts more workers. Brexit threatens this happy balance in that Britain no longer affords the regulatory predictability that investors like. The main worry is that financial firms will no longer be able to serve the whole of the EU from London. Companies from one EU country have *passports* to do business in the other 27 with no need for local branches or subsidiaries.

Thus equipped, banks have made London their second home: Goldman Sachs, for instance has 6,000 of its European staff in London with just 200 in Frankfurt. London's asset managers sell mutual funds (UCITS in Euro-speak) across the region with nearly £1 trillion under management. Fund manager M&G is planning to set up in Dublin whereas Columbia Threadneedle has applied to expand in Luxembourg. A second concern is that London could lose its status as the main centre for trading in securities denominated in euros. Around 70 per cent of such trading takes place in London, four times the share of France and Germany even though London is outside the euro-zone. The City is not about to crumble. Other cities lack scale and sheer concentration of expertise but some business will without doubt go elsewhere.

Good to see Barclays giving its anti-fraud advertisements another burst on ITV. A man stares at the camera and asks for your full password while another man stands in the background and warns that he is an imposter. Every year millions are lost to fraud *says the ad before assuring us that the nice people at Barclays would never ask for your full password or your PIN number. What a pity that Barclays was not so principled when it came to fixing the Libor rate – another way in which taxpayers' millions were lost to fraud.*

From Japanese-owned car plants in the north east to gleaming Chinese-financed skyscrapers in London, modern Britain has been built on foreign money. The combination of stable government, an improving economy and a skilled and flexible work-force made the UK a magnet for investment from around the globe. But Britain's failure to rebalance its economy towards exports, combined with falling net returns on its own overseas investments, has created a large current account deficit. The decision to leave the EU raises the question of whether the UK will still be able to raise abroad the roughly 5 per cent of national income to fund this imbalance. The explanation for this deficit lies in finance not in trade. The gap between imports and exports has remained negative but stable for the past 10 years with a huge deficit in manufactured goods partly offset by a surplus in services. The fall in the pound since the referendum gives exporters a great opportunity to increase business abroad but past experience gives me no cause for optimism. But the core reason why the current account deficit has been growing is in the investment account, which records the difference between inward and outward investment flows. Britain used to earn substantially more from its overseas investments than it paid out on foreign investments in the UK. Since 2011, these positive returns have been falling. However, the fall in sterling may well help as it means that income from abroad will be worth more but if international investors/ lenders decide to shun the UK because of an imperfect link to the EU then the consequences could well be dire.

What a surprise! Polly Peck fraudster Asil Nadir celebrated his 75th birthday at home in North Cyprus instead of in a Turkish prison. Jailed for 10 years in August 2012, Nadir was released, supposedly to be transferred to a jail in Istanbul. The day after he arrived in Turkey, he was on a flight to North Cyprus where he was welcomed as a hero and can now rejoin whatever is left of the £150m that he, er, mislaid.

Today, open-ended funds (i.e. funds from which retail investors can theoretically withdraw cash at the drop of a hat) account for about 5 per cent of the total commercial property market, up from 2 per cent in 2007. But the fundamental mismatch between a highly illiquid asset class and the promise of instant access to an investor's money has always been an accident waiting to happen. There are uncanny echoes of the funding mismatch that killed off the likes of Lehmann Brothers and Northern Rock, both of which were banks that relied on short-term finance to back up long term loans, mortgages and investments. Since 2008, regulators have made considerable headway in reducing the risks inherent in banking but they really should have looked up to see the dangerous parallels elsewhere in financial products, particularly in this corner of asset management.

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

There is a strong argument for banning altogether instant-access open-ended funds that wish to invest in illiquid assets such as property. But if they are allowed to operate at all, far more should be done to dictate their liquidity. The property market can be volatile: irresponsible structures only make things worse.

The first Brexit occurred in the year 286 when military commander Carausius revolted against Rome with three British legions and led the province as an independent state. With the modesty of a Boris Johnson, he issued gold coins with his own image and inscriptions such as Restitutor Britanniae (*Restorer of Britain) and* Genius Britanniae (*Spirit of Britain). This Brexit did not end nicely: in 293, Carausius was assassinated by his treasurer, Allectus, George Osborne's murderous predecessor. In September 296, Caesar Constantius Chlorus mounted an invasion of England and Allectus died in battle. London was retaken by force and Allectus's troops were massacred. Sounds worse than a recession and a run on sterling, doesn't it?*

Finally, under this heading, I am pleased to report that in April Athelney Trust raised £407,000 before expenses by placing 174,800 shares at 233.2p. I look forward to welcoming personally the new investors to their first Annual General Meeting in Spring, 2017.

Results

Gross revenue increased to £116,257 compared to the same period last year of £113,963.

Portfolio Review

Holdings of *Cape, Custodian REIT, Ocean Wilsons, Schroder European, Target Healthcare* and *Tullett Prebon* were all purchased for the first time. Additional holdings of *Air Partner, Andrews Sykes, Epwin, KCOM, McColls Retail, Picton Property, Trinity Mirror* and *Wireless* were also acquired. *Amlin* and *Stanley Gibbons* were sold. In addition *GVC* was top-sliced to provide capital for new purchases.

Dividend

As is the Board's practice, consideration of a dividend will be left until the final results are known.

Risks

The Company's assets consist mainly of listed securities and its principal risks are therefore market-related. The Company is also exposed to currency risk in respect of a small number of investments held in overseas markets.

The major risks associated with the Company are market and liquidity risk. The Company has established a framework for managing these risks. The directors have guidelines for the management of investments and financial instruments.

Market Risk

Market risk arises from changes in interest rates, valuations awarded to equities, movements in prices and the liquidity of financial instruments.

Liquidity Risk

Liquidity Risk is the risk that the Company may have difficulty in meeting obligations associated with financial liabilities.
The Company has no borrowings; therefore there is no exposure to interest rate changes.
The Company is able to reposition its investment portfolio when required so as to accommodate liquidity needs.

Outlook

Britain is a resilient, resourceful country that has weathered political, economic and military shocks which would have sunk many others. Over time, the economy will readjust and Britain will find a new, albeit diminished, role in the world. We must all hope that Britain remains engaged, open and pro-European. As for markets, they will settle down and, with interest rates likely to fall to zero and another dose of QE due quite soon, equities and commercial property (excluding the hot-spots) will look attractively priced.

Dr. E.C. Pohl

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RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Directors, whose names appear on page 18 of this document, are responsible for preparing the unaudited Half Yearly Report in accordance with applicable laws and regulations. The Directors confirm that to the best of their knowledge:

1. The condensed set of Financial Statements for the six months to 30 June 2016 have been prepared in accordance with FRS 104 "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and return of the company.
2. The Chairman's Statement includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R being an indication of important events during the first six months and their impact on the condensed set of financial statements and a description of principal risks and uncertainties for the remaining six months of the year.
3. The Chairman's Statement also includes a fair review of the information required by Rule 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 Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

By order of the Board:
Dated 22 July 2016.

Dr. E.C. Pohl
Director and Non-executive Chairman

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INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2016

	Stock	Holding	Value (£)	SECTOR £	SECTOR %
Chemicals	Treatt	22,500	36,731	**36,731**	**0.80%**
Construction and materials	Costain Group	14,666	46,271		
	Epwin Group	40,000	43,500		
	Heath (Samuel) & Sons	15,500	38,750	**128,521**	**2.79%**
Electronic and electrical equipment	XP Power Ltd	3,000	46,650		
	Sprue Aegis	15,000	25,463	**72,113**	**1.57%**
Food and beverages	Greencore Group	20,000	61,480		
	Wynnstay Group	12,500	49,031	**110,511**	**2.40%**
General financial	Camellia	500	39,495		
	Charles Taylor	35,714	85,624		
	Jarvis Securities	24,500	75,276		
	Jupiter Fund Management	15,000	54,825		
	Juridica Investments	35,000	18,900		
	Park Group	140,000	85,400		
	Randall & Quilter Investment Holdings	40,000	37,900		
	Record	125,000	31,875		
	River & Mercantile Group	22,500	41,288		
	S & U	4,000	91,160		
	Tullett Prebon	15,000	45,615	**607,358**	**13.18%**
Industrial engineering	Goodwin	2,000	37,780		
	Hill & Smith	12,500	111,124		
	Low & Bonar	65,000	38,188		
	Slingsby (H.C)	4,000	4,990		
	Vitec	6,500	33,963	**226,045**	**4.91%**
Industrial transportation	Braemar Shipping Services	23,162	94,906		
	DX Group	50,000	8,125		
	Fisher (James)	3,000	41,580		
	Ocean Wilsons	6,500	48,750		
	UK Mail	8,000	24,620	**217,981**	**4.73%**
Insurance	Beazley	16,000	58,224		
	Chesnara	16,000	43,960		
	Hansard Global	30,000	31,200		
	Hiscox	4,699	48,447		
	Lancashire Holdings	8,000	46,920		
	Novae Group	10,000	75,000	**303,751**	**6.59%**
Leisure Goods	Games Workshop	8,000	36,080	**36,080**	**0.78%**
Media	4Imprint	6,500	84,435		
	Huntsworth	70,000	27,125		
	M&C Saatchi Plc	8,500	24,119		
	Quarto Group Inc Com	50,000	112,500		
	Trinity Mirror	42,500	37,081		
	Wireless Group	30,000	93,000		
	Wilmington Group	32,500	81,900	**460,160**	**9.99%**

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INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2016 (CONTINUED)

	Stock	Holding	Value (£)	SECTOR £	SECTOR %
Oil, Equipment and Services	Cape	22,500	43,369	**43,369**	**0.94%**
Property, Commercial and Residential	AEW UK REIT	65,000	62,075		
	Capital & Regional	135,000	70,875		
	Custodian REIT	60,000	61,650		
	Harworth Group	52,500	40,163		
	F & C UK Real Estate Investments	64,500	56,921		
	Lok'n Store Group	25,000	73,188		
	LondonMetric Property	45,000	67,365		
	Mountview Estates	1,500	150,134		
	Palace Capital	13,000	40,918		
	Picton Property Income	175,000	115,500		
	Regional REIT Ltd	50,000	49,875		
	Schroder Real Estate Investment Trust	109,000	54,773		
	Schroder European Real Estate	50,000	55,875		
	Standard Life Property Income	65,000	51,512		
	Target Healthcare REIT	100,000	108,750		
	Town Centre Securities	27,500	75,556		
	Tritax Big Box	60,000	78,360		
	UK Commercial Property Trust	50,000	36,050	**1,249,540**	**27.12%**
Retailers	Mccolls Retail Group	35,000	45,500		
	Safestyle Uk	22,500	51,694	**97,194**	**2.11%**
Support services	Andrews Sykes Group	16,000	47,200		
	Begbies Traynor	80,000	37,400		
	Communisis	100,000	35,000		
	Connect Group	64,285	94,981		
	Latham (James)	5,500	34,086		
	Matchtech	18,500	53,373		
	Menzies (John)	12,000	65,400		
	Premier Farnell	45,000	74,025		
	St Ives	37,500	30,750		
	Vianet Group	40,000	36,400		
	VP	17,500	110,162	**618,777**	**13.43%**
Telecommunications	KCOM Group	56,000	58,940	**58,940**	**1.28%**
Travel and leisure	Air Partner	22,500	85,443		
	Cineworld	19,800	108,009		
	GVC Holdings	20,000	112,500		
	Photo-Me	25,000	34,063	**340,015**	**7.38%**

Portfolio Value		**£ 4,607,086**
Net Current Assets		**£ 64,771**
TOTAL VALUE		**£ 4,671,857**
Shares in issue		**2,157,881**
Unaudited NAV	**216.5p**	

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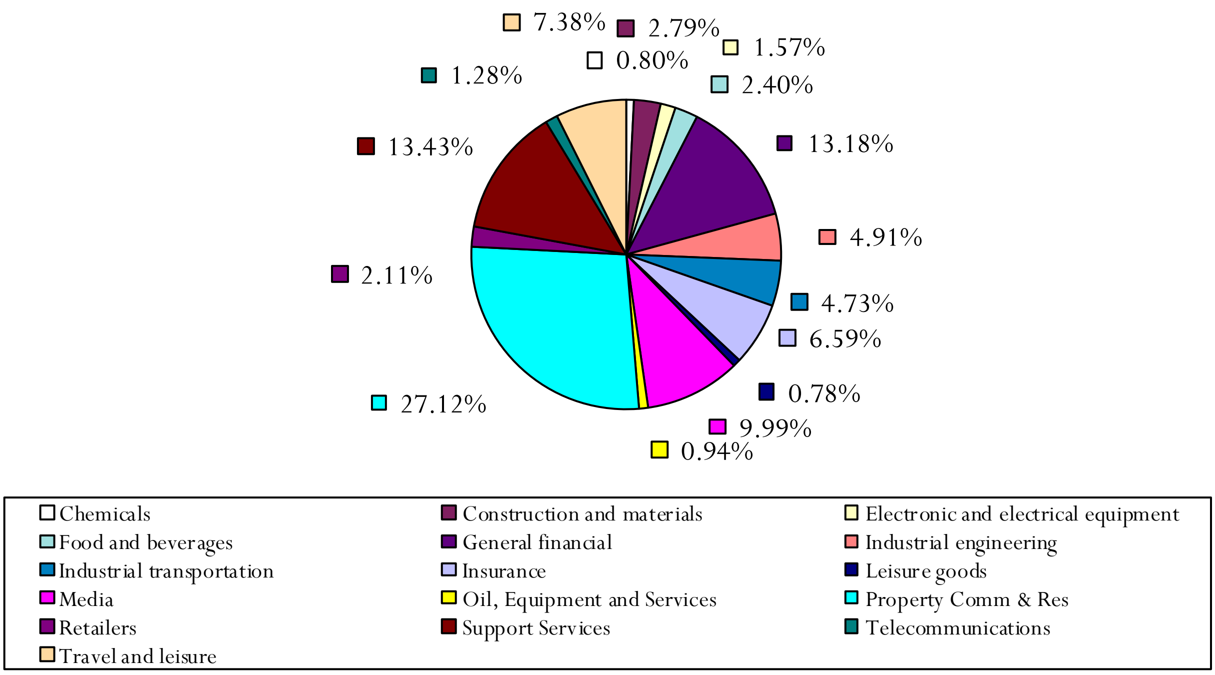
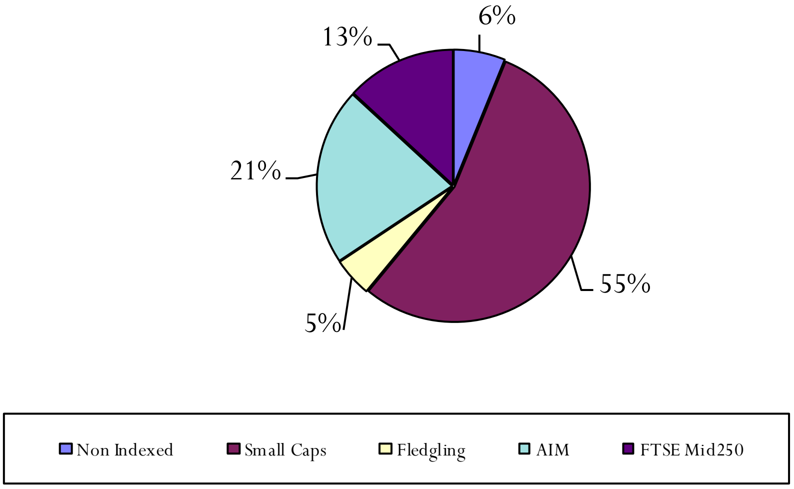
INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2016 (CONTINUED)

Portfolio By Sectors



Portfolio By Listing



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HALF YEARLY INCOME STATEMENT
(INCORPORATING THE REVENUE ACCOUNT)

	Unaudited 6 months ended 30 June 2016			**Unaudited 6 months ended 30 June 2015**			***Audited Year ended 31 December 2015***
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	***Total***
	£	**£**	**£**	**£**	**£**	**£**	***£***
Gains on investments held at fair value	-	67,872	67,872	-	197,363	197,363	*391,473*
Income from investments	116,257	-	116,257	113,963	-	113,963	*218,309*
Investment Management expenses	(2,608)	(23,301)	(25,909)	(2,495)	(22,754)	(25,249)	*(52,059)*
Other expenses	(12,811)	(59,624)	(72,435)	(13,909)	(29,041)	(42,950)	*(88,296)*
Net return on ordinary activities before taxation	100,838	(15,053)	85,785	97,559	145,568	243,127	*469,427*
Taxation	-	-	-	-	-	-	-
Net return on ordinary activities after taxation	100,838	(15,053)	85,785	97,559	145,568	243,127	*469,427*
Dividends Paid:							
Dividend	(156,663)	-	(156,663)	(132,866)	-	(132,866)	*(132,866)*
Transferred to reserves	(55,825)	(15,053)	(70,878)	(35,307)	145,568	110,261	*336,561*
Return per ordinary share	4.9p	(0.7p)	4.2p	4.9p	7.3p	12.2p	*23.7p*

The total column of this statement is the profit and loss account for the Company.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued during the above financial periods.

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above Statement.

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HALF-YEARLY STATEMENT OF CHANGES IN EQUITY

	For the Six Months Ended 30 June 2016 (Unaudited)					
	Called-up Share Capital	**Share Premium**	**Capital reserve realised**	**Capital reserve unrealised**	**Retained earnings**	**Total Shareholders' Funds**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2016	495,770	545,281	1,563,158	1,910,653	343,369	4,858,231
Net loss on realisation of investments	-	-	67,872	-	-	67,872
Decrease in unrealised Appreciation	-	-	-	(523,129)	-	(523,129)
Share Capital issued	43,700	363,933	-	-	-	407,633
Expenses allocated to Capital	-	-	(82,925)	-	-	(82,925)
Profit for the period	-	-	-	-	100,838	100,838
Dividend paid in year	-	-	-	-	(156,663)	(156,663)
Shareholders' Funds at 30 June 2016	539,470	909,214	1,548,105	1,387,524	287,544	4,671,857

	For the Six Months Ended 30 June 2015 (Unaudited)					
	Called-up Share Capital	**Share Premium**	**Capital reserve realised**	**Capital Reserve Unrealised**	**Retained earnings**	**Total Shareholders' Funds**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2015	495,770	545,281	1,336,934	1,851,828	291,857	4,521,670
Net gains on realisation of investments	-	-	197,363	-	-	197,363
Increase in unrealised Appreciation	-	-	-	48,238	-	48,238
Expenses allocated to Capital	-	-	(51,795)	-	-	(51,795)
Profit for the year	-	-	-	-	97,559	97,559
Dividend paid in year	-	-	-	-	(132,866)	(132,866)
Shareholders' Funds at 30 June 2015	495,770	545,281	1,482,502	1,900,066	256,550	4,680,169

	For the Year Ended 31 December 2015 (Audited)					
	Called-up Share Capital	**Share Premium**	**Capital reserve realised**	**Capital Reserve Unrealised**	**Retained earnings**	**Total Shareholders' Funds**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2015	495,770	545,281	1,336,934	1,851,828	291,857	4,521,670
Net gains on realisation of investments	-	-	332,648	-	-	332,648
(Decrease)/Increase in unrealised appreciation	-	-	-	58,825	-	58,825
Expenses allocated to Capital	-	-	(106,424)	-	-	(106,424)
Profit for the year	-	-	-	-	184,378	184,378
Dividend paid in year	-	-	-	-	(132,866)	(132,866)
Shareholders' Funds at 31 December 2015	495,770	545,281	1,563,158	1,910,653	343,369	4,858,231

Athelney Trust plc

HALF YEARLY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Unaudited 30 June 2016	Unaudited 30 June 2015	*Audited 31 December 2015*
	£	£	*£*
Fixed assets			
Investments held at fair value through profit and loss	4,607,086	4,493,609	*4,709,749*
Current assets			
Trade receivables	46,653	143,090	*124,368*
Cash at bank and in hand	29,020	55,151	*39,493*
	75,673	198,241	*163,861*
Creditors: amounts falling due within one year	(10,902)	(11,681)	*(15,379)*
Net current assets	64,771	186,560	*148,482*
Total assets less current liabilities	4,671,857	4,680,169	*4,858,231*
Provisions for liabilities and charges	-	-	*-*
Net assets	4,671,857	4,680,169	*4,858,231*
Capital and reserves			
Called up share capital	539,470	495,770	*495,770*
Share premium account	909,214	545,281	*545,281*
Other reserves (non distributable)			
Capital reserve - realised	1,548,105	1,482,502	*1,563,158*
Capital reserve - unrealised	1,387,524	1,900,066	*1,910,653*
Retained earnings	287,544	256,550	*343,369*
Shareholders' funds - all equity	4,671,857	4,680,169	*4,858,231*
Net Asset Value per share	216.5p	236.0p	*245.0p*
Number of shares in issue	2,157,881	1,983,081	*1,983,081*

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HALF YEARLY STATEMENT OF CASHFLOWS FOR THE SIX MONTHS ENDING 30 JUNE 2016

	Notes	Unaudited 6 months ended 30 June 2016 £	Unaudited 6 months ended 30 June 2015 £	*Audited* *Year ended* *31 December 2015* *£*
Cash flows from operating activities				
Net revenue return		100,838	97,559	*184,378*
Adjustments for:				
Expenses charged to capital		(82,925)	(51,800)	*(106,424)*
(Decrease)/Increase in creditors		(4,477)	(4,145)	*(447)*
Decrease/(Increase in debtors		77,715	(55,844)	*(37,122)*
Cash from operations		91,151	(14,230)	*40,385*
Cash flows from investing activities				
Purchase of investments		(509,411)	(430,174)	*(755,023)*
Proceeds from sales of investments		156,816	614,284	*868,860*
Proceeds from share issue		407,634	-	-
Net cash from investing activities		55,039	184,110	*113,837*
Equity dividends paid		(156,663)	(132,866)	*(132,866)*
Net (Decrease)/ Increase		(10,473)	37,014	*21,356*
Cash at the beginning of the period		**39,493**	**18,137**	***18,137***
Cash at the end of the period		**29,020**	**55,151**	***39,493***

NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. **Accounting Policies**

a) Statement of Compliance

The Company's Interim Financial Statements for the period ended 30 June 2016 have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the 2014 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') issued by the Association of Investment Trust Companies.

The Company has also adopted FRS 104, which applies to interim periods commencing on or after 1 January 2015. The transition to FRS 104 has had no impact on the previous reported financial position and financial performance. With the exception of this, the financial statements have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2015.

b) Financial information

The financial information contained in this report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the period ended 30 June 2016 and 30 June 2015 have not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews. The information for the year to 31 December 2015 has been extracted from the latest published Annual Report and Financial Statements, which have been lodged with the Registrar of Companies, contained an unqualified auditor's report and did not contain a statement required under Section 498(2) or (3) of the Companies Act 2006.

c) Going concern

The Company's Assets consist mainly of equity shares in companies which, in most circumstances are realisable within a short timescale. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

2. To the best of our knowledge and belief there are no related party transactions within the meaning required by the Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

3. **Taxation**

The tax charge for the six months to 30 June 2016 is nil (year to 31 December 2015: nil; six months to 30 June 2015: nil).

The Company has an effective tax rate of 20% for the year ending 31 December 2016. The estimated effective tax rate is 20%.

4. The calculation of earnings per share for the six months ended 30 June 2016 is based on the attributable return on ordinary activities after taxation and on the weighted average number of shares in issue during the period.

	6 months ended 30 June 2016 (Unaudited)			6 months ended 30 June 2015 (Unaudited)		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£	£	£	£	£	£
Attributable return on ordinary activities after taxation	100,838	(15,053)	85,785	97,559	145,568	243,127
Weighted average number of shares		2,051,272			1,983,081	
Return per ordinary share	4.9p	(0.7p)	4.2p	4.9p	7.3p	12.2p

NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

	12 months ended 31 December 2015 (Audited)		
	Revenue	**Capital**	**Total**
	£	**£**	**£**
Attributable return on ordinary activities after taxation	184,378	285,049	469,427
Weighted average number of shares		1,983,081	
Return per ordinary share	9.3p	14.4p	23.7p

5. Net Asset Value (NAV) per share is calculated by dividing shareholders' funds by the weighted average number of shares in issue at 30 June 2016 of 2,051,272 (30 June 2015: 1,983,081 and 31 December 2015: 1,983,081).

6. Copies of the Half Yearly Financial Statements for the six months ended 30 June 2016 will be available on the Company's website www.athelneytrust.co.uk as soon as practicable.

Athelney Trust plc

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