Athelney Trust plc

Half Yearly Financial Statements

for the six months ended 30 June 2017

Athelney Trust plc

CONTENTS

Athelney Trust plc

HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

I enclose the unaudited results for the six months to 30 June 2017. The salient points are as follows:

- The overall return, which is the increase in NAV during the half year plus the dividend paid, is 10.4 per cent.
- Unaudited Net Asset Value (NAV) is 268.7p per share (31 December 2016: 251.1p, 30 June 2016: 216.5p), an increase of 7 per cent for the half year and an increase of 24.1 per cent over the past year.
- Gross Revenue increased by 8.5 per cent to £126,098 compared with the half year ended 30 June 2016 of £116,257 (full year to 31 December 2016 £242,157).
- Revenue return per ordinary share was 5.1p (31 December 2016: 10p, 30 June 2016: 4.9p).
- A final dividend of 8.6p was paid in April 2017 (2016: final dividend 7.9p).

Review of 1 January 2017 to 30 June 2017

If you want to give God a good laugh, tell Him of your plans. – Old Yiddish proverb.

David Davis [Secretary of State for Exiting the European Union] – *the only man I know who can swagger sitting down.* – Alex Wickham, Tweeter.

The most significant event of the 20th Century will be the fact that the North Americans speak English. – Count Otto von Bismarck.

And ye shall hear of wars and rumours of wars: see that ye be not troubled: for all these things must come to pass, but the end is not yet.- Matthew 24:6-8, King James Bible.

It is my view that we are living through one of the most hated bull markets in modern times. Fund managers across the world sit at their desks all day conscious of the fact that almost every conceivable type of investment opportunity appears expensive (solution: specialise in UK smaller companies as does Athelney Trust). Stock markets have entered the eighth year of their recovery following the Great Recession, while record low interest rates in developed countries have driven yields on all manner of bonds into the floor. In short, some fund managers believe that there exists no single asset class on this planet from fine wines to Latin American junk debt, priced attractively enough to be bought without worry.

Let's have a look at some numbers. All major markets made steady progress: New York, London, Tokyo and Shanghai rose by 8.6, 3.4, 5.3 and 2.3 per cent respectively. In minor markets, Turkey, Greece and Argentina (more of this particular market later) increased by 28.8, 27.8 and 26.5 per cent respectively. Less optimistically, Russia and Pakistan fell by 13 and 3.1 per cent respectively.

The history of markets is littered with vivid anecdotes, from share-tipping shoeshine boys to trading rotten tins of sardines,that signal when optimism became ebullience just before a smash. In time, Argentina's 100-year bond yielding 7.9 per cent might just enter the same pantheon. The last century has seen Argentina in debt crisis in 1930, 1955, 1975, 1989, 2001 and 2014. Indeed, Argentina has been in default on at least some of its debts for all but six years in the last two decades. There is no doubt that there are huge amounts of global money whose owners are suffering from *dividend starvation* and are keen to latch on to such opportunities. However, my feeling is that this is hot money which might well be withdrawn swiftly should emerging markets be hit by a shock.

Total customer loyalty: £5.1bn in TV money; a combined loss in 15 of the last 17 seasons. It truly is the Premier League of Planet Football.

Athelney Trust plc

HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

What do we do about high-frequency traders, the bogey-men of markets? No month seemingly goes by without some strange price movement being linked to their actions. So it was little surprise that, after a mini-crash in sterling in May, fingers were pointed towards the flash boys. The question would seem to be how to deal with them when they are caught doing things which don't look right. How do I explain the $20,000 penalty handed out by the New York Stock Exchange to an outfit called Andrei Trading? With great difficulty, I have to say. Over a two-month period in early 2016, the firm submitted 15 billion quotes in financial options, or 19,000 quotes every second. But how many contracts did Andrei actually trade – why just 1,004 or about 0.000006 per cent of total quotes. Perhaps you have to be trading from your parents' house in a London suburb to get the regulator really worried………

World Password Day was 4 May. We all know that we should use unique, complex, hard-to-guess passwords, a mixture of letters, numbers and symbols. Last year's most popular password used by 17 per cent of those who were hacked? 123456.

One year on from the referendum it is time to look at the economic consequences so far. The economy has grown at an annualised rate of 1.8 per cent in the three quarters following the poll and unemployment has fallen from 4.9 to 4.6 per cent. So far so good but the bad news is the type of growth the UK has experienced and developments in living standards. Household consumption accounted for more than 80 per cent of economic growth, business investment did not contribute at all while net exports actually detracted from growth. The latest numbers indicate that prices are rising at 2.9 per cent but wages by only 1.7 per cent and most working-age benefits are frozen. Households will, on balance, be worse off a year after the referendum. As for the forecasts made by the Treasury on the Remain side, the shallow recession did not arrive but there were serious errors on the Leave side. The Economists for Brexit forecast almost no immediate drop in sterling, inflation in mid-2017 of 1.5 per cent and average earnings growth of 3.5 per cent. The voting public punished the government in the recent general election but it does not yet realise that the British pound's fall is likely to prolong the Brexit squeeze on living standards for another two years or so.

News that the government will make a £500m profit on its £20.3bn bailout of Lloyds Banking Group invites an obvious comparison. Over eight-and-a half years, that stake generated a compound annual return of 0.31 per cent. But a £20.3bn deposit in Lloyds' highest paying instant access bank account would have earned £2.9bn in interest at a compound rate of 1.7 per cent. We are not very good at this, are we?

Ministers really need to stop using the statistic that Britain is one of the fastest-growing economies in the G7. It was true for a while last year but not true now. The United States and Japan grew half as much again as the U.K. in the first quarter of 2017 while Italy grew twice as fast, France two and a half times as fast, Germany three times faster and Canada four and a half times faster. And if we started using GDP per head rather than raw GDP, then, er, we didn't grow at all.

Incredible, brilliant, genius Corbyn got only nine seats fewer in 2017 than did disastrous Neil Kinnock in 1992.

The Conservative government has really got itself into a terrible mess over tax. If we consider that Gordon Brown was the pioneer of stealth taxes, then George Osborne and now Philip Hammond have been enthusiastic upholders: uncosted pledges have also been made to increase the personal allowance to £12,500 and the higher rate threshold to £50,000. The government has not reached the end of the line with its reductions in corporation tax due to be cut to 17 per cent by 2020. The self-imposed moratorium on fuel duty increases, originally a response to Labour's fuel duty escalator, looks likely to be continued indefinitely. The result of all this is that the Office for Budget Responsibility has forecast a rise in tax receipts to 37.2 per cent of GDP, and yet it is not at all clear to me how these promises will be funded. The fault lies in the decision to sweeten the austerity pill with tax giveaways during the last parliament. Mr Osborne grasped the nettle firmly with a bold VAT rise but then gave it all back by increasing tax allowances, freezing fuel duty, cutting corporation tax and reducing Labour's 50 per cent top rate to 45 per cent. It used to be so different. In the 1980s, under Margaret Thatcher, the Conservatives had an unchallenged reputation as a tax-cutting party. This was because when it needed to raise taxes, as in Geoffrey Howe's austerity budget of 1981, it did not hold back. Raising taxes hard when it was needed, rather than tinkering round the edges, paved the way for big tax cuts later.

Athelney Trust plc

HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

Ellis Short, whose Sunderland Football Club was relegated from the Premier League with debts of £100m, appears to have a sense of irony. Or perhaps not. He launched a £2bn fund in June to invest in the distressed property debt market. Who will manage it? Mr. Short made five attempts to lure David Moyes to Sunderland, only for that hapless man's tenure to end in resignation. So he is technically available again……..

Labour wants to raise corporation tax and tax the rich so as not to tax the ordinary working family any more than it is at the moment. But who are the rich? Everyone on the Sunday Times Rich List? All 1,000 have assets worth £100m: they make up 0.000002 of the U.K. population. Sadly there are not nearly enough of them to generate serious revenue. What about the top 1 per cent then? They must be rich, surely – certainly richer than the other 99 per cent. To be included in this category, you would need assets of £3m including the value of your house and any private pension. Plenty of middle-aged homeowners in London and the South East qualify. What about income, then? The top 1 per cent of income taxpayers have pre-tax incomes in excess of £160,000 a year. That sounds good but it is still £340,000 below the top 0.1 per cent. However we define the rich, we know one thing: they are already paying a lot of tax. The richest 1 per cent of income taxpayers pay over a quarter of all income tax and the top 10 per cent pay 60 per cent of the total. Whatever we think of the rich, we are dependent upon them – perhaps to an uncomfortable extent. We would like to get more money from them but must not pretend that they are the only ones who will need to pay more if we are to increase spending on health, education and infrastructure.

At this rate, David Davis has a big problem. What will he do when he has breezed through Brexit? Perhaps he will read out the football results on TV so that everyone's team always wins. Or invent a happiness pill. Or become a meteorologist only forecasting sunny weather……….

It's been a long time since nationalisation was on the political agenda. But now, with Jeremy Corbyn in charge of the Labour Party, the process has been adopted with enthusiasm. Labour's manifesto proposed a £250 billion *national transformation fund* to upgrade the economy. The policy included nationalising Royal Mail, the railways, energy supply and water. After the Second World War, nationalisation became the main form of ownership in Britain for utilities and public services together with some basic industries. So, by the end of the 1970s, before the Conservatives embarked on privatisation, nationalised industries accounted for about 10 per cent of GDP and 8 per cent of employment. Some companies were pretty dire: British Airways customer service was famously appalling whereas British Rail produced the worst sandwich in Christendom and was allowed to operate unsuccessfully in the hotel and ferry businesses. Over-manning was notorious, perhaps to the extent of 40 per cent. Research in the 1980s found that putting contracts out for private tender reduced costs by 20 per cent thanks to greater efficiency, not lower wages. A programme of nationalisation has no obvious economic justification except dogma about the size of the state. It is an idea whose time has gone.

Isn't it strange that the British and Irish media regularly use the term Tory *to refer to the present government.* Tory *comes from the Irish* toraidhe *and refers to the dispossessed Irish Catholic outlaws who preyed on the Protestant settlers. In the light of the agreement with the DUP perhaps it should revert to the correct title of* Conservative and Unionist Party.

Here is how to make money running a private railway. You charge about £2 a minute for a 15-minute journey and, with profit margins of 50 per cent, make £66 million on revenues of £134 million. The genius of the Heathrow Express, linking Paddington station with the airport, is that travellers continue to pay such exorbitant prices because the Piccadilly Line takes so long and a taxi is ruinously expensive. Not content with this juicy plum, however, Heathrow was planning to levy excess access fares for London to run its Crossrail trains into the airport. This would have blocked long-awaited mass transit into Heathrow or forced Crossrail to increase prices. That was until the courts threw out Heathrow's claim. Who would have benefitted? Why investors from Spain, China, Qatar, Singapore and America that's who.

Athelney Trust plc

HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

What is worse than listening to an estate agent? How about listening to an Aussie estate agent whose every sentence ends with a question? Presumably Australians don't notice, which may help to explain why Purplebricks' antipodean operation is ahead of its UK business at the same stage of development. But does first-mover advantage justify a valuation of 150 times 2019 earnings? If Countrywide, offering the very same fixed-fee model, can be bought on a prospective P/E of 8? That is the question? Isn't it?

The U. K. financial regulator came under heavy criticism in June for failing to take action against asset managers that over-charged investors by selling expensive funds that promised stock-picking expertise but in reality merely mirror an index. The Financial Conduct Authority (FCA) published a damning report on the asset management industry that said that there was £109bn of investor money sitting in so-called closet trackers. This involved fund managers charging high fees for aiming to beat a benchmark but in reality closely tracking an index. This practice, in some circles, is considered fraudulent. The FCA also highlighted other problems including poor value for money for retail investors, opaque charging structures and weak price competition. However, the report contains the word *consult* 29 times versus the word *decide* just twice and is extremely disappointing to those wanting big changes in the industry. Action has already been taken in Sweden and Norway, so why not here?

News that the new polymer £5 notes are being kept in circulation despite a 134,000 petition protesting at their animal fat content came as no surprise. Last summer 4m signed a petition for a second Brexit referendum when it emerged that all UK banknotes contained 20 per cent of an equally slippery commodity: value in foreign exchange markets.

Leaving the EU was always going to be complicated but few really appreciate how complex the task will be. At least 759 different agreements with 168 countries covering trade in nuclear goods, customs, fisheries, transport and regulatory co-operation in areas such as anti-trust or financial services will have to be renegotiated just for Britain to stand still. The U.K. really needs to find a cross-party agreement on the basic principles of Brexit and then work out a way to make the consensus stick. Reaching a good deal will take time. So both sides should agree on a long transition, in which Britain lives under today's terms until a trade agreement is struck. The most difficult area is likely to be freedom of movement. Britain cannot expect special treatment but a minor get-out such as is already enjoyed by Switzerland and Norway might allow a better deal for all. Britain's position is appallingly weak. The negotiations may well blow up before they really get going but chaos in Westminster presents a rare opportunity to change the course of Brexit. Both sides should seize it.

Results

Gross revenue increased to £126,098 compared to the same period last year of £116,257.

Portfolio Review

Holdings of *Biffa, Countrywide, Crest Nicholson, Debenhams, Hostelworld, Ibstock, Murgitroyd, Safecharge and The PRS REIT were* all purchased for the first time. Additional holdings of *Record* were also acquired. *Beazley, Hiscox and Novae* were sold. In addition eight shareholdings were top-sliced to provide capital for new purchases.

Corporate Activity

The holding of *Lavendon* were taken over at a capital profit of 99.1 percent.

Dividend

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

Athelney Trust plc

HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

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.

Prospects

The news is grim: terrorist outrages, political chaos and the Grenfell Tower tragedy have dominated headlines in recent weeks and months. Elsewhere, the economy appears to be slowing and productivity is a national disgrace. Credit growth has been running at over 10 per cent since June 2016 while household savings have collapsed to 1.7 per cent of disposable income, the lowest reading since the data series began in 1963. The British people are deeply divided: there is a majority neither for a hard exit nor for remaining in the EU. There is neither a majority for the Conservative vision of continued austerity nor for Labour's vast tax and spending gamble. A divided House of Commons and Cabinet reflects a divided country.

A sensible aim would be to try to hang onto the gains made in the first half.

Dr. E.C. Pohl

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2017 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 21 July 2017.

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

Athelney Trust plc

INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2017

	Stock	Holding	Value (£)	SECTOR £	%
Chemicals	Treatt	18,000	84,906	**84,906**	**1.5%**
Construction and materials	Costain Group	14,666	67,610		
	Epwin Group	40,000	43,880		
	Forterra	40,000	102,080		
	Heath (Samuel) & Sons	15,500	49,554		
	Ibstock	22,500	55,238	**318,362**	**5.6%**
Electronic and electrical equipment	XP Power Ltd	2,500	60,700		
	Sprue Aegis	15,000	32,580	**93,280**	**1.6%**
Food and beverages	Greencore Group	19,000	46,721		
	Wynnstay Group	8,000	46,176	**92,897**	**1.6%**
General financial	Camellia	500	51,745		
	Charles Taylor	35,714	85,606		
	Jarvis Securities	24,500	108,584		
	Jupiter Fund Management	15,000	75,675		
	Juridica Investments	35,000	3,430		
	Park Group	140,000	114,520		
	Randall & Quilter Investment Holdings	40,000	58,880		
	Record	150,000	66,900		
	River & Mercantile Group	22,500	73,058		
	S & U	4,000	81,520		
	TPICAP	15,000	70,080	**789,998**	**14.0%**
Home Construction	Crest Nicholson	9,000	47,070	**47,070**	**0.8%**
Industrial engineering	Goodwin	2,000	31,480		
	Hill & Smith	8,000	110,320		
	Low & Bonar	65,000	55,055		
	Slingsby (H.C)	4,000	1,888		
	Vitec	5,500	56,100	**254,843**	**4.5%**
Industrial transportation	Braemar Shipping Services	23,162	64,784		
	DX Group	50,000	4,500		
	Fisher (James)	3,000	48,810		
	Ocean Wilsons	6,500	68,023	**186,117**	**3.3%**
Insurance	Chesnara	16,000	61,872		
	Hansard Global	30,000	26,910		
	Lancashire Holdings	8,000	55,680	**144,462**	**2.6%**
Leisure Goods	Games Workshop	8,000	95,920	**95,920**	**1.7%**
Media	4Imprint	5,000	84,100		
	Huntsworth	70,000	40,390		
	M&C Saatchi Plc	8,500	28,152		
	Quarto Group Inc Com	50,000	119,600		
	Trinity Mirror	42,500	41,650		
	Wilmington Group	32,500	76,278		
	XlMedia	55,000	70,235	**460,405**	**8.1%**
Oil, Equipment and Services	Cape	22,500	42,120	**42,120**	**0.7%**
Property, Commercial and Residential	AEW UK REIT	65,000	66,430		
	Capital & Regional	135,000	75,600		

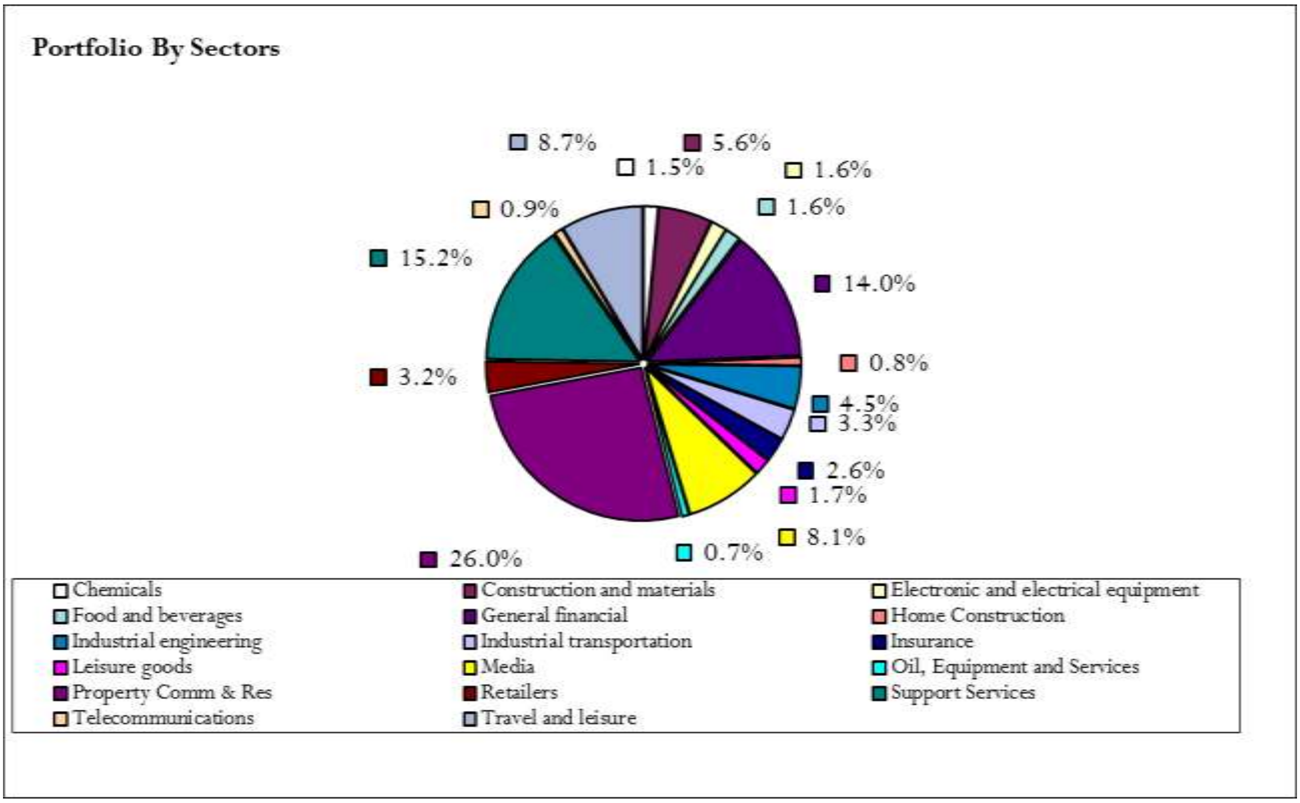
Athelney Trust plc

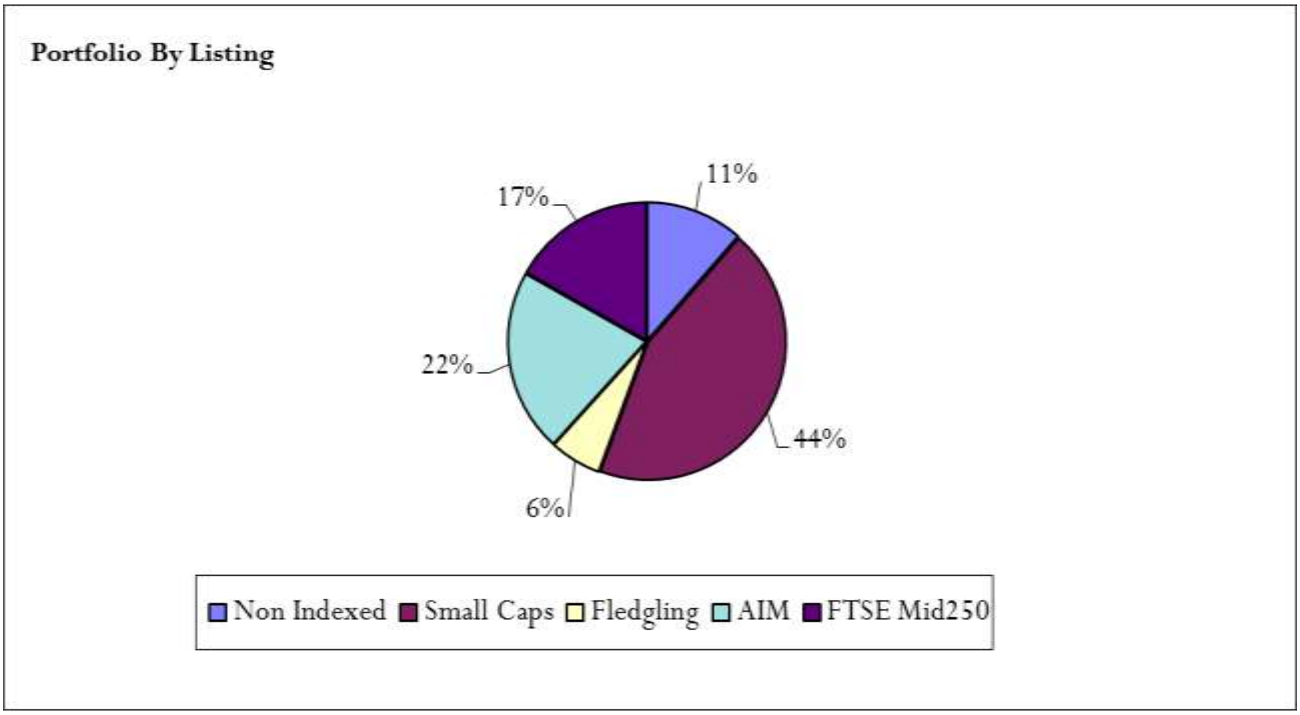
INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2017 (CONTINUED)

	Stock	Holding	Value (£)	SECTOR £	%
Property, Commercial and Residential Cont'd	Countrywide	30,000	50,160		
	Custodian REIT	60,000	70,020		
	Harworth Group	52,500	49,980		
	F & C UK Real Estate Investments	64,500	68,693		
	Lok'n Store Group	11,000	43,417		
	LondonMetric Property	45,000	75,285		
	Mountview Estates	1,500	172,485		
	Palace Capital	13,000	49,036		
	Picton Property Income	175,000	145,600		
	Regional REIT Ltd	50,000	52,350		
	Schroder Real Estate Investment Trust	109,000	69,433		
	Schroder European Real Estate	50,000	59,100		
	Standard Life Property Income	65,000	57,850		
	Target Healthcare REIT	100,000	117,500		
	The PRS REIT	29,205	30,548		
	Town Centre Securities	27,500	79,668		
	Tritax Big Box	60,000	87,660		
	UK Commercial Property Trust	50,000	46,050	**1,466,865**	**26.0%**
Retailers	Debenhams	100,000	43,000		
	McColls Retail Group	35,000	69,895		
	Safestyle Uk	22,500	69,458	**182,353**	**3.2%**
Support services	Andrews Sykes Group	19,500	113,978		
	Begbies Traynor	100,000	49,700		
	Biffa	25,000	55,175		
	Communisis	100,000	50,700		
	Connect Group	64,285	72,321		
	Gattaca	21,500	67,121		
	Latham (James)	5,500	46,321		
	Menzies (John)	9,500	66,928		
	Murgitroyd	12,500	59,338		
	Safecharge International	20,000	52,940		
	St Ives	37,500	19,313		
	Vianet Group	50,000	51,600		
	VP	17,500	155,663	**861,098**	**15.2%**
Telecommunications	KCOM Group	56,000	49,672	**49,672**	**0.9%**
Travel and leisure	Air Partner	112,500	124,875		
	Cineworld	19,800	138,897		
	GVC Holdings	12,500	94,500		
	Hostelworld	22,500	78,008		
	Photo-Me	32,500	53,690	**489,970**	**8.7%**

Portfolio Value		**£5,660,338**
Net Current Assets		**£138,102**
TOTAL VALUE		**£ 5,798,440**
Shares in issue		**2,157,881**
Unaudited NAV	**268.7p**	

INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2017 (CONTINUED)





Athelney Trust plc

HALF YEARLY INCOME STATEMENT
(INCORPORATING THE REVENUE ACCOUNT)

	Unaudited 6 months ended 30 June 2017			Unaudited 6 months ended 30 June 2016			*Audited Year ended 31 December 2016*
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	***Total***
	£	**£**	**£**	**£**	**£**	**£**	***£***
Gains on investments held at fair value	-	212,073	212,073	-	67,872	67,872	*236,357*
Income from investments	126,098	-	126,098	116,257	-	116,257	*242,157*
Investment Management expenses	(2,968)	(26,930)	(29,898)	(2,608)	(23,301)	(25,909)	*(52,143)*
Other expenses	(12,925)	(33,663)	(46,588)	(12,811)	(59,624)	(72,435)	*(88,912)*
Net return on ordinary activities before taxation	110,205	151,480	261,685	100,838	(15,053)	85,785	*337,459*
Taxation	-	-	-	-	-	-	-
Net return on ordinary activities after taxation	110,205	151,480	261,685	100,838	(15,053)	85,785	*337,459*
Dividends Paid:							
Dividend	(185,577)	-	(185,577)	(156,663)	-	(156,663)	*(156,663)*
Transferred to reserves	(75,372)	151,480	76,108	(55,825)	(15,053)	(70,878)	*180,796*
Return per ordinary share	5.1p	7p	12.1p	4.9p	(0.7p)	4.2p	*16p*

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.

HALF-YEARLY STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2017 (Unaudited)

	Called-up Share Capital	Share Premium	Capital reserve realised	Capital reserve unrealised	Retained Earnings	Total Shareholders' Funds
	£	£	£	£	£	£
Balance at 1 January 2017	539,470	881,087	1,747,083	1,852,759	398,134	5,418,533
Net gains on realisation of investments	-	-	212,073	-	-	212,073
Increase in unrealised Appreciation	-	-	-	303,799	-	303,799
Expenses allocated to Capital	-	-	(60,593)	-	-	(60,593)
Profit for the period	-	-	-	-	110,205	110,205
Dividend paid in year	-	-	-	-	(185,577)	(185,577)
Shareholders' Funds at 30 June 2017	539,470	881,087	1,898,563	2,156,558	322,762	5,798,440

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 gains 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	-	(28,127)	(54,798)	-	-	(82,925)
Profit for the year	-	-	-	-	100,838	100,838
Dividend paid in year	-	-	-	-	(156,663)	(156,663)
Shareholders' Funds at 30 June 2016	539,470	881,087	1,576,232	1,387,524	287,544	4,671,857

For the Year Ended 31 December 2016 (Audited)

	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 gains on realisation of investments	-	-	294,251	-	-	294,251
Decrease in unrealised appreciation	-	-	-	(57,894)	-	(57,894)
Expenses allocated to Capital	-	(28,127)	(110,326)	-	-	(138,453)
Shares issued in the year	43,700	363,933				407,633
Profit for the year	-	-	-	-	211,428	211,428
Dividend paid in year	-	-	-	-	(156,663)	(156,663)
Shareholders' Funds at 31 December 2016	539,470	881,087	1,747,083	1,852,759	398,134	5,418,533

Athelney Trust plc

HALF YEARLY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Unaudited 30 June 2017	Unaudited 30 June 2016	*Audited 31 December 2016*
	£	£	£
Fixed assets			
Investments held at fair value through profit and loss	5,660,338	4,607,086	*5,117,268*
Current assets			
Trade receivables	88,028	46,653	*256,964*
Cash at bank and in hand	60,351	29,020	*59,133*
	148,379	75,673	*316,097*
Creditors: amounts falling due within one year	(10,277)	(10,902)	*(14,832)*
Net current assets	138,102	64,771	*301,265*
Total assets less current liabilities	5,798,440	4,671,857	*5,418,533*
Provisions for liabilities and charges	-	-	-
Net assets	5,798,440	4,671,857	*5,418,533*
Capital and reserves			
Called up share capital	539,470	539,470	*539,470*
Share premium account	881,087	881,087	*881,087*
Other reserves (non distributable)			
Capital reserve - realised	1,898,563	1,576,232	*1,747,083*
Capital reserve - unrealised	2,156,558	1,387,524	*1,852,759*
Retained earnings	322,762	287,544	*398,134*
Shareholders' funds - all equity	5,798,440	4,671,857	*5,418,533*
Net Asset Value per share	268.7p	216.5p	*251.1p*
Number of shares in issue	2,157,881	2,157,881	*2,157,881*

Athelney Trust plc

HALF YEARLY STATEMENT OF CASHFLOWS FOR THE SIX MONTHS ENDING 30 JUNE 2017

	Notes	Unaudited 6 months ended 30 June 2017 £	Unaudited 6 months ended 30 June 2016 £	*Audited Year ended 31 December 2016 £*
Cash flows from operating activities				
Net revenue return		110,205	100,838	*211,428*
Adjustments for:				
Expenses charged to capital		(60,593)	(54,797)	*(110,326)*
Decrease in creditors		(4,554)	(4,477)	*(547)*
Decrease/(Increase) in debtors		168,937	77,715	*(132,596)*
Cash from operations		213,995	119,279	*(32,041)*
Cash flows from investing activities				
Purchase of investments		(452,748)	(509,411)	*(741,319)*
Proceeds from sales of investments		425,548	156,816	*570,157*
Net cash from investing activities		(27,200)	(352,595)	*(171,162)*
Financing Activities				
Share issue		-	379,506	*379,506*
		-	379,506	*379,506*
Equity dividends paid		(185,577)	(156,663)	*(156,663)*
Net (Decrease)/ Increase		1,218	(10,473)	*19,640*
Cash at the beginning of the period		**59,133**	**39,493**	***39,493***
Cash at the end of the period		**60,351**	**29,020**	***59,133***

Athelney Trust plc

NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. **Accounting Policies**

a) Statement of Compliance

The Company's Interim Financial Statements for the period ended 30 June 2017 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 2016.

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 2017 and 30 June 2016 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 2016 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 2017 is nil (year to 31 December 2016: nil; six months to 30 June 2016: nil).

The Company has an effective tax rate of 20% for the year ending 31 December 2017. The estimated effective tax rate is 20%.

4. The calculation of earnings per share for the six months ended 30 June 2017 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 2017 (Unaudited)			**6 months ended 30 June 2016 (Unaudited)**		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Attributable return on ordinary activities after taxation	110,205	151,480	261,685	100,838	(15,053)	85,785
Weighted average number of shares		2,157,881			2,051,272	
Return per ordinary share	5.1p	7p	12.1p	4.9p	(0.7p)	4.2p

NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

12 months ended 31 December 2016 (Audited)

	Revenue	Capital	Total
	£	£	£
Attributable return on ordinary activities after taxation	211,428	126,031	337,459
Weighted average number of shares		2,104,868	
Return per ordinary share	10p	6p	16p

5. Return per ordinary share is calculated by dividing shareholders' funds by the weighted average number of shares in issue at 30 June 2017 of 2,157,881 (30 June 2016: 2,051,272 and 31 December 2016: 2,104,868).

6. Copies of the Half Yearly Financial Statements for the six months ended 30 June 2017 will be available on the Company's website www.athelneytrust.co.uk as soon as practicable.

Athelney Trust plc

OFFICERS AND FINANCIAL ADVISERS

Directors:	Dr. E.C. Pohl (Chairman) R.G. Boyle (Managing Director) S. Moore	Email: mannypohl@athelneytrust.co.uk Email: robin@athelneytrust.co.uk Email: simonmoore@athelneytrust.co.uk
Alternate Director:	J.L. Addison (Alternate Director)	Email: jladdison@bigpond.com
Secretary:	J. Girdlestone Waterside Court Falmouth Road Penryn Cornwall, TR10 8AW	Email: john@athelneytrust.co.uk Tel: 01326 378 288
Registered Office:	Waterside Court Falmouth Road Penryn Cornwall, TR10 8AW	Website: www.athelneytrust.co.uk Email: info@athelneytrust.co.uk Tel: 01326 378 288
Company Number:	2933559 (Registered in England)	
Solicitor:	Druces LLP Salisbury House London Wall London EC2M 5PS	Email: d.smith@druces.com Tel: 020 7216 5572
Stockbroker:	Speirs & Jeffrey Limited 50 George Square Glasgow, G2 1EH	Email: graeme.dickie@speirsjeffrey.co.uk Tel: 0141 248 4311
Auditors:	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT	Email:scott.lawrence@hazelwoods.co.uk Tel: 01242 237661
Banker:	HSBC Bank Market Street Falmouth Cornwall TR11 3AA	
Registrar:	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey, GU9 7DR	Email: peter@shareregistrars.uk.com Tel: 01252 821 390
Public Relations Consultants:	City Road Communications Limited 42-44 Carter Lane London, EC4V 5EA	Email: paulquade@cityroad.uk.com Tel: 0207 248 8010