

Company Number: 00670489

# **LOWLAND INVESTMENT COMPANY PLC**

## **HALF YEAR REPORT**

**(unaudited)**

**for the six months ended 31 March 2012**

## LOWLAND INVESTMENT COMPANY PLC

### Unaudited Results for the Half Year Ended 31 March 2012

#### Key Data

|  | (Unaudited)<br>Half year ended<br>31 March 2012 | (Unaudited)<br>Half year ended<br>31 March 2011 | (Audited)<br>Year ended<br>30 September 2011 |
|--|---|---|--|
| Net asset value per ordinary share<br>(including income) | <b>958.3p</b>                                   | 893.4p  | 811.0p                                       |
| Share price  | <b>901.0p</b>                                   | 825.0p  | 762.5p                                       |
| Market capitalisation                                    | <b>£238.0m</b>                                  | £217.9m   | £201.4m                                      |
| Net revenue return per ordinary share                    | <b>8.7p</b>                                     | 8.1p  | 28.8p  |
| Net dividends per ordinary share                         |   |   |  |
| - Interim  | <b>15.0p</b>                                    | 10.5p   | 10.5p  |
| - Second Interim   | -   | -   | 17.5p  |
| Number of shares in issue                                | <b>26,417,427</b>                               | 26,417,427                                      | 26,417,427                                   |

#### Interim Management Report

##### Chairman's Statement

##### Review

Over the six months under review, Lowland's net asset value total return was 20.6%, compared with the FTSE All-Share total return of 15.0%. Our outperformance was mainly the result of our exposure to industrial and smaller companies whose share prices have risen thanks to a diet of self-help, aided by modest economic recovery.

Recent results from most of the holdings in the portfolio have been satisfactory. The most striking feature is the speed with which debt has been paid down or net cash accumulated. Cash balances have encouraged a return of take-over activity during the period. We received cash bids for several smaller companies in the portfolio. The most significant was for **Jacques Vert**, a clothing company which was taken over at a large premium to its pre-bid quoted share price.

##### Dividend

Another consequence of the corporate cash generation has been strong dividend growth. The Portfolio Manager believes dividend growth from the holdings in the portfolio will continue to be robust.

The Company has always paid two dividends a year with the first interim that is smaller than the second larger interim, in lieu of a final dividend. Shareholder's have expressed a view that it would be more attractive to receive four dividends a year of similar amounts. Consequently, the Board have decided to introduce a policy of paying four dividends per annum. Therefore, this interim is for two quarterly dividends with the third quarter dividend being paid at the end of October of this year, and then a final dividend being paid after the AGM in January of next year.

The next dividend of 15p has been declared payable on 19 June 2012 to shareholders on the register of members at the close of business on 1 June 2012. The Company's shares will be quoted ex-dividend on 30 May 2012. In this fiscal year and thereafter, a final dividend would be approved by shareholders at the Annual General Meeting before being paid at the end of January. The Company aims to minimise the costs of this change in the

frequency of the dividend payments by providing consolidated tax vouchers in the future, so that shareholders will only receive one tax voucher for the year with the final dividend payment.

## **LOWLAND INVESTMENT COMPANY PLC**

### **Unaudited Results for the Half Year Ended 31 March 2012**

#### **Interim Management Report (continued)**

##### **Activity**

The two largest holdings in the portfolio at the period end have got there through share price appreciation. For reasons of portfolio balance they were both reduced during the period. The money has been reinvested in some new holdings such as **Centrica** and taking up rights in companies that have earned the opportunity to expand such as **D S Smith**.

##### **Outlook**

The economic pick up in activity that has been evident in recent months has lessened. The strength of the upswing in economic growth has recently been questioned as some weaker than expected economic numbers have been reported. The Portfolio Manager's view is that the portfolio of industrial companies have strong cash generation and margins, which should see them through the likely volatility of the unresolved crisis in the Eurozone. Since the period end equity markets have fallen. At 22 May 2012 the total return for the financial year to date was up 13.5% while the total return for the benchmark index was up by 8.2%.

##### **Related Party Transactions**

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or performance of the Company during the period. Details of related party transactions are contained in the Annual Report and Financial Statements for the year ended 30 September 2011.

##### **Principal Risks and Uncertainties**

The principal risks and uncertainties associated with the Company's business can be divided into various areas:

- Investment objective and policy
- Gearing
- Market movements and performance of the portfolio

Information on these risks is given in the Directors' Report and Notes to the Financial Statements in the Annual Report and Financial Statements. In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

**LOWLAND INVESTMENT COMPANY PLC**

**Unaudited Results for the Half Year Ended 31 March 2012**

Interim Management Report (continued)

**Directors' Responsibility Statement**

The Directors confirm that, to the best of their knowledge:

- (a) the set of financial statements for the half year ended 31 March 2012 has been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports";
- (b) the Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim Management Report includes a fair review of the information required by the Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board

Peter Troughton, Chairman

For further information please contact:

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Sarah Gibbons-Cook  
Investor Relations and PR Manager, Henderson Global Investors, Tel: 020 7818 3198

**LOWLAND INVESTMENT COMPANY PLC**

**Unaudited Results for the Half Year Ended 31 March 2012**

**Income Statement**

for the half year ended 31 March 2012

|  | (Unaudited)<br>Half year ended<br>31 March 2012 |                            |                | (Unaudited)<br>Half year ended<br>31 March 2011 |                            |                | (Audited)<br>Year ended<br>30 September 2011 |                            |                |
|--|---|----------------------------|----------------|---|----------------------------|----------------|--|----------------------------|----------------|
|  | Revenue<br>return<br>£'000                      | Capital<br>return<br>£'000 | Total<br>£'000 | Revenue<br>return<br>£'000                      | Capital<br>return<br>£'000 | Total<br>£'000 | Revenue<br>return<br>£'000                   | Capital<br>return<br>£'000 | Total<br>£'000 |
| Gains on investments held at fair value through profit or loss               | -   | 41,884                     | 41,884         | -   | 35,584                     | 35,584         | -  | 11,112                     | 11,112         |
| Income from investments held at fair value through profit or loss            | 3,523   | -                          | 3,523          | 3,162   | -                          | 3,162          | 9,781  | -                          | 9,781          |
| Other interest receivable and similar income                                 | 60  | -                          | 60             | 88  | -                          | 88             | 125  | -                          | 125            |
| <b>Gross revenue and capital gains</b>                                       | <b>3,583</b>                                    | <b>41,884</b>              | <b>45,467</b>  | <b>3,250</b>                                    | <b>35,584</b>              | <b>38,834</b>  | <b>9,906</b>                                 | <b>11,112</b>              | <b>21,018</b>  |
| Management fee and performance fee (note 2)                                  | (584)   | (639)                      | (1,223)        | (516)   | (702)                      | (1,218)        | (1,043)                                      | (698)                      | (1,741)        |
| Other administrative expenses (note 2)                                       | (237)   | -                          | (237)          | (194)   | -                          | (194)          | (402)  | -                          | (402)          |
| <b>Net return on ordinary activities before finance charges and taxation</b> | <b>2,762</b>                                    | <b>41,245</b>              | <b>44,007</b>  | <b>2,540</b>                                    | <b>34,882</b>              | <b>37,422</b>  | <b>8,461</b>                                 | <b>10,414</b>              | <b>18,875</b>  |
| Finance charges  | (441)   | -                          | (441)          | (346)   | -                          | (346)          | (738)  | -                          | (738)          |
| <b>Net return on ordinary activities before taxation</b>                     | <b>2,321</b>                                    | <b>41,245</b>              | <b>43,566</b>  | <b>2,194</b>                                    | <b>34,882</b>              | <b>37,076</b>  | <b>7,723</b>                                 | <b>10,414</b>              | <b>18,137</b>  |
| Taxation on net return on ordinary activities                                | (35)  | -                          | (35)           | (57)  | -                          | (57)           | (105)  | -                          | (105)          |

|   |              |               |               |       |        |        |       |        |        |
|---|--------------|---------------|---------------|-------|--------|--------|-------|--------|--------|
| <b>Net return on ordinary activities after taxation</b>       | <b>2,286</b> | <b>41,245</b> | <b>43,531</b> | 2,137 | 34,882 | 37,019 | 7,618 | 10,414 | 18,032 |
|   | =====        | =====         | =====         | ===== | =====  | =====  | ===== | =====  | =====  |
| <b>Return per ordinary share – basic and diluted (note 3)</b> | <b>8.7p</b>  | <b>156.1p</b> | <b>164.8p</b> | 8.1p  | 132.0p | 140.1p | 28.8p | 39.5p  | 68.3p  |
|   | =====        | =====         | =====         | ===== | =====  | =====  | ===== | =====  | =====  |

The total columns of this statement represent the Profit and Loss Account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the half year ended 31 March 2012. The Company has no recognised gains or losses other than those disclosed in the Income Statement and the Reconciliation of Movements in Shareholders' Funds.

**LOWLAND INVESTMENT COMPANY PLC****Unaudited Results for the Half Year Ended 31 March 2012****Reconciliation of Movements in Shareholders' Funds**

For the half year ended 31 March 2012

(Unaudited)  
Half year ended 31 March 2012

|   | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Other<br>capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|---|--|--------------------------------------|---|---------------------------------------|-----------------------------|----------------|
| At 30 September 2011  | 6,604                                  | 53,561                               | 1,007                                     | 145,400                               | 7,679                       | 214,251        |
| Net return on ordinary<br>activities after taxation                     | -                                      | -                                    | -   | 41,245                                | 2,286                       | 43,531         |
| Second interim dividend (17.5p) for<br>the year ended 30 September 2011 | -                                      | -                                    | -   | -                                     | (4,624)                     | (4,624)        |
| At 31 March 2012  | 6,604                                  | 53,561                               | 1,007                                     | 186,645                               | 5,341                       | 253,158        |

(Unaudited)  
Half year ended 31 March 2011

|   | Called up<br>share capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Other capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|---|-------------------------------------|--------------------------------------|---|------------------------------------|-----------------------------|----------------|
| At 30 September 2010  | 6,604                               | 53,561                               | 1,007                                     | 134,986                            | 7,326                       | 203,484        |
| Net return on ordinary<br>activities after taxation                     | -                                   | -                                    | -   | 34,882                             | 2,137                       | 37,019         |
| Second interim dividend (17.0p) for<br>the year ended 30 September 2010 | -                                   | -                                    | -   | -                                  | (4,491)                     | (4,491)        |
| At 31 March 2011  | 6,604                               | 53,561                               | 1,007                                     | 169,868                            | 4,972                       | 236,012        |

(Audited)  
Year ended 30 September 2011

|   | Called up<br>share capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Other capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|---|-------------------------------------|--------------------------------------|---|------------------------------------|-----------------------------|----------------|
| At 30 September 2010  | 6,604                               | 53,561                               | 1,007                                     | 134,986                            | 7,326                       | 203,484        |
| Net return on ordinary<br>activities after taxation                     | -                                   | -                                    | -   | 10,414                             | 7,618                       | 18,032         |
| Second interim dividend (17.0p) for<br>the year ended 30 September 2010 | -                                   | -                                    | -   | -                                  | (4,491)                     | (4,491)        |
| First interim dividend (10.5p) for the<br>year ended 30 September 2011  | -                                   | -                                    | -   | -                                  | (2,774)                     | (2,774)        |
| At 30 September 2011  | 6,604                               | 53,561                               | 1,007                                     | 145,400                            | 7,679                       | 214,251        |

Purchase transaction costs for the half year ended 31 March 2012 were £101,000 (half year ended 31 March 2011: £103,000; year ended 30 September 2011: £201,000). Sale transaction costs for the half year ended 31 March 2012 were £25,000 (half year ended 31 March 2011: £28,000; year ended 30 September 2011: £149,000). These comprise mainly stamp duty and commission.



**LOWLAND INVESTMENT COMPANY PLC**

**Unaudited Results for the Half Year Ended 31 March 2012**

**Balance Sheet**

as at 31 March 2012

|   | (Unaudited)<br>31 March<br>2012<br>£'000 | (Unaudited)<br>31 March<br>2011<br>£'000 | (Audited)<br>30 September<br>2011<br>£'000 |
|---|--|--|--|
| <b>Fixed assets</b>                                   |  |  |  |
| Investments held at fair value through profit or loss | 290,193                                  | 267,226                                  | 246,055                                    |
|   | -----                                    | -----                                    | -----                                      |
| <b>Current assets</b>                                 |  |  |  |
| Debtors   | 1,251                                    | 3,202                                    | 1,559                                      |
| Cash at bank and on deposit                           | 1,335                                    | 813                                      | 1,297                                      |
|   | -----                                    | -----                                    | -----                                      |
|   | 2,586                                    | 4,015                                    | 2,856                                      |
| <b>Creditors:</b> amounts falling due within one year | (39,621)                                 | (35,229)                                 | (34,660)                                   |
|   | -----                                    | -----                                    | -----                                      |
| <b>Net current liabilities</b>                        | (37,035)                                 | (31,214)                                 | (31,804)                                   |
|   | -----                                    | -----                                    | -----                                      |
| <b>Total net assets</b>                               | 253,158                                  | 236,012                                  | 214,251                                    |
|   | =====                                    | =====                                    | =====                                      |
| <b>Capital and reserves</b>                           |  |  |  |
| Called up share capital                               | 6,604                                    | 6,604                                    | 6,604                                      |
| Share premium account                                 | 53,561                                   | 53,561                                   | 53,561                                     |
| Capital redemption reserve                            | 1,007                                    | 1,007                                    | 1,007                                      |
| Other capital reserves                                | 186,645                                  | 169,868                                  | 145,400                                    |
| Revenue reserve                                       | 5,341                                    | 4,972                                    | 7,679                                      |
|   | -----                                    | -----                                    | -----                                      |
| <b>Total equity shareholders' funds</b>               | 253,158                                  | 236,012                                  | 214,251                                    |
|   | =====                                    | =====                                    | =====                                      |
| <b>Net asset value per ordinary share (note 4)</b>    | 958.3p                                   | 893.4p                                   | 811.0p                                     |
|   | =====                                    | =====                                    | =====                                      |

**LOWLAND INVESTMENT COMPANY PLC**

**Unaudited Results for the Half Year Ended 31 March 2012**

**Cash Flow Statement**

for the half year ended 31 March 2012

|   | (Unaudited)<br>Half year ended<br>31 March<br>2012<br>£'000 | (Unaudited)<br>Half year ended<br>31 March<br>2011<br>£'000 | (Audited)<br>Year ended<br>30 September<br>2011<br>£'000 |
|---|---|---|--|
| Net cash inflow from operating activities   | 2,380   | 2,744   | 8,163  |
| Net cash outflow from servicing of finance  | (406)   | (420)   | (803)  |
| Net tax recovered   | 9   | 28  | 63   |
| Net cash outflow from financial investments   | (1,994)   | (4,315)   | (6,614)  |
| Equity dividends paid   | (4,624)   | (4,491)   | (7,265)  |
|   | -----   | -----   | -----  |
| Net cash outflow before financing   | (4,635)   | (6,454)   | (6,456)  |
| Net cash inflow from financing  | 4,665   | 5,000   | 5,500  |
|   | -----   | -----   | -----  |
| <b>Increase/(decrease) in cash</b>  | <b>30</b>   | <b>(1,454)</b>  | <b>(956)</b>   |
|   | =====   | =====   | =====  |
| <b>Reconciliation of operating revenue to net cash flow from operating activities</b> |   |   |  |
| Total return before finance charges and taxation                                      | 44,007  | 37,422  | 18,875   |
| Less capital gain before finance charges and taxation                                 | (41,245)  | (34,882)  | (10,414)   |
|   | -----   | -----   | -----  |
| Net revenue return before finance charges and taxation                                | 2,762   | 2,540   | 8,461  |
| Decrease/(increase) in accrued income   | 353   | 286   | (181)  |
| (Decrease) /increase in creditors   | (35)  | 685   | 704  |
| Expenses charged to capital   | (639)   | (702)   | (698)  |
| Income tax suffered on property income dividends                                      | (15)  | (8)   | (18)   |
| Overseas withholding tax  | (46)  | (57)  | (105)  |
|   | -----   | -----   | -----  |
| <b>Net cash inflow from operating activities</b>                                      | <b>2,380</b>  | <b>2,744</b>  | <b>8,163</b>   |
|   | =====   | =====   | =====  |
| <b>Reconciliation of net cash flow to movement in net debt</b>                        |   |   |  |
| Increase/ (decrease) in cash as above   | 30  | (1,454)   | (956)  |
| Cash inflow from movement in loans  | (4,665)   | (5,000)   | (5,500)  |
| Exchange movements  | 8   | (15)  | (29)   |
|   | -----   | -----   | -----  |
|   | (4,627)   | (6,469)   | (6,485)  |
|   | -----   | -----   | -----  |
| <b>Net debt at the beginning of the period</b>  | <b>(32,203)</b>   | <b>(25,718)</b>   | <b>(25,718)</b>  |
|   | -----   | -----   | -----  |
| Net debt at the end of the period   | (36,830)  | (32,187)  | (32,203)   |
|   | =====   | =====   | =====  |
| <b>Represented by:</b>  |   |   |  |
| Cash at bank less bank overdrafts   | 1,335   | 813   | 1,297  |
| Debt falling due within one year  | (38,165)  | (33,000)  | (33,500)   |
|   | -----   | -----   | -----  |
|   | (36,830)  | (32,187)  | (32,203)   |
|   | =====   | =====   | =====  |



**LOWLAND INVESTMENT COMPANY PLC**

**Unaudited Results for the Half Year Ended 31 March 2012**

**Notes to the Financial Statements**

**1. Accounting policies**

The financial statements have been prepared using the same accounting policies as set out in the Company's Report and Financial Statements for the year ended 30 September 2011. The financial statements have not been audited or reviewed by the Company's auditors.

The taxation charge for each period is based on overseas tax suffered.

**2. Expenses**

All expenses with the exception of the performance fee are charged wholly to revenue. Expenses which are incidental to the purchase or sale of an investment are included in the cost or deducted from the proceeds of sale of the investment. A provision of £639,000 (31 March 2011: £702,000; 30 September 2011: £698,000) has been made for a performance fee based on Lowland's performance relative to the FTSE All-Share Index (Lowland's benchmark) over the eighteen months to 31 March 2012. The actual performance fee payable will be calculated based on the actual relative performance for the twenty-four months to 30 September 2012 and will be equal to 15% of any outperformance (on a total return basis) of the FTSE All-Share Index by more than 10% (the "hurdle rate"). The total of the management and performance fees are capped at 0.75% of average net assets for the year. The provision, which is the maximum that could be charged under the cap arrangements, has been charged to the capital column of the income statement whereas the management fee is charged to the revenue column.

**3. Return per ordinary share – basic and diluted**

|   | (Unaudited)<br>Half year ended<br>31 March<br>2012<br>£'000 | (Unaudited)<br>Half year ended<br>31 March<br>2011<br>£'000 | (Audited)<br>Year ended<br>30 September<br>2011<br>£'000 |
|---|---|---|--|
| The return per ordinary share is based on the following figures:    |   |   |  |
| Revenue return  | 2,286   | 2,137   | 7,618  |
| Capital return  | 41,245  | 34,882  | 10,414   |
| Total   | 43,531  | 37,019  | 18,032   |
| Weighted average number of ordinary shares in issue for each period |   |   |  |
|   | 26,417,427  | 26,417,427  | 26,417,427   |
| Revenue return per ordinary share                                   | 8.7p  | 8.1p  | 28.8p  |
| Capital return per ordinary share                                   | 156.1p  | 132.0p  | 39.5p  |
| Total   | 164.8p  | 140.1p  | 68.3p  |

The Company does not have any dilutive securities; therefore basic and diluted returns per share are the same.

**4. Net asset value per ordinary share**

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £253,158,000 (31 March 2011: £236,012,000; 30 September 2011: £214,251,000) and on 26,417,427 ordinary shares (31 March 2011: 26,417,427; 30 September 2011: 26,417,427) being the number of ordinary shares in issue at the end of each period.

## LOWLAND INVESTMENT COMPANY PLC

### Unaudited Results for the Half Year Ended 31 March 2012

5. **VAT on management fees**

While the Company has received back from HMRC 100% of the VAT which had been borne by the Company between 1990 and 1996, and 2000 and 2007, as well as simple interest on those amounts, there remains an amount outstanding relating both to VAT reclaims for 1996 to 2000 and compound interest for 1990 to 2007. It is uncertain whether any further amounts will be recovered.

6. **Interim dividend**

An interim dividend of 15.0p per ordinary share has been declared and will be paid on 19 June 2012 to shareholders on the register of members at the close of business on 1 June 2012. The ex-dividend date is 30 May 2012.

7. **Going concern**

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

8. **Comparative information**

The financial information contained in this half year report does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 March 2012 and 31 March 2011 has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 30 September 2011 have been extracted from the latest audited financial statements of the Company. These financial statements have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

9. **General Information**

*a) Company Objective*

The Company aims to give shareholders a higher than average return with growth of both capital and income over the medium to long term.

*b) Company Status*

The Company is a UK domiciled investment trust company, registered number 670489.

*c) Directors, Secretary and Registered Office*

The Directors of the Company are Peter Troughton (Chairman), Rupert Barclay, Karl Sternberg, Kevin Carter and Robert Robertson. The Secretary is Henderson Secretarial Services Limited, represented by Wendy King FCIS. The registered office is 201 Bishopsgate, London EC2M 3AE.

*d) Website*

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, profiles of the Board, copies of announcements, reports and details of general meetings can be found at [www.lowlandinvestment.com](http://www.lowlandinvestment.com)

**LOWLAND INVESTMENT COMPANY PLC**

**Unaudited Results for the Half Year Ended 31 March 2012**

| <b>Investments</b>             | <b>Sector</b>                          | <b>Market Value<br/>£'000</b> | <b>% of<br/>Portfolio</b> |
|--------------------------------|--|-------------------------------|---------------------------|
| Senior                         | Aerospace & Defence                    | 15,492                        | 5.3                       |
| Carclo                         | Chemicals                              | 14,810                        | 5.1                       |
| Royal Dutch Shell              | Oil & Gas Producers                    | 10,448                        | 3.6                       |
| GlaxoSmithKline                | Pharmaceuticals & Biotechnology        | 7,681                         | 2.7                       |
| Hiscox                         | Nonlife Insurance                      | 6,963                         | 2.4                       |
| D S Smith                      | General Industrials                    | 6,668                         | 2.3                       |
| Interserve                     | Support Services                       | 6,096                         | 2.1                       |
| BP                             | Oil & Gas Producers                    | 6,013                         | 2.1                       |
| Vodafone                       | Mobile Telecommunications              | 5,726                         | 2.0                       |
| Canfor Pulp*                   | Forestry & Paper                       | 5,621                         | 1.9                       |
| <b>Top 10 holdings</b>         |  | <b>85,518</b>                 | <b>29.5</b>               |
| IP Group                       | Financial Services                     | 5,360                         | 1.9                       |
| GKN                            | Automobiles & Parts                    | 5,359                         | 1.9                       |
| Croda                          | Chemicals                              | 5,265                         | 1.8                       |
| Hill & Smith                   | Industrial Engineering                 | 5,248                         | 1.8                       |
| IMI                            | Industrial Engineering                 | 5,111                         | 1.7                       |
| Aviva                          | Life Insurance                         | 4,973                         | 1.7                       |
| International Personal Finance | Financial Services                     | 4,729                         | 1.6                       |
| Phoenix                        | Life Insurance                         | 4,661                         | 1.6                       |
| Meggitt                        | Aerospace & Defence                    | 4,645                         | 1.6                       |
| Amlin                          | Nonlife Insurance                      | 4,542                         | 1.6                       |
| <b>Top 20 holdings</b>         |  | <b>135,411</b>                | <b>46.7</b>               |
| Elementis                      | Chemicals                              | 4,338                         | 1.5                       |
| Provident Financial            | Financial Services                     | 4,298                         | 1.5                       |
| Diageo                         | Beverages                              | 4,177                         | 1.4                       |
| Daily Mail & General           | Media                                  | 4,064                         | 1.4                       |
| RPC                            | General Industrials                    | 3,680                         | 1.3                       |
| Renold                         | Industrial Engineering                 | 3,624                         | 1.2                       |
| Morgan Crucible                | Electronic & Electrical Equipment      | 3,542                         | 1.2                       |
| Cape                           | Oil Equipment, Services & Distribution | 3,507                         | 1.2                       |
| Barclays Bank 6% 15/12/17      | Fixed Interest                         | 3,406                         | 1.2                       |
| Low & Bonar                    | Construction & Materials               | 3,326                         | 1.1                       |
| <b>Top 30 holdings</b>         |  | <b>173,373</b>                | <b>59.7</b>               |
| Gibson Energy*                 | Oil & Gas Producers                    | 3,218                         | 1.1                       |
| Pearson                        | Media                                  | 3,204                         | 1.1                       |
| Castings                       | Industrial Engineering                 | 3,190                         | 1.1                       |
| Avon Rubber                    | Aerospace & Defence                    | 3,187                         | 1.1                       |
| Balfour Beatty                 | Construction & Materials               | 3,161                         | 1.1                       |
| H&T†                           | Financial Services                     | 3,148                         | 1.1                       |
| Greene King                    | Travel & Leisure                       | 3,078                         | 1.1                       |
| Oxford Instruments             | Electronic & Electrical Equipment      | 3,037                         | 1.1                       |
| Scottish & Southern Energy     | Electricity                            | 2,990                         | 1.0                       |
| Scapa†                         | Chemicals                              | 2,939                         | 1.0                       |

|                        |                |             |
|------------------------|----------------|-------------|
| <b>Top 40 holdings</b> | <b>204,525</b> | <b>70.5</b> |
|------------------------|----------------|-------------|

**LOWLAND INVESTMENT COMPANY PLC**

**Unaudited Results for the Half Year Ended 31 March 2012**

| <b>Investments</b>     | <b>Sector</b>                    | <b>Market Value<br/>£'000</b> | <b>% of<br/>Portfolio</b> |
|------------------------|----------------------------------|-------------------------------|---------------------------|
| Consort Medical        | Health Care Equipment & Services | 2,889                         | 1.0                       |
| Standard Life          | Life Insurance                   | 2,871                         | 1.0                       |
| BAE Systems            | Aerospace & Defence              | 2,849                         | 1.0                       |
| Rolls-Royce            | Aerospace & Defence              | 2,842                         | 1.0                       |
| Clarkson               | Industrial Transportation        | 2,819                         | 0.9                       |
| St Modwen              | Real Estate                      | 2,663                         | 0.9                       |
| Weir                   | Industrial Engineering           | 2,646                         | 0.9                       |
| FBD                    | Nonlife Insurance                | 2,640                         | 0.9                       |
| Herald Investment      | Equity Investment Instruments    | 2,608                         | 0.9                       |
| Goldenport*            | Industrial Transportation        | 2,594                         | 0.9                       |
| <b>Top 50 holdings</b> |                                  | <b>231,946</b>                | <b>79.9</b>               |
| Rest of Portfolio      |                                  | 58,247                        | 20.1                      |
| <b>Total Portfolio</b> |                                  | <b>290,193</b>                | <b>100.0</b>              |

† AIM Stocks

\* Overseas Quoted Stocks

| <b>Sector Analysis</b>         | <b>% as at<br/>31 March 2012</b> | <b>% as at<br/>30 September 2011</b> |
|--------------------------------|----------------------------------|--------------------------------------|
| Industrials                    | 32.3                             | 30.7                                 |
| Other Financials               | 21.9                             | 19.9                                 |
| Basic Materials                | 12.9                             | 12.7                                 |
| Oil & Gas                      | 8.0                              | 9.1                                  |
| Consumer Goods                 | 7.6                              | 7.8                                  |
| Consumer Services              | 6.4                              | 7.5                                  |
| Health Care                    | 3.6                              | 4.2                                  |
| Telecommunications             | 2.6                              | 3.0                                  |
| Utilities                      | 2.6                              | 3.6                                  |
| Banks including Fixed Interest | 2.1                              | 1.5                                  |
| Total                          | 100.0                            | 100.0                                |