

LOWLAND INVESTMENT COMPANY PLC

HALF YEAR REPORT
(unaudited)
for the six months ended 31 March 2017

LOWLAND INVESTMENT COMPANY PLC

Unaudited Results for the Half-Year Ended 31 March 2017

Key Data for the Six Months to 31 March 2017

Net Asset Value Total Return	+10.5%
Benchmark Total Return	+8.1%
Growth in Dividend	9%
Dividend	24p

Financial Highlights

	Half-Year Ended 31 Mar 2017	Half-Year Ended 31 Mar 2016	Year Ended 30 Sept 2016
NAV Per Ordinary Share ¹	1,561p	1,333p	1,432p
Share Price	1,445p	1,290p	1,337p
Market Capitalisation	£390m	£349m	£361m
Dividend Per Share	24.0p	22.0p	45.0p
Ongoing Charge Including Performance Fee	0.6%	0.7%	0.6%
Ongoing Charge Excluding Performance Fee	0.6%	0.6%	0.6%
Dividend Yield ²	3.2%	3.3%	3.4%
Gearing	12.6%	16.7%	6.2%
Discount	-7.4%	-3.2%	-6.6%

¹ NAV with debt at par value

² Based on dividends paid in respect of the previous twelve months

Total Return Performance (including dividends reinvested and excluding transaction costs)

	6 months %	1 year %	3 years %	5 years %	10 years %
Net Asset Value	+10.5	+21.0	+21.8	+89.1	+108.2
Share Price ¹	+10.0	+16.0	+11.2	+86.6	+92.7
Benchmark ²	+8.1	+22.0	+24.9	+58.7	+73.7

¹ Using Mid-Market Price

² FTSE All-Share Index

Sources: Morningstar, Funddata, Datastream and Janus Henderson.

Historical Record

Year to 30 September	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	As at 31 Mar 2017
Net Assets ¹ (£m)	276	178	174	204	214	266	347	362	355	387	422
Per Ordinary Share											
Net Asset Value ²	1,044p	675p	657p	770p	811p	1,008p	1,307p	1,346p	1,318p	1,432p	1,561p
Share Price	1,091p	625p	610p	700p	763p	992p	1,325p	1,355p	1,287p	1,337p	1,445p
Net Revenue	27.9p	33.0p	22.7p	22.5p	28.8p	31.1p	36.7p	39.4p	46.4p	47.7p	16.2p
Net Dividends Paid	23.5p	26.5p	26.5p	27.0p	28.0p	30.5p	34.0p	37.0p	41.0p	45.0p	24.0p ³

¹ Attributable to Ordinary Shares

² NAV with debt at par value

³ First Interim Dividend of 12p per Ordinary Share paid on 28 April 2017 and the Second Interim Dividend of 12p per Ordinary Share that will be paid on 28 July 2017

Interim Management Report Chairman's Statement

Review

Over the six months under review the Company's net asset value total return was 10.5%, which compares with a total return of 8.1% from the FTSE All-Share Index.

Equities rose as the UK economy proved to be resilient to the surprise vote in favour of leaving the EU. The growth in consumer spending has not suffered and the fall in sterling has started to stimulate exports. Inflation began to rise as the weakness of sterling has increased the cost of imported goods. This has not so far caused any concerns in the Gilt market. Low interest rates at all maturities underpin the equity market making equity dividends relatively appealing. Companies that can increase their dividends from a reasonable initial yield are attracting investor support. Our focus on this type of company is a major contributor to the Company's out-performance.

Dividend

The Company has long operated a progressive dividend policy, with annual dividends having increased in every year since 1975, except in 2009, when it was held. Since we started paying quarterly dividends in 2013 the final quarterly dividend has been increased each year and has set the new base level for the following three quarterly dividends.

It is our ambition to continue this pattern of dividend increase over the next three years should circumstances permit. The Board would only change the pattern if it felt that it might hold back capital growth. Capital growth over the long term is essential to give us the base for greater dividends. The Company's annual average rate of dividend growth over the last twenty five years has been 7%.

The Company's revenue earnings per share ('EPS') in the six months under review totalled 16.2p which compares with 13.7p last year. Excluding special dividends EPS totalled 15.1p, compared to 12.6p last year. The Company paid a first interim dividend of 12p per share at the end of April and has declared a second interim dividend of 12p, payable at the end of July. Interim dividends in respect of the first half of the current financial year therefore amounted to 24p per share, an increase of 9.1% from 22p at the same time last year. Barring unforeseen circumstances, the Board's intention is to pay a total dividend for this financial year of 49p, an increase of 8.9% on last year's 45p.

Dividend Payments

	1 st Interim	2 nd Interim	3 rd Interim	Final
2014	9p	9p	9p	10p
2015	10p	10p	10p	11p
2016	11p	11p	11p	12p
2017	12p	12p	12p*	13p*

* Intention barring unforeseen circumstances.

Investment Management Agreement

I am pleased to report the following amendments to the fee arrangements with the Investment Manager, Henderson Investment Funds Limited. The Management Fee will continue to be charged at the rate of 0.5% per annum on the first £375m of average Net Chargeable Assets. With effect from 1 July 2017, a reduced Management Fee of 0.4% per annum will apply to average Net Chargeable Assets above £375m.

The cap on total fees, Management plus Performance Fee, of 0.75% per annum will be replaced by a cap on the Performance Fee at its existing level of 0.25% per annum of average Net Chargeable Assets. The maximum fees payable will therefore be 0.75% per annum on the first £375m of average Net Chargeable Assets and 0.65% per annum in excess thereof.

The amendments have also clarified that Net Chargeable Assets for the purpose of the fee arrangements should reflect the unsecured loan note at fair value.

Net Chargeable Assets amounted to £423m at 30 April 2017.

Significant Events

On 5 January 2017 the Company issued a £30m senior unsecured fixed rate loan note with an annualised coupon of 3.15% with a 20 year bullet maturity. The Company now has a blend of short and long term borrowings. This will help keep down interest costs if interest rates rise in the future.

Activity

During the first six months of the year the Fund Managers found good value opportunities and invested across a broad range of companies which took the gearing to 12.6% of net asset value from 6.2% as at 30 September 2016. New holdings included **Royal Mail, Randall & Quilter Investment Holdings, Marshall Motor Holdings and DFS**. The Fund Managers also added to the portfolio's existing holdings in insurer **Aviva** and **International Consolidated Airline** (which owns British Airways). The common feature of these holdings is that they are all specialists in their area with reasonable valuations and attractive dividend yields.

On the whole additions to the portfolio have been in domestically focused companies. Following the vote in June 2016 to leave the EU the valuation of these companies has fallen relative to their more internationally focused peers. While the outlook for the UK economy remains uncertain the Fund Managers have begun to invest modestly in what they think are attractive long term valuation opportunities.

Sales during the period were primarily in companies whose valuations have risen and where the Fund Managers felt it was prudent to reduce the holding. Sales included **Weir Group**, which makes products such as pumps and valves for the oil & gas and mining industries, miners **Rio Tinto** and **BHP Billiton** and long held positions in **Scapa** and **Hill & Smith**.

Outlook

Inflation will continue to increase in the UK over the coming months as the effect of sterling's devaluation works its way through. The real level of economic growth may be muted as the uncertainty of the UK leaving the EU impacts investment spending plans. However, these concerns may already be reflected in share prices with companies that have UK earnings having underperformed those with overseas earnings.

The Fund Managers will continue to focus on companies that have a degree of uniqueness in their product offering. It is this that should allow them to weather any economic slowdown. The forthcoming UK General Election may lead to volatility in the equity market and the Fund Managers will be on the lookout for the opportunities that may result. The Company's gearing reflects the Board's and the Fund Managers' optimism about the long-term outlook for the companies in the portfolio.

As at close of business on 26 May 2017, the unaudited net asset value per share calculated in accordance with the AIC formula (including current financial year revenue items) was 1642.1p and the net asset value per share with debt marked at fair value was 1634.9p, a rise of 5.2% and 4.9% respectively since the period end.

Robert Robertson
Chairman
30 May 2017

Performance as at 31 March 2017

The tables below show the top five contributors to and the bottom five detractors from the Company's total return performance over the six months under review.

Top 5 Contributors to Total Return Performance

Company	Sector	Contribution %
Scapa Group Plc	Chemicals	0.67
Headlam Group plc	Household Goods & Home Construction	0.47
Somero Enterprises, Inc.	Industrial Engineering	0.42
Renold plc	Industrial Engineering	0.40
Elementis plc	Chemicals	0.40

Bottom 5 Detractors to Total Return Performance

Company	Sector	Contribution %
International Personal Finance plc	Financial Services	-0.47
4d Pharma PLC	Pharmaceuticals & Biotechnology	-0.39
Interserve plc	Support Services	-0.32
Senior plc	Aerospace & Defence	-0.29
Novae Group plc	Non-Life Insurance	-0.25

Sector Analysis

	% as at 31 March 2017		% as at 30 September 2016	
	Company	Benchmark	Company	Benchmark
Financials	30.4	25.7	27.8	23.7
Industrials	26.4	10.9	27.0	10.6
Consumer Services	11.5	11.4	10.7	11.5
Oil & Gas	9.3	11.9	9.3	11.6
Basic Materials	8.5	7.0	10.6	6.1
Consumer Goods	6.0	15.5	6.2	17.3
Health Care	3.9	9.4	4.4	9.9
Telecommunications	2.0	3.8	2.2	4.4
Utilities	1.9	3.6	1.8	4.0
Technology	0.1	0.8	-	0.9
Total	100.0	100.0	100.0	100.0

Related Party Transactions

The Company's current related parties are its Directors and Henderson. There have been no material transactions between the Company and its Directors during the year and the only amounts paid to them were in respect of Directors' remuneration for which there were no outstanding amounts payable at the period end.

In relation to the provision of services by Henderson, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services, there have been no material transactions with Henderson affecting the financial position of the Company during the year under review.

Principal Risks and Uncertainties

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

- Investment Activity and Strategy;
- Portfolio and Market Price;
- Financial;
- Gearing;
- Operational; and
- Accounting, Legal and Regulatory.

Information on these risks is given in the Annual Report for the year ended 30 September 2016. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

Statement of Directors' Responsibilities

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

- (a) the set of financial statements for the half-year to 31 March 2017 has been prepared in accordance with "FRS 104 Interim Financial Reporting";
- (b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance 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 Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board

Robert Robertson

Chairman

30 May 2017

CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 31 March 2017			(Unaudited) Half-year ended 31 March 2016			(Audited) Year-ended 30 September 2016		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains on investments held at fair value through profit or loss	-	36,742	36,742	-	6,086	6,086	-	29,331	29,331
Income from investments	6,037	-	6,037	5,274	-	5,274	15,944	-	15,944
Other interest receivable and similar income	40	-	40	58	-	58	108	-	108
Gross revenue and capital gains	6,077	36,742	42,819	5,332	6,086	11,418	16,052	29,331	45,383
Management fee and performance fee (note 2)	(948)	-	(948)	(899)	(253)	(1,152)	(1,806)	-	(1,806)
Other administrative expenses (note 2)	(276)	-	(276)	(240)	-	(240)	(472)	-	(472)
Net return on ordinary activities before finance costs and taxation	4,853	36,742	41,595	4,193	5,833	10,026	13,774	29,331	43,105
Finance costs	(398)	-	(398)	(439)	-	(439)	(764)	-	(764)
Net return on ordinary activities before taxation	4,455	36,742	41,197	3,754	5,833	9,587	13,010	29,331	42,341
Taxation on net return on ordinary activities	(76)	-	(76)	(51)	-	(51)	(117)	-	(117)
Net return on ordinary activities after taxation	4,379	36,742	41,121	3,703	5,833	9,536	12,893	29,331	42,224
Return per ordinary share – basic and diluted (note 3)	16.2p	136.0p	152.2p	13.7p	21.7p	35.4p	47.7p	108.7p	156.4p

The total columns of this statement represent the Income Statement of the Company, prepared in accordance with FRS 104. The revenue and capital columns are supplementary to this and are published under guidance from the Association of Investment Companies.

The Company has no recognised gains or losses other than those disclosed in the Income Statement and Statement of Changes in Equity.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The accompanying notes are an integral part of the condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)					
	Half-year ended 31 March 2017					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 October 2016	6,755	61,619	1,007	304,599	12,930	386,910
Net return on ordinary activities after taxation	-	-	-	36,742	4,379	41,121
Third interim dividend (11.0p) for the year ended 30 September 2016	-	-	-	-	(2,972)	(2,972)
Final dividend (12.0p) for the year ended 30 September 2016	-	-	-	-	(3,242)	(3,242)
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At 31 March 2017	6,755	61,619	1,007	341,341	11,095	421,817
	=====	=====	=====	=====	=====	=====
	(Unaudited)					
	Half-year ended 31 March 2016					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 October 2015	6,723	59,923	1,007	275,268	11,642	354,563
Net return on ordinary activities after taxation	-	-	-	5,833	3,703	9,536
Third interim dividend (10.0p) for the year ended 30 September 2015	-	-	-	-	(2,689)	(2,689)
Final dividend (11.0p) for the year ended 30 September 2015	-	-	-	-	(2,972)	(2,972)
Ordinary shares issued	32	1,693	-	-	-	1,725
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At 31 March 2016	6,755	61,616	1,007	281,101	9,684	360,163
	=====	=====	=====	=====	=====	=====
	(Audited)					
	Year-ended 30 September 2016					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 October 2015	6,723	59,923	1,007	275,268	11,642	354,563
Net return on ordinary activities after taxation	-	-	-	29,331	12,893	42,224
Third interim dividend (10.0p) for the year ended 30 September 2015	-	-	-	-	(2,689)	(2,689)
Final dividend (11.0p) for the year ended 30 September 2015	-	-	-	-	(2,972)	(2,972)
First interim dividend (11.0p) for the year ended 30 September 2016	-	-	-	-	(2,972)	(2,972)
Second interim dividend (11.0p) for the year ended 30 September 2016	-	-	-	-	(2,972)	(2,972)
Ordinary shares issued	32	1,696	-	-	-	1,728
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At 30 September 2016	6,755	61,619	1,007	304,599	12,930	386,910
	=====	=====	=====	=====	=====	=====

The accompanying notes form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) Half-year ended 31 March 2017 £'000	(Unaudited) Half-year ended 31 March 2016 £'000	(Audited) Year-ended 30 September 2016 £'000
Fixed assets			
Investments held at fair value through profit or loss (note 4)	475,098	420,312	411,017
	-----	-----	-----
Current assets			
Debtors	2,857	2,430	2,129
Cash at bank	2,288	1,432	2,178
	-----	-----	-----
	5,145	3,862	4,307
	-----	-----	-----
Creditors: amounts falling due within one year	(28,678)	(64,011)	(28,414)
	-----	-----	-----
Net current liabilities	(23,533)	(60,149)	(24,107)
	-----	-----	-----
Total assets less current liabilities	451,565	360,163	386,910
	-----	-----	-----
Creditors: amounts falling due after more than one year (note 5)	(29,748)	-	-
	-----	-----	-----
Net assets	421,817	360,163	386,910
	=====	=====	=====
Capital and reserves			
Called up share capital	6,755	6,755	6,755
Share premium account	61,619	61,616	61,619
Capital redemption reserve	1,007	1,007	1,007
Other capital reserves	341,341	281,101	304,599
Revenue reserve	11,095	9,684	12,930
	-----	-----	-----
Total shareholders' funds	421,817	360,163	386,910
	=====	=====	=====
Net asset value per ordinary share – basic and diluted (note 7)	1,561.2p	1,333.0p	1,432.0p
	=====	=====	=====

The accompanying notes form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 31 March 2017 £'000	(Unaudited) Half-year ended 31 March 2016 £'000	(Audited) Year-ended 30 September 2016 £'000
Cash flows from operating activities			
Net return on ordinary activities before taxation	41,197	9,587	42,341
Add back: finance costs	398	439	764
Amortisation of unsecured notes issue costs	3	-	-
Less gains on investments held at fair value through profit or loss	(36,742)	(6,086)	(29,331)
Withholding tax on dividends deducted at source	(96)	(55)	(136)
Increase in debtors	(311)	(228)	(374)
Decrease in creditors	(30)	(99)	(827)
Net cash inflow from operating activities	4,419	3,558	12,437
Cash flows from investing activities			
Purchase of investments	(46,864)	(29,701)	(67,620)
Sale of investments	18,620	30,992	102,719
Net cash (outflow)/inflow from investing activities	(28,244)	1,291	35,099
Cash flows from financing activities			
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(6,214)	(5,661)	(11,605)
Proceeds from issue of ordinary shares	-	1,725	1,728
Issue of senior unsecured notes (net of issue expenses)	29,745	-	-
Net loans drawn down/(repaid)	574	270	(35,418)
Interest paid	(171)	(430)	(832)
Net cash inflow/(outflow) from financing activities	23,934	(4,096)	(46,127)
Net increase in cash and cash equivalent	109	753	1,409
Cash and cash equivalents at start of year	2,178	669	669
Effect of foreign exchange rates	1	10	100
Cash and cash equivalents at end of year	2,288	1,432	2,178
Comprising:			
Cash at bank	2,288	1,432	2,178
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	2,288	1,432	2,178
	=====	=====	=====

The accompanying notes are an integral part of these condensed financial statements.

Notes to the Financial Statements

1. Accounting policies – basis of preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, issued in March 2015, the revised reporting standard for half-year reporting that was issued following the introduction of FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, which is effective for periods commencing on or after 1 January 2015. The Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts", in accordance with which the Company's financial statements are also prepared, was reissued by the Association of Investment Companies in November 2014 to comply and updated in January 2017 with consequential amendments.

The condensed set of financial statements has been neither audited nor reviewed by the Company's auditors.

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 £nil (31 March 2016: £253,000; 30 September 2016: actual £nil) has been made for a performance fee based on the Company's performance relative to the FTSE All-Share Index (the benchmark) over the thirty months to 31 March 2017. Any performance fee payable will be calculated based on the actual relative performance for the thirty-six months to 30 September 2017 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 cap on total fees (management plus performance fee) was previously 0.75% per annum, but as explained in the amendments to the fee arrangements set out in the Chairman's Statement, this will be replaced with effect from 1 July 2017 by a cap on the performance fee at its existing level of 0.25% per annum of average Net Chargeable Assets.

No performance fee will be payable if the net asset value per share on the last day of the relevant calculation period is lower than the net asset value per share on the first day of the calculation period.

3. Return per ordinary share – basic and diluted

	(Unaudited) Half-year ended 31 March 2017 £'000	(Unaudited) Half-year ended 31 March 2016 £'000	(Audited) Year-ended 30 September 2016 £'000
The return per ordinary share is based on the following figures:			
Net revenue return	4,379	3,703	12,893
Net capital return	36,742	5,833	29,331
	-----	-----	-----
Net total return	41,121	9,536	42,224
	=====	=====	=====
Weighted average number of ordinary shares in issue for each period	27,018,565	26,965,491	26,992,028

Revenue return per ordinary share	16.2p	13.7p	47.7p
Capital return per ordinary share	136.0p	21.7p	108.7p
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Total return per ordinary share	152.2p	35.4p	156.4p
	=====	=====	=====

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

4. Investments held at fair value through profit of loss

The table below analyses fair value measurements for investments held at fair value through profit or loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on the valuation techniques used and are defined as follows under FRS 102:

Level 1: valued using quoted prices in active markets for identical assets

Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1

Level 3: valued by reference to valuation techniques using inputs that are not based on observable market data

Investments held at fair value through profit or loss at 31 March 2017 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	472,997	-	2,101	475,098
Investments held at fair value through profit or loss at 31 March 2016 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	418,133	-	2,179	420,312
Investments held at fair value through profit or loss at 30 September 2016 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	408,916	-	2,101	411,017

The Company has early adopted the amendments to FRS 102, in respect of fair value hierarchy disclosures, as published in March 2016 which is applicable to accounting periods beginning on or after 1 January 2017, with early adoption being permitted.

There have been no transfers between levels of the fair value hierarchy during the period.

The valuation techniques used by the Company are explained in the accounting policies note in the Company's Annual Report for the year ended 30 September 2016.

5. Senior unsecured loan note

On 5 January 2017, the Company issued £30m in senior unsecured fixed rate loan notes at an annualised coupon of 3.15% with a 20 year bullet maturity. The proceeds net of issue costs were £29,745,000. The loan notes are measured in the Condensed Statement of Financial Position at amortised cost with the issue costs amortised over the life of the loan by way of an effective interest rate. The fair value of the loan notes as at 31 March 2017 was £31,949,000 and is calculated using a discount rate which reflects the yield on a UK Gilt of a similar maturity plus a suitable credit spread.

6. **Transaction costs**

Purchase transaction costs for the half-year ended 31 March 2017 were £160,000, (half-year ended 31 March 2016: £139,000; year ended 30 September 2016: £332,000). Sale transaction costs for the half-year ended 31 March 2017 were £17,000 (half-year ended 31 March 2016: £28,000; year ended 30 September 2016: £81,000). These comprise mainly stamp duty and commission.

7. **Net asset value per ordinary share – basic and diluted**

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £421,817,000 (31 March 2016: £360,163,000; 30 September 2016: £386,910,000) and on 27,018,565 ordinary shares (31 March 2016: 27,018,565; 30 September 2016: 27,018,565) being the number of ordinary shares in issue at the end of each period.

8. **Dividend**

On 28 April 2017, a first interim dividend of 12p per ordinary share was paid in respect of the year ended 30 September 2017. A second interim dividend of 12p per ordinary share for the year ended 30 September 2017 has been declared and will be paid on 28 July 2017 to shareholders on the register of members at the close of business on 30 June 2017. The ex-dividend date is 29 June 2017. Based on the number of shares in issue on 30 May 2017 of 27,018,565, the cost of the dividend will be £3,242,000.

9. **Going concern**

The assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

10. **Comparative Information**

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The figures and financial information for the year ended 30 September 2016 are extracted from the latest published accounts do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the independent auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

11. **Manager**

Henderson Investment Funds Limited ('HIFL') is appointed to act as the Company's Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors Limited. References to Henderson within these results refer to the services provided by both entities.

12. **General information**

Investment 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, through a broad spread of predominantly UK Companies. The Company measures its performance against the FTSE All-Share Index.

Company Status

The Company is a UK domiciled investment trust company.

The London Stock Exchange Daily Official List SEDOL number is 0536806 and ISIN number is GB0005368062.

The London Stock Exchange (EPIC) Code is LWI.

The Global Intermediary Identification Number (GIIN) is 2KBHLK.99999.SL.826.
The Legal Entity Identifier Number (LEI) is 2138008RHG5363FEHV19

Directors

The Directors of the Company are Robert Robertson (Chairman), Duncan Budge, Kevin Carter, Gaynor Coley and Karl Sternberg.

Corporate Secretary

Henderson Secretarial Services Limited, represented by Hannah Blackmore ACIS.

Registered Office and Number

201 Bishopsgate, London EC2M 3AE. Registered number 670489.

Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at www.lowlandinvestment.com.

13. Half-year report

The half-year report will be available in typed format on the Company's website or from the Company's registered office, 201 Bishopsgate, London EC2M 3AE. An update extracted from the Company's half-year report will be posted to shareholders in early June 2017 and will be available on the Company's website thereafter.

Portfolio Information
as at 31 March 2017

Company	Sector	Market Value £'000	% of Portfolio
Royal Dutch Shell	Oil & Gas Producers	24,133	5.1
Phoenix	Life Insurance	14,170	3.0
HSBC	Banks	14,026	2.9
Hiscox	Non-Life Insurance	13,034	2.7
Prudential	Life Insurance	10,959	2.3
Senior	Aerospace & Defence	10,305	2.2
Standard Chartered	Banks	10,139	2.1
GKN	Automobiles & Parts	9,228	1.9
Headlam	Household Goods & Home Construction	8,892	1.9
Irish Continental (Ireland)	Travel & Leisure	8,376	1.8
10 Largest		123,262	25.9
Aviva	Life Insurance	8,246	1.7
Hill & Smith	Industrial Engineering	7,333	1.5
Rio Tinto	Mining	7,221	1.5
Low & Bonar	Construction & Materials	7,211	1.5
Relx	Media	7,038	1.5
Direct Line	Non-Life Insurance	6,948	1.5
BP	Oil & Gas Producers	6,634	1.4
DS Smith	General Industrials	6,512	1.4
Conviviality Retail ¹	Food & Drug Retailers	6,493	1.4
Standard Life	Life Insurance	6,449	1.4
20 Largest		193,347	40.7
Johnson Service ¹	Support Services	6,378	1.3
Elementis	Chemicals	6,362	1.3
GlaxoSmithKline	Pharmaceuticals & Biotechnology	6,223	1.3
Rolls-Royce	Aerospace & Defence	6,221	1.3
Croda	Chemicals	6,169	1.3
International Consolidated Airline	Travel & Leisure	6,084	1.3
Cape	Oil Equipment Services & Distribution	5,781	1.2
CRH (Ireland)	Construction & Materials	5,620	1.2
Renold	Industrial Engineering	5,586	1.2
BAE Systems	Aerospace & Defence	5,140	1.1
30 Largest		252,911	53.2
Castings	Industrial Engineering	4,996	1.1
Barclays	Banks	4,952	1.1
Novae	Non-Life Insurance	4,884	1.0
Marshalls	Construction & Materials	4,869	1.0
Clarkson	Industrial Transportation	4,845	1.0
Mondi	Forestry & Paper	4,817	1.0
Carclo	Chemicals	4,809	1.0
Henderson Opportunities Trust	Equity Investment Instruments	4,760	1.0
Churchill China ¹	Household Goods & Home Construction	4,708	1.0
Scapa ¹	Chemicals	4,599	1.0
40 Largest		301,150	63.4
Avon Rubber	Aerospace & Defence	4,567	1.0
Park ¹	Financial Services	4,530	1.0
Vodafone	Mobile Telecommunications	4,304	0.9
Royal Mail	Industrial Transportation	4,250	0.9
Stobart	Industrial Transportation	4,140	0.9
National Grid	Gas, Water & Multiutilities	4,054	0.8
Consort Medical	Health Care Equipment & Services	4,047	0.8
IMI	Industrial Engineering	3,920	0.8
St Modwen Properties	Real Estate	3,872	0.8
Shoe Zone ¹	General Retailers	3,819	0.8
50 Largest		342,653	72.1
Chesnara	Life Insurance	3,807	0.8
Balfour Beatty	Construction & Materials	3,791	0.8
Provident Financial	Financial Services	3,746	0.8
Morgan Advanced Materials	Electronic & Electrical Equipment	3,720	0.8
Herald Investment Trust	Equity Investment Instruments	3,700	0.8
Renewi	Support Services	3,581	0.8
Epwin ¹	Construction & Materials	3,575	0.8
Marstons	Travel & Leisure	3,523	0.7
FBD (Ireland)	Non-Life Insurance	3,451	0.7

Daily Mail & General Trust	Media	3,422	0.7
60 Largest		378,969	79.8
H&T Group ¹	Financial Services	3,417	0.7
Somero Enterprises ¹ (Ireland)	Industrial Engineering	3,403	0.7
Inmarsat	Mobile Telecommunications	3,402	0.7
Greencore (Ireland)	Food Producers	3,399	0.7
IP Group	Financial Services	3,298	0.7
McColl's Retail	Food & Drug Retailers	3,223	0.7
International Personal Finance	Financial Services	3,134	0.7
Numis ¹	Financial Services	3,081	0.7
TT Electronics	Electronic & Electrical Equipment	3,022	0.6
Randall & Quilter ¹	Non-Life Insurance	2,949	0.6
70 Largest		411,297	86.6
Ibstock	Construction & Materials	2,861	0.6
Gibson Energy (Canada)	Oil & Gas Producers	2,792	0.6
Velocys ¹	Chemicals	2,697	0.6
Mucklow	Real Estate	2,692	0.5
4D Pharma ¹	Pharmaceuticals & Biotechnology	2,672	0.5
BHP Billiton	Mining	2,468	0.5
Quarto	Media	2,401	0.5
Horizon Discovery ¹	Pharmaceuticals & Biotechnology	2,289	0.5
Findel	General Retailers	2,206	0.5
Pennon	Gas, Water & Multiutilities	2,205	0.5
80 Largest		436,580	91.9
Centrica	Gas, Water & Multiutilities	2,170	0.5
AstraZeneca	Pharmaceuticals & Biotechnology	2,161	0.5
Interserve	Support Services	2,114	0.4
Virgin Money Holding 8.75%	Banks	2,064	0.4
Weir	Industrial Engineering	1,917	0.4
Palace Capital ¹	Real Estate	1,878	0.4
Pearson	Media	1,877	0.4
Indus Gas ¹	Oil & Gas Producers	1,765	0.4
Marshall Motor ¹	General Retailers	1,670	0.3
Manx Telecom ¹	Fixed Line Telecommunications	1,602	0.3
90 Largest		455,798	95.9
DFS Furniture	General Retailers	1,437	0.3
Oxford Sciences Innovation ²	Pharmaceuticals & Biotechnology	1,333	0.3
Moss Bros	General Retailers	1,263	0.3
Eleco ¹	Construction & Materials	1,261	0.3
Airea ¹	Personal Goods	1,238	0.3
Itaconix ¹	Chemicals	1,185	0.2
Carillion	Support Services	1,115	0.2
Carr's Group	Food Producers	1,084	0.2
Mercantile Ports & Logistics ¹	Industrial Transportation	1,000	0.2
Atlantis Resources ¹	Alternative Energy	993	0.2
100 Largest		467,707	98.4

¹ AIM Stocks

² Unlisted Investments

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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this report.