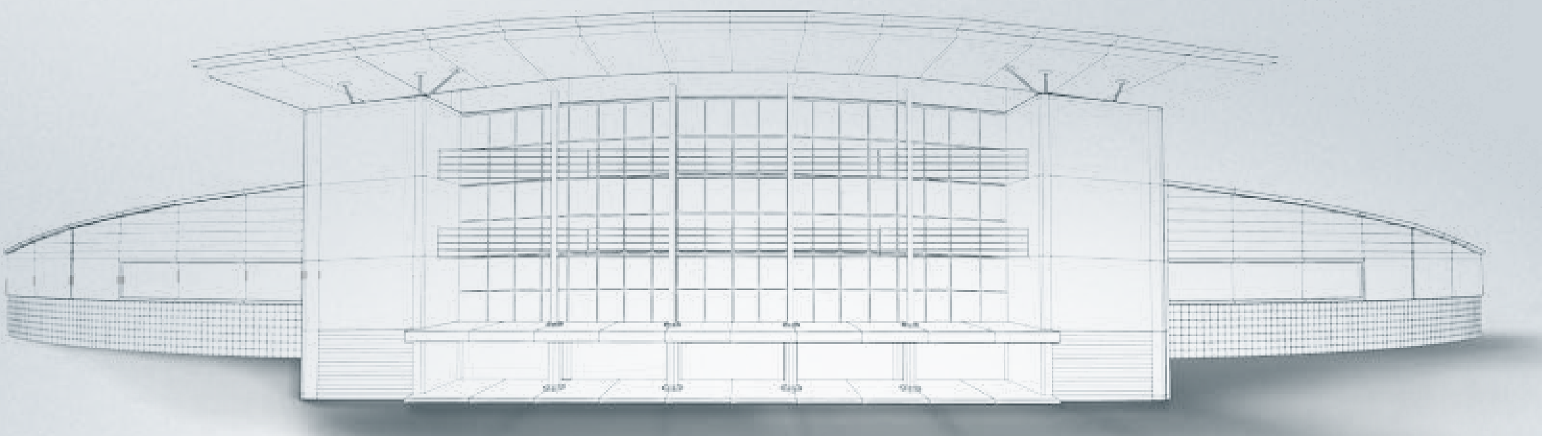
LOWLAND INVESTMENT COMPANY PLC

Annual Report 2015



MANAGED BY
Henderson
GLOBAL INVESTORS

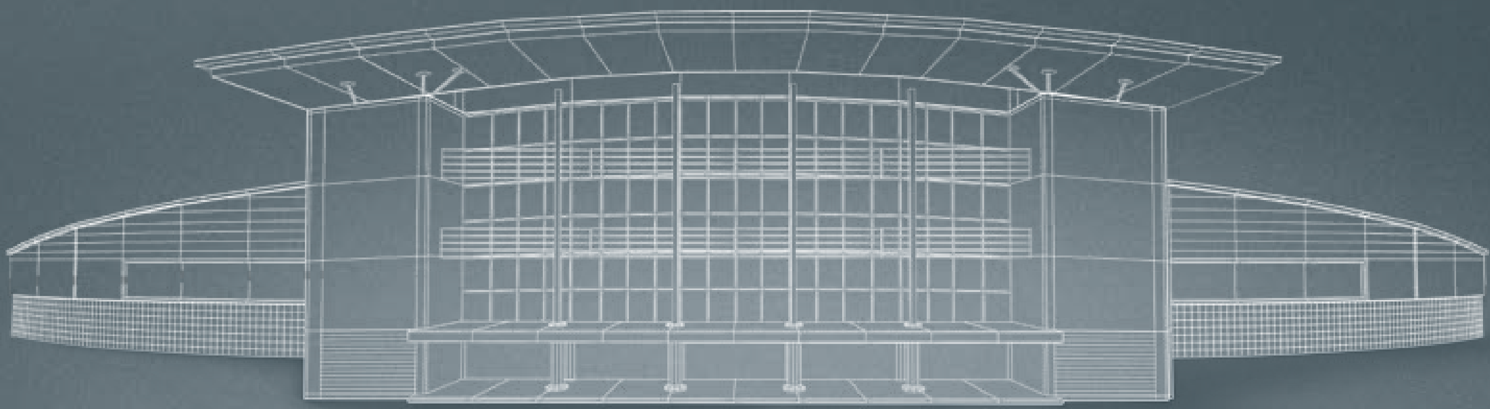
Contents

The image on the front cover is the Rolls-Royce building in Derby, UK. It has been chosen to reflect that the portfolio includes a number of industrial companies.

Strategic Report

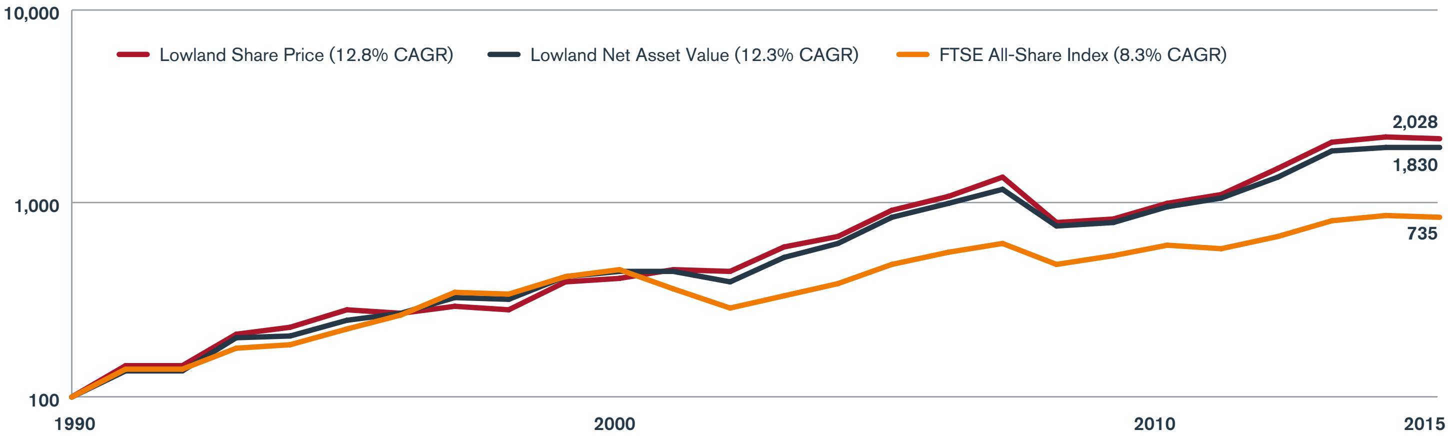
"Companies that can produce solid profit and dividend growth should attract good support."

Peter Troughton CBE, Chairman



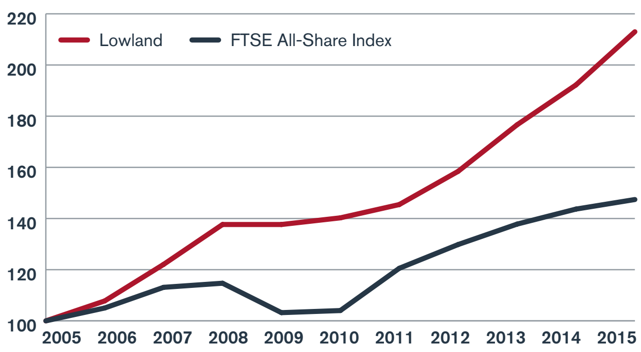
Strategic Report: Performance Highlights

Lowland's Share Price and Net Asset Value have outperformed the FTSE All-Share Index



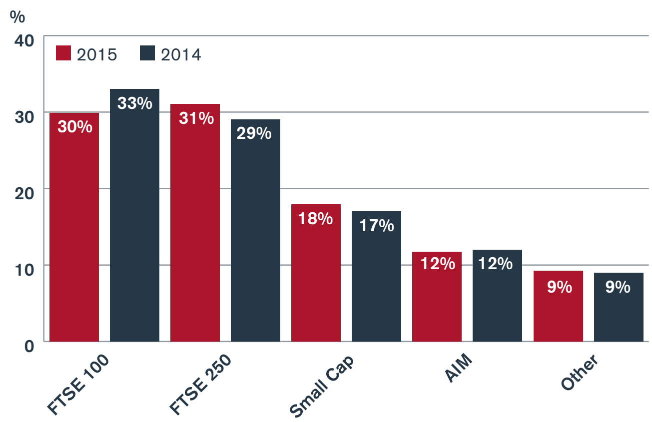
Total Return basis and shown on a logarithmic scale (30 September 1990 = 100)
CAGR – Compound Annual Growth Rate
1990 is the year that James Henderson was appointed Fund Manager
Source: Thomson Financial, Datastream

Lowland's dividend has doubled in ten years, twice the increase in the benchmark



Figures rebased to 100. Source: Henderson Global Investors and HSBC

Market Capitalisation of the Portfolio at 30 September



Historical Record

Year ended 30 September	Total return/ (loss) per ordinary share in pence	Net revenue return per ordinary share in pence	Dividend in pence	Total net assets in £'000	Net asset value per ordinary share in pence
2005*	200.2	18.2	19.25	190,695	785.8
2006	150.3	20.8	20.75	222,217	915.7
2007	138.7	27.9	23.50	275,868	1,044.3
2008	(344.4)	33.0	26.50	178,411	675.4
2009	8.4	22.7	26.50	173,633	657.3
2010	139.5	22.5	27.00	203,484	770.3
2011	68.3	28.8	28.00	214,251	811.0
2012	229.9	31.1	30.50	266,401	1,008.4
2013	330.1	36.7	34.00	347,202	1,306.9
2014	73.3	39.4	37.00	361,856	1,345.6
2015	**11.8**	**46.4**	**41.00**	**354,563**	**1,318.4**

*2005 has been restated for changes in accounting policy

Strategic Report: Performance Highlights (continued)

NAV Total Return per share at year end[1]		
2015	1,356.2p	+0.8% Since 30 September 2014
Share Price Total Return at year end		
2015	2,581.6p	-2.2% Since 30 September 2014
FTSE All-Share Index Total Return at year end		
2015	1,554.9	-2.3% Since 30 September 2014
Revenue Return per share at year end		
2015	46.4p	+17.8% Since 30 September 2014
Dividend for year		
2015	41.0p	+10.8% Since 30 September 2014

Dividend Yield[2]			
2015	3.2%	2014	2.6%
Gearing at year end			
2015	16.8%	2014	13.3%
(Discount)/Premium at year end[3]			
2015	(2.4%)	2014	0.7%
Ongoing Charge for the year excluding the Performance Fee			
2015	0.60%	2014	0.56%
Ongoing Charge for the year including the Performance Fee			
2015	0.85%	2014	0.85%

1 Net asset value per share total return (including dividends reinvested)
2 Based on the share price using mid-market closing prices at the year end
3 Calculated using year end audited NAVs including current year revenue
Sources: Morningstar for the AIC, Henderson, Datastream

A glossary of terms is included on page 20

Strategic Report: Chairman's Statement

Performance

In a difficult year Net Asset Value ("NAV") total return rose 0.8%, while the FTSE All-Share Index, the Company's benchmark, fell 2.3%. The share price opened the year at a small premium, but closed at a modest discount, declining by 2.2%.

The Company's strong medium and long-term performance is shown in the table below:

Total Return Performance Comparison to 30 September 2015	3 years %	5 years %	10 years %
NAV	41.9	98.9	128.8
Share Price	41.0	114.7	130.8
AIC UK Equity Income Sector NAV[1]	42.1	73.5	102.9
FTSE All-Share Index	23.3	38.2	72.3

1 Size weighted average
Source: Morningstar for the AIC

Dividends

As our Fund Manager anticipated, many companies in the portfolio delivered robust dividend growth over the year. Revenue earnings per share for the year are 46.4p, against 39.4p last year, an increase of 17.8%, compared with the underlying dividend growth in the Company's benchmark of 4.6%. This has allowed us to pay an increased dividend to our shareholders. Subject to shareholders approving the final dividend, the total dividend for the year will be 41p, which compares with 37p last year; an increase of 10.8%. £1,465,000 will be transferred to the revenue reserve.

Revenue earnings for the year were boosted by special dividends which amounted to £1.7m, representing 13.6% of the total earnings.

Over the past five years dividends have grown at a compound rate of 8.5%. The five year record is set out below.

Total of dividend percentage increase per year

Year	2010	2011	2012	2013	2014	2015
Dividend per year	27.0p	28.0p	30.5p	34.0p	37.0p	41.0p
Percentage increase		3.7%	8.9%	11.5%	8.8%	10.8%

Source: Henderson

Investment Approach

The Board believes that in order to provide reliable long-term dividend growth we must grow the underlying capital value of the Company. Sometimes this will be achieved by buying shares which, at the time of purchase, are not paying a dividend. The Company's dividend income may be boosted when these investments start to pay dividends, or, as the market recognises the prospective dividend-paying capacity of such investments, we may be rewarded with healthy capital gains. These capital gains can be recycled into existing dividend-paying investments.

This approach has helped the Company to increase dividends by 5.3 times over the last 25 years: annualised average growth of 6.9%.

Some of the recent purchases have been in companies that will not pay dividends in the immediate future, but are such compelling long-term capital growth stories that they have an important role to play in the Company's portfolio. One example would be **Oxford Sciences Innovation**, a company recently established to invest in research at Oxford University with commercial potential. It is an unlisted investment, which is unusual for Lowland, but this structure is suitable for a long-term commitment to emerging new companies.

The Board monitors the portfolio to ensure that it remains a broad mix of companies that can be expected to produce both capital and dividend growth.

Ongoing Charge and Fees

A performance fee of £0.9m is payable in respect of the year to 30 September 2015 (2014: £1.1m). This reflects the growth in NAV total return of 41.9% over the last three years compared with the FTSE All-Share return of 23.3%. The performance fee, and the basic management fee of 0.5% of net chargeable assets, are capped at a total of 0.75% of net chargeable assets. The cap has reduced the performance fee payable by £21.3m, since the performance fee was introduced in October 2010. A description of how the performance fee is calculated can be found on page 13.

The total ongoing charge, (the management fee and other non-interest expenses) was 0.60% (2014: 0.56%) of average shareholders' funds excluding the performance fee, and 0.85% (2014: 0.85%) including the performance fee.

Investment Review

The level of debt in listed companies has fallen to historically low levels. This has not been recognised fully by the market, because macro-economic worries abound. Our Fund Manager also believes that the specific commercial strengths of companies we hold have not been fully reflected in their valuations.

The most pressing macroeconomic concern has been about the extent of the slowdown in China, and its effects on the rest of Asia. We believe successful and consistent portfolio management requires a genuinely diverse mix of companies that can weather a variety of storms coming from Asia or elsewhere. Some of the holdings may suffer from reduced Chinese demand, but many will not. Many of the companies in the portfolio exercise a good deal of control over their destiny by producing excellent competitive products.

Gearing

The Board increased the level of borrowings during the year from £50 million to £62 million, which represents gearing of 16.8%. The gearing in a relatively flat year held only marginal benefit as regards capital returns, but it did have the benefit of improving the earnings, as the borrowing costs are around 1.5% while the portfolio yield is 3.5%. The shape of the borrowings can be seen on page 16. The gearing over the long-term has added to both the capital and income return of the Company and is expected to do so in the future.

Strategic Report: Chairman's Statement (continued)

Share Issuance

During the year there was no share issuance or share buy-backs.

The Board

Rupert Barclay has decided to stand down at the Annual General Meeting. He joined the Board in February 2000. His broad commercial experience has been a very real help to the Fund Manager, particularly during difficult periods. The Board is grateful to him for his long service, not least his time as Chairman of the Audit Committee when he brought great insight to the issues facing the Company.

Annual General Meeting

The Annual General Meeting will be held at the offices of Henderson on 20 January 2016 at 12:30pm. Full details of the business to be conducted at the meeting are set out in the Notice of Meeting which has been sent to shareholders with this report. As usual our Fund Manager, James Henderson and his deputy Laura Foll, will be making a presentation and all shareholders are most welcome to attend.

Outlook

Interest rates and inflation are likely to head upwards during the current year but perhaps by not very much. Companies that can produce solid profit and dividend growth should attract good support. It is this sort of company that is the focus of the portfolio. The ability of your Company to hold large, medium and small companies allows the Fund Manager freedom to find companies that will produce strong long-term growth in a challenging economic environment.

Peter Troughton CBE
Chairman
9 December 2015

Strategic Report: Fund Manager's Report

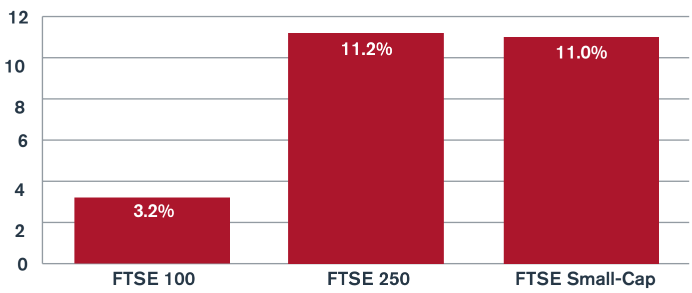
Investment Review

It has been a frustrating year for investors in that a favourable operating background in the UK has not resulted in the progress that might have been expected in capital values. Currently the domestic economy has virtually no inflation and reasonable economic growth. Wages in real terms are rising and the consumer is benefiting from increasing spending power which has been further boosted by the fall in petrol prices.

This benign backdrop has meant some of the domestic orientated companies have experienced very strong share price appreciation. However, this good work has been undone for investors by the falls in commodity orientated companies and those that are exposed to slowing emerging market growth which includes many manufacturing businesses.

This has generally made investors nervous about the outlook for equities. It is hard to always fully understand these concerns. As income focused managers we pay attention to cash generation. It is cash that pays dividends. The story cash generation is telling is a positive one. Debt levels have fallen further with many of the companies held now having net cash. This has resulted in good dividend growth and special dividends. The dividend growth has been best from the smaller and medium sized dividend paying companies in the portfolio.

3-year average dividend growth



Source: Henderson

Performance Attribution

Top five contributors to relative performance	12 month absolute return %	Relative contribution %
Amlin	64.6	1.08
Hiscox	43.6	0.96
Provident Financial	52.5	0.89
Royal Dutch Shell (underweight)	-31.9	0.81
Novae	71.4	0.59

Bottom five detractors from relative performance	12 month absolute return %	Relative contribution %
Velocys	-72.2	-2.05
FBD	-55.8	-0.86
Gibson Energy	-54.8	-0.67
Weir	-52.2	-0.64
Circle Oil	-80.4	-0.58

Source: Henderson

Among the strongest contributors to performance during the year were non-life insurers Hiscox, Amlin and Novae. These have been an enduring feature of the portfolio as a result of their disciplined underwriting and ability to generate high returns over the cycle. Given the significant position the Company has in the industrials sector they have also provided diversification, with performance more determined by the underwriting cycle rather than economic activity. Towards the end of the year Mitsui made a cash bid for Amlin at £6.70 per share and we have since reduced our holding.

Amlin Share Price (£)

Source: Henderson

The largest individual detractor from performance was gas-to-liquids technology provider Velocys. Having been the top contributor to performance last year, the decline in the oil price meant that securing financing for their gas-to-liquids projects became more difficult. They also saw the departure of their long standing Chief Executive. It remains our view that the technology has significant potential even if the current oil price persists, for example to provide an alternative to flaring. While these early-stage companies such as Velocys, IP Group and 4D Pharma are likely to be volatile performers, what attracts us is their ability to disrupt large-end markets which suggests substantial potential upside if they get it right.

Strategic Report: Fund Manager's Report (continued)

Investment Disciplines

The portfolio consists of a relatively long list of holdings. This allows early stage companies, recovery situations, large major companies and strongly growing medium sized companies to all feature. The one characteristic they have in common is they are good, if not, excellent at what they do. The list has been built up by paying attention and following companies. The top down factors about cycles and economic theories play little part.

It is very difficult to have insights about the economy that can consistently be translated into buying the stocks that will benefit. By the time economic patterns have been recognised, they have a way of having already changed or dispersed. It is much better to focus on management teams, products and valuation to find worthwhile equity investments. A good management team can navigate through a difficult economic background, while a poor one can get it wrong in a strong economy. The life cycles of products, and therefore sometimes the companies that produce them, are getting shorter. It is therefore important to keep paying attention; the strongest management teams can become complacent. The stock picking methods that worked yesterday need to be re-examined for relevance today. However, the approach of investing in companies where the management team is determined to be competitive through investing and re-examining their businesses is the one that is most likely to succeed.

Investment Activity

Our transactions were primarily reducing positions that had performed well, such as Hill & Smith and Bellway, while adding to areas that had performed poorly such as mining. While this has detracted from performance during the year, the Company aims to be mildly contrarian in its outlook and take advantage of value opportunities where they arise. Taking Glencore as an example, supply is being withdrawn in the copper market while demand continues to grow, which over time should drive higher copper prices. We have been adding to Glencore at a discount to book value, while reducing housebuilders such as Bellway on a substantial premium to book value.

Bellway share price since first purchase (£)

Source: Henderson

We also added to higher yielding smaller companies that have good capacity to grow dividends over time. This provides a diversification of income for the Company away from the larger dividend payers in the UK. A good example of this would be commercial property owner Palace Capital, where we participated in a placing to finance further acquisitions. We also added a position in DFS during the IPO, which is highly free cash flow generative and this should result in good cash returns to shareholders over time.

Outlook

We are positive on the prospects of our holdings in the industrial sector, where our overweight position was detrimental to performance last year, having been a substantial contributor in the years after the 2008 downturn. We retain our positions in the sector because of the strengths of the individual holdings rather than a macroeconomic based conviction. These companies are generating cash and debt is low. They have excellent products and they are genuinely competitive in the global market. For instance the civil aviation industry is growing strongly and the companies held which supply this industry are world leaders. The earnings outlook is relatively visible given the strong order books and the satisfactory margin positions. The share price weakness in the area is the result of concerns about global economic problems. However, such an approach to investment management is too broad brush and as the real picture develops the share prices will rise.

The holdings in early stage companies make up 6% of the portfolio. Their share price performance will be determined not by economic trends but by whether their product has real advantages over the current ones in the market. The returns from this area will be volatile but the opportunities are large.

The insurance sector has been a relatively big position since Lloyds of London was bailed out by corporate capital in 1992. The exposure has added considerable value but the size of the position will now fall as result of cash takeovers. Some of the proceeds will be reinvested in further purchases of resource related companies which offer long-term value at current prices. Overall as a result of disciplined and talented management in stocks held it is expected the companies will grow their businesses in spite of a challenging economic backdrop.

James Henderson
Fund Manager

Laura Foll
Deputy Fund Manager

9 December 2015

Strategic Report: Fund Manager's Report (continued)

Twenty Largest Holdings at 30 September 2015

Rank 2015	Rank 2014	Company	Valuation 2014 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation 2015 £'000
1	(2)	Senior	14,483	–	(1,345)	(578)	**12,560**
2	(5)	Hiscox	8,887	–	–	2,807	**11,694**
3	(1)	Royal Dutch Shell	15,231	1,007	–	(5,692)	**10,546**
4	(14)	Provident Financial	6,942	–	–	3,263	**10,205**
5	(6)	Phoenix	8,480	–	–	1,043	**9,523**
6	(13)	HSBC	7,044	4,096	–	(1,789)	**9,351**
7	(10)	Hill & Smith	7,385	–	(268)	1,857	**8,974**
8	(16)	Scapa[1]	6,837	–	(662)	2,515	**8,690**
9	(4)	BP	9,976	–	–	(2,628)	**7,348**
10	*	Irish Continental	2,151	3,553	–	1,533	**7,237**
11	*	RPC	4,751	–	–	2,429	**7,180**
12	*	Renold	5,561	–	–	1,526	**7,087**
13	(11)	GKN	7,310	738	–	(1,241)	**6,807**
14	(9)	Rio Tinto	7,579	1,340	–	(2,289)	**6,630**
15	*	Avon Rubber	4,309	–	–	2,089	**6,398**
16	*	Johnson Service[1]	4,067	–	–	1,931	**5,998**
17	*	DS Smith	3,995	–	–	1,913	**5,908**
18	*	Low & Bonar	3,013	2,121	–	726	**5,860**
19	(15)	International Personal Finance	6,903	–	–	(1,417)	**5,486**
20	*	Croda	4,106	–	–	1,312	**5,418**
			139,010	**12,855**	**(2,275)**	**9,310**	**158,900**

At 30 September 2015 these investments totalled £158,900,000 or 38.4% of the portfolio.

* Not in the top 20 largest investments last year
1 AIM stocks

Historical Record

Year to 30 September	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross revenue £'000	7,653	8,514	9,726	12,326	8,135	8,410	9,888	10,774	12,457	13,668	**15,647**
Per ordinary share (pence):											
Net revenue	18.2	20.8	27.9	33.0	22.7	22.5	28.8	31.1	36.7	39.4	**46.4**
Dividend paid (net)[1]	19.3	20.8	23.5	26.5	26.5	27.0	28.0	30.5	34.0	37.0	**41.0**
Imputed tax	2.1	2.3	2.6	2.9	2.9	3.0	3.1	3.4	3.8	4.1	**4.6**
Total dividend (gross)	21.4	23.1	26.1	29.4	29.4	30.0	31.1	33.9	37.8	41.1	**45.6**
Net assets attributable to ordinary shares (£'m)	190.7[2]	222.2	275.9	178.4	173.6	203.5	214.3	266.4	347.2	361.9	**354.6**
Net asset value per ordinary share (pence)	785.8[2]	915.7	1,044.3	675.4	657.3	770.3	811.0	1,008.4	1,306.9	1,345.6	**1,318.4**
Share price (pence)	775.0	895.5	1,091.0	625.0	610.0	699.5	762.5	991.5	1,325.0	1,355.0	**1,287.0**

Indices 2005 =100	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Asset Value (capital return)	100	117	133	85	83	97	103	129	168	173	**167**
Ordinary Share Price (capital return)	100	116	141	81	79	90	99	128	171	175	**166**
Net Dividend	100	107	115	131	147	147	150	156	169	189	**200**
FTSE All-Share Index (capital return)	100	111	121	90	96	104	97	109	125	129	**122**
Retail Prices Index	100	104	108	113	111	116	121	124	127	129	**130**

Source: Thomson Financial, Datastream and Henderson, capital returns only
1 Represents the total amount paid in respect of each financial year
2 Restated for changes in accounting policies

Strategic Report: Portfolio Analysis at 30 September

Sector		United Kingdom %	Overseas %	Total 30 September 2015 %	FTSE All-Share Index 2015 %	Total 30 September 2014 %
Oil & Gas	Oil & Gas Producers	4.6	0.7	5.3	10.0	8.5
	Oil Equipment Services & Distribution	0.5	–	0.5	0.4	0.6
		5.1	**0.7**	**5.8**	**10.4**	**9.1**
Basic Materials	Chemicals	7.3	–	7.3	0.7	9.2
	Forestry & Paper	1.0	1.2	2.2	0.3	0.7
	Industrial Metals & Mining	0.1	–	0.1	–	–
	Mining	4.0	–	4.0	3.9	4.4
		12.4	**1.2**	**13.6**	**4.9**	**14.3**
Industrials	Aerospace & Defence	6.6	–	6.6	1.9	6.4
	Construction & Materials	4.6	0.8	5.4	1.1	3.5
	Electronic & Electrical Equipment	1.2	–	1.2	0.5	1.0
	General Industrials	3.2	–	3.2	0.7	2.2
	Industrial Engineering	6.6	0.4	7.0	0.7	7.5
	Industrial Transportation	1.5	–	1.5	0.3	2.2
	Support Services	3.5	–	3.5	4.9	2.4
		27.2	**1.2**	**28.4**	**10.1**	**25.2**
Consumer Goods	Automobiles & Parts	1.6	–	1.6	0.2	1.8
	Beverages	–	–	–	4.3	1.2
	Food Producers	0.4	1.0	1.4	1.0	2.2
	Household Goods & Home Construction	1.6	–	1.6	3.6	2.0
	Leisure Goods	0.2	–	0.2	–	0.1
	Personal Goods	0.2	–	0.2	2.1	0.1
	Tobacco	0.5	–	0.5	5.1	0.9
		4.5	**1.0**	**5.5**	**16.3**	**8.3**
Health Care	Health Care Equipment & Services	1.1	–	1.1	0.8	1.0
	Pharmaceuticals & Biotechnology	2.8	–	2.8	7.7	2.7
		3.9	**–**	**3.9**	**8.5**	**3.7**
Consumer Services	Food & Drug Retailers	2.3	–	2.3	1.4	2.2
	General Retailers	2.0	–	2.0	3.0	1.5
	Media	3.1	–	3.1	3.9	3.2
	Travel & Leisure	1.1	1.8	2.9	4.6	2.5
		8.5	**1.8**	**10.3**	**12.9**	**9.4**
Telecommunications	Fixed Line Telecommunications	0.5	–	0.5	2.0	0.7
	Mobile Telecommunications	1.8	–	1.8	3.1	1.1
		2.3	**–**	**2.3**	**5.1**	**1.8**
Utilities	Electricity	–	–	–	0.8	0.7
	Gas Water & Multiutilities	2.4	–	2.4	3.1	2.0
		2.4	**–**	**2.4**	**3.9**	**2.7**
Financials	Banks	3.6	–	3.6	10.7	2.1
	Equity Investment Instruments	0.9	–	0.9	3.8	1.3
	Financial Services	6.7	–	6.7	2.7	5.6
	Life Insurance	6.8	–	6.8	4.7	6.7
	Non-life Insurance	5.4	0.6	6.0	1.2	6.1
	Real Estate	3.0	–	3.0	3.2	2.5
		26.4	**0.6**	**27.0**	**26.3**	**24.3**
Technology	Software & Computer Services	0.1	–	0.1	0.7	0.1
	Technology Hardware & Equipment	–	0.7	0.7	0.9	0.9
		0.1	**0.7**	**0.8**	**1.6**	**1.0**
	Equities	92.8	7.2	100.0	–	99.8
	Fixed Income	–	–	–	–	0.2
	Total at 30 September 2015	**92.8**	**7.2**	**100.0**	**100.0**	**–**
	Total at 30 September 2014	**94.6**	**5.4**	**–**	**–**	**100.0**

Strategic Report: Investment Portfolio at 30 September

Position	Investments	Sector	Market Value £'000	% of Portfolio
1	Senior	Aerospace & Defence	12,560	3.0
2	Hiscox	Non-life Insurance	11,694	2.8
3	Royal Dutch Shell	Oil & Gas Producers	10,546	2.5
4	Provident Financial	Financial Services	10,205	2.5
5	Phoenix	Life Insurance	9,523	2.3
6	HSBC	Banks	9,351	2.3
7	Hill & Smith	Industrial Engineering	8,974	2.2
8	Scapa[1]	Chemicals	8,690	2.1
9	BP	Oil & Gas Producers	7,348	1.8
10	Irish Continental[2]	Travel & Leisure	7,237	1.7
10 largest			**96,128**	**23.2**
11	RPC	General Industrials	7,180	1.7
12	Renold	Industrial Engineering	7,087	1.7
13	GKN	Automobiles & Parts	6,807	1.7
14	Rio Tinto	Mining	6,630	1.6
15	Avon Rubber	Aerospace & Defence	6,398	1.6
16	Johnson Service[1]	Support Services	5,998	1.5
17	DS Smith	General Industrials	5,908	1.4
18	Low & Bonar	Construction & Materials	5,860	1.4
19	International Personal Finance	Financial Services	5,486	1.3
20	Croda	Chemicals	5,418	1.3
20 largest			**158,900**	**38.4**
21	Amlin	Non-life Insurance	5,395	1.3
22	Novae	Non-life Insurance	5,382	1.3
23	Carclo	Chemicals	5,177	1.2
24	Relx	Media	5,094	1.2
25	St Modwen Properties	Real Estate	4,949	1.2
26	Marshalls	Construction & Materials	4,924	1.2
27	Elementis	Chemicals	4,910	1.2
28	Rolls-Royce	Aerospace & Defence	4,908	1.2
29	Interserve	Support Services	4,879	1.2
30	IP Group	Financial Services	4,841	1.2
30 largest			**209,359**	**50.6**
31	Legal & General	Life Insurance	4,762	1.2
32	Canfor Pulp[2]	Forestry & Paper	4,759	1.1
33	GlaxoSmithKline	Pharmaceuticals & Biotechnology	4,748	1.1
34	Consort Medical	Health Care Equipment & Services	4,587	1.1
35	Castings	Industrial Engineering	4,551	1.1
36	Mondi	Forestry & Paper	4,149	1.0
37	Greencore[2]	Food Producers	4,098	1.0
38	Glencore	Mining	4,048	1.0
39	Marstons	Travel & Leisure	3,935	1.0
40	Inmarsat	Mobile Telecommunications	3,928	0.9
40 largest			**252,924**	**61.1**

1 AIM stocks
2 Overseas listed stocks (Canada, France, Germany, Ireland and USA)

Strategic Report: Investment Portfolio at 30 September

(continued)

Position	Investments	Sector	Market Value £'000	% of Portfolio
41	Clarkson	Industrial Transportation	3,796	0.9
42	Vodafone	Mobile Telecommunications	3,790	0.9
43	Park[1]	Financial Services	3,735	0.9
44	National Grid	Gas, Water & Multiutilities	3,676	0.9
45	Centrica	Gas, Water & Multiutilities	3,667	0.9
46	Convivality Retail[1]	Food & Drug Retailers	3,666	0.9
47	Aviva	Life Insurance	3,616	0.9
48	BAE Systems	Aerospace & Defence	3,582	0.9
49	Daily Mail & General Trust	Media	3,581	0.9
50	Balfour Beatty	Construction & Materials	3,539	0.8
50 largest			**289,572**	**70.0**
51	Standard Chartered	Banks	3,526	0.9
52	Prudential	Life Insurance	3,484	0.8
53	CRH[2]	Construction & Materials	3,482	0.8
54	Chesnara	Life Insurance	3,437	0.8
55	Epwin[1]	Construction & Materials	3,400	0.8
56	Findel	General Retailers	3,275	0.8
57	Standard Life	Life Insurance	3,173	0.8
58	IMI	Industrial Engineering	3,116	0.8
59	Morgan Advanced Materials	Electronic & Electrical Equipment	3,105	0.7
60	Pearson	Media	3,099	0.7
60 largest			**322,669**	**77.9**
61	Anglo American	Mining	3,030	0.8
62	4D Pharma[1]	Pharmaceuticals & Biotechnology	3,029	0.8
63	Mucklow	Real Estate	3,023	0.7
64	BHP Billiton	Mining	3,015	0.7
65	Revolymer[1]	Chemicals	3,006	0.7
66	Infineon Technologies[2]	Technology Hardware & Equipment	2,959	0.7
67	Tesco	Food & Drug Retailers	2,931	0.7
68	Velocys[1]	Chemicals	2,906	0.7
69	Churchill China[1]	Household Goods & Home Construction	2,882	0.7
70	McColl's Retail	Food & Drug Retailers	2,823	0.7
70 largest			**352,273**	**85.1**
71	Herald Investment Trust	Equity Investment Instruments	2,720	0.7
72	Weir	Industrial Engineering	2,633	0.6
73	Segro	Real Estate	2,577	0.6
74	FBD[2]	Non-life Insurance	2,432	0.6
75	Shoe Zone[1]	General Retailers	2,363	0.6
76	H&T Group[1]	Financial Services	2,303	0.6
77	British American Tobacco	Tobacco	2,240	0.5
78	Stobart	Industrial Transportation	2,240	0.5
79	Barclays	Banks	2,197	0.5
80	Headlam	Household Goods & Home Construction	2,136	0.5
80 largest			**376,114**	**90.8**

1 AIM stocks
2 Overseas listed stocks (Canada, France, Germany, Ireland and USA)

Strategic Report: Investment Portfolio at 30 September

(continued)

Position	Investments	Sector	Market Value £'000	% of Portfolio
81	Horizon Discovery[1]	Pharmaceuticals & Biotechnology	2,089	0.5
82	Palace Capital[1]	Real Estate	2,026	0.5
83	Gibson Energy[2]	Oil & Gas Producers	2,008	0.5
84	Cape	Oil Equipment Services & Distribution	2,000	0.5
85	TT Electronics	Electronic & Electrical Equipment	1,995	0.5
86	Pennon	Gas, Water & Multiutilities	1,943	0.5
87	Manx Telecom[1]	Fixed Line Telecommunications	1,898	0.5
88	AstraZeneca	Pharmaceuticals & Biotechnology	1,840	0.4
89	Shanks	Support Services	1,835	0.4
90	Somero Enterprises[2]	Industrial Engineering	1,750	0.4
90 largest			**395,498**	**95.5**
91	Bellway	Household Goods & Home Construction	1,492	0.4
92	Carr's Group	Food Producers	1,470	0.4
93	Topps Tiles	General Retailers	1,460	0.3
94	Babcock International	Support Services	1,369	0.3
95	Oxford Sciences Innovation[3]	Financial Services	1,333	0.3
96	UTV Media	Media	1,108	0.3
97	DFS Furniture	General Retailers	1,086	0.3
98	Airea[1]	Personal Goods	866	0.2
99	Eleco[1]	Construction & Materials	851	0.2
100	Premier Oil	Oil & Gas Producers	833	0.2
100 largest			**407,366**	**98.4**
101	Infrastructure India[1]	Equity Investment Instruments	790	0.2
102	Wadworth – Ordinary shares[3]	Travel & Leisure	720	0.2
103	Hornby[1]	Leisure Goods	682	0.2
104	Modern Water[1]	Gas, Water & Multiutilities	583	0.1
105	Chamberlain & Hill[1]	Industrial Engineering	571	0.1
106	Circle Oil[2]	Oil & Gas Producers	510	0.1
107	Clarke T	Construction & Materials	468	0.1
108	Providence Resources[2]	Oil & Gas Producers	432	0.1
109	Augean[1]	Support Services	346	0.1
110	Goldenport	Industrial Transportation	317	0.1
110 largest			**412,785**	**99.7**
111	Severfield-Rowen	Industrial Engineering	309	0.1
112	Parity[1]	Software & Computer Services	233	0.1
113	Xcite Energy[1]	Oil & Gas Producers	208	0.1
114	South32	Industrial Metals & Mining	190	–
115	Wadworth – Preference shares[3]	Travel & Leisure	126	–
116	Indus Gas[1]	Oil & Gas Producers	120	–
117	Quarto	Media	62	–
118	Pro Gbl Insurance Solution[2]	Non-life Insurance	49	–
119	IPSA[1]	Electricity	29	–
120	Endeavour Mining[2]	Mining	18	–
120 largest			**414,129**	**100.0**
121	Lonmin	Mining	3	–
122	Acertec	Industrial Metals & Mining	–	–
123	CDU	Personal Goods	–	–
124	HIBU	Media	–	–
Total Investments			**414,132**	**100.0**

1 AIM stocks
2 Overseas listed stocks (Canada, France, Germany, Ireland and USA)
3 Unlisted investments

Strategic Report: Business Model

Strategy

The Company's strategy is to meet its investment objective. This is achieved through the appointment of external management which operates in accordance with the Company's investment policy.

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 Total Return.

Investment Policy

Asset allocation

The Company will invest in all sizes of companies. It is not hindered by the weightings of an index but rather seeks value in a diversified range of companies with normally not more than half by value coming from the largest 100 UK companies and the balance from small and medium sized companies.

Dividend

The Company aims to provide shareholders with dividend growth. This will be achieved by investing in shares that usually have a reasonable dividend yield and those with good prospects for future dividend growth.

Gearing

The Company will at times borrow money both short and longer term in order to enhance performance. The gearing will not exceed 29.9% of equity shareholders' funds other than in exceptional circumstances, nor will equities represent less than 70% of the Company's net asset value.

General

It is the stated investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts). Lowland is a company listed on the London Stock Exchange. It was created in 1960 and began trading on the London Stock Exchange in 1963. It has since inception been managed by a representative of Henderson. The Board is independent of the management company.

Management

The Company qualifies as an Alternative Investment Fund ("AIF") in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").

The Company has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager ("AIFM") in accordance with an agreement which was effective from 22 July 2014 and is terminable on six months' notice. HIFL delegates investment management services to Henderson Global Investors Limited. Both entities are authorised and regulated by the Financial Conduct Authority ("FCA"). References to Henderson within this report refer to the services provided by both entities.

The fund management team is led by James Henderson, who has been in place since 1990. He is assisted by Laura Foll.

Henderson and its subsidiaries provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of Henderson, by BNP Paribas Securities Services. Wendy King acts as Company Secretary on behalf of the Corporate Secretary, Henderson Secretarial Services Limited.

Management Fee

The management fee is calculated at the rate of 0.5% of the average of the aggregate net chargeable assets on the last day of the relevant quarter and the last day of the corresponding quarter in the preceding year. Net chargeable assets are defined as total assets less current liabilities and without limitation any borrowings for investment purposes but excludes the value of any investment in any funds managed by Henderson and any investment in Henderson Group plc.

Performance Fee

The performance fee will be 15% of any outperformance on a total return basis of Lowland's benchmark (currently the FTSE All-Share Index Total Return) by more than 10% (the "hurdle rate") over the average of the last three years. The performance fee, plus the management fee of 0.5% of net chargeable assets described above, will be capped in any year at a total of 0.75% of average net chargeable assets for the year. Any performance fee paid is charged to the capital return column of the income statement whereas the management fee is charged to the revenue return column.

Strategic Report: Corporate Information

Directors

The Directors appointed to the Board and the date of their appointment are:

Peter Troughton CBE

Position: Chairman of the Board and of the Nominations and Management Engagement Committees

Date of appointment: 26 October 1990 (Chairman 18 January 2012)

Peter is Vice-Chairman of Archant Limited. He is also a Director of Waverton Investment Management Limited, Waverton Investment Funds PLC and of Waverton Global Investment Funds PLC. He was formerly a Director of WH Smith Group plc and Chief Executive of Rothschild Asset Management.

Rupert Barclay ACA

Position: Director

Date of appointment: 15 February 2000 (Chairman of Audit Committee 1 June 2008 to 20 January 2015)

Rupert is a partner of Cairneagle Associates LLP. He is Chairman of Sanditon Investment Trust PLC. He was formerly the Director of Group Strategy at Reuters plc and Allied Domecq plc and has held non-executive positions with Dimension Data plc, Instinet Corporation and Macfarlane Group plc.

Duncan Budge

Position: Director

Date of appointment: 14 July 2014

Duncan is Chairman of The Dunedin Enterprise Investment Trust PLC, Artemis Alpha Trust plc and Spencer House Limited. He is a non-executive Director of The World Trust Fund, Menhaden Capital plc and Asset Value Investors Ltd. He was formerly a Director and Chief Operating Officer at RIT Capital Partners plc, and a Director of J. Rothschild Capital Management Limited. Prior to this he spent six years at Lazard Brothers & Co Limited.

Kevin Carter

Position: Director

Date of appointment: 1 October 2009

Kevin is Chairman of Murray International Trust Plc, a director of JP Morgan American Investment Trust plc and is also Chairman of the Investment Committee and a trustee Director of the BBC Pension Scheme. He is a Director of the Centrica Combined Common Investment Fund Limited, a trustee Director of Universities Superannuation Scheme Limited and Chairman of its Investment Committee. He was formerly the Head of European Investment Practice of Watson Wyatt Limited and Chief Executive Officer of Old Mutual Asset Managers.

Robert Robertson

Position: Director and Chairman of the Audit Committee (20 January 2015)

Date of appointment: 1 May 2011

Robert is a Director of BlackRock Smaller Companies Trust plc, Metallon Corporation plc and a number of private companies. He was previously Chairman of West China Cement and Chief Executive of Tarmac Group and Anglo American's Industrial Minerals division.

Karl Sternberg

Position: Director

Date of appointment: 1 January 2009

Karl is a Director of JPMorgan Income & Growth Investment Trust PLC, Monks Investment Trust PLC, Herald Investment Trust plc, Alliance Trust plc and Railpen. He is also a Fellow of St Catherine's College, Oxford. He was formerly Chief Investment Officer for Deutsche Asset Management (Europe and Asia Pacific) and Chief Executive of Oxford Investment Partners Limited.

All Directors are independent of Henderson and are members of the Audit (except the Chairman), Nominations and Management Engagement Committees.

Strategic Report: Corporate Information (continued)

Registered Office

201 Bishopsgate
London EC2M 3AE

Service Providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Stockbrokers

JP Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1117

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Financial Calendar

Annual results	announced December 2015
Ex dividend date	7 January 2016
Dividend record date	8 January 2016
Annual General Meeting[1]	20 January 2016
Final dividend payable on	29 January 2016
Half year results	announced May 2016

1 At the Company's registered office at 12.30 p.m.

Information Sources

For more information about Lowland Investment Company plc, visit the website at **www.lowlandinvestment.com**

HGi

HGi is a content platform provided by Henderson that offers online personalisation where you can "follow" investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi: http://HGi.co/rb

Follow Henderson Investment Trusts on Twitter, YouTube and Facebook

For alternative access to Henderson's insight you can now follow on Twitter, YouTube and Facebook

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone 03457 225525, email **henderson@halifax.co.uk** or visit their website **www.halifax.co.uk/sharedealing**.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee Share Code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

Investors in Halifax Share Dealing receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

Strategic Report: Corporate Information (continued)

Status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 ("the Act") is registered in England and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ("Section 1158"), is subject to the Financial Conduct Authority's Listing Rules and is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company.

The Company has obtained approval from HM Revenue & Customs ("HMRC") of its status as an investment trust under Section 1158; the Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

Performance Measurement and Key Performance Indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of Henderson, the Directors take into account the following key performance indicators:

KPI	Action
Performance measured against the benchmark	The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value and share price for the Company and its benchmark, which is the FTSE All-Share Index Total Return.
Discount/premium to net asset value ("NAV")	At each Board meeting, the Board monitors the level of the Company's discount/premium to NAV and reviews the average discount/premium for the Company's relevant Association of Investment Companies ("AIC") sector (UK Equity Income). The Board considers the use of share buy-backs to enhance shareholder value where appropriate. Shares would only be purchased at a price below the prevailing NAV per share, thereby increasing the NAV of the remaining shares. The Board also considers the issuance of new shares, but only when there is unfulfilled demand, they trade at a premium to NAV, and the cost of such issuance is included in the price paid for the new shares, such that there is no detriment in terms of total return to existing shareholders. The Company publishes a NAV per share figure on a daily basis, through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula and since 1 June 2008 includes current financial year revenue items.
Performance against the Company's peer group	The Company is included in the AIC UK Equity Income sector. In addition to comparison against the stated benchmark, the Board also considers the performance against its AIC peer group at each Board meeting.
Ongoing charge	The ongoing charge is a measure of the recurring expenses incurred by the Company expressed as a percentage of the average shareholders' funds over the year. The Board regularly reviews the ongoing charge and monitors all Company expenses.

The charts and tables on pages 2 and 3 show how the Company has performed against these KPIs and the Chairman's Statement and Fund Manager's Report give more information on performance.

Borrowing

The Company has two loan facilities in place which provide increased borrowing on improved terms and allows it to borrow as and when appropriate. Up to £85 million is available under these facilities. The maximum amount drawn down in the year under review was £64.2 million (2014: £49.9 million), with borrowing costs for the year totalling £806,000 (2014: £845,000). £62.3 million (2014: £49.9 million) of the facilities was in use at the year end. Actual gearing at 30 September 2015 was 16.8% (2014: 13.3%) of net asset value.

Future Developments

While the future performance of the Company is mainly dependent on the performance of international financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment objective and strategy explained on page 13. The Chairman's Statement and Fund Manager's Report provide commentary on the outlook for the Company.

Corporate Responsibility

Responsible investment

Henderson is responsible for reporting on its work on corporate governance and corporate responsibility (or social, environmental and ethical ("SEE") issues) in the companies in which it invests on its clients' behalf, across all funds as part of its management duties. In May 2005 Henderson became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance ("ESG") issues into mainstream investment decision-making and ownership practices.

The way companies respond to sustainability and corporate responsibility can affect their business performance, both directly and indirectly. An investee company's policy on social responsibility and the environment is therefore considered as part of the investment risk decision; however, an investment may not necessarily be ruled out on social and environmental grounds only.

Strategic Report: Corporate Information (continued)

Voting policy and the UK stewardship code

Henderson's responsible investment policy sets out its approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients and its policy on proxy voting. The policy also sets out how Henderson implements the Stewardship Code. The Company has reviewed the policy and has delegated responsibility for voting to Henderson. The Board receives regular reports on the voting undertaken by Henderson on behalf of the Company. The Board and Henderson believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on Board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the Fund Manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale for doing so are fed back to the investee company prior to voting.

Practical difficulties may prevent Henderson voting in some markets. In particular, various factors, including restrictions on dealing and costs, may inhibit voting in some international markets and must be taken into account.

The Henderson responsible investment policy and further details of Henderson's responsible investment activities can be found on the Henderson website, **www.henderson.com**.

Employees, social, community, human rights and environmental matters

The Company's core activities are undertaken by Henderson, which has implemented environmental management practices, including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste, where possible. The Company has therefore not reported on these, or social, community or human rights issues here; Henderson's policies are included in its Annual Report which can be found on the website **www.henderson.com**.

Henderson's corporate responsibility statement is included on the website stated above. In 2012 it was granted CarbonNeutral® Company status which it has committed to maintain at least until the end of 2018.

The Company's Annual Report is printed on paper produced using 50% recycled post-consumer waste and 50% wood fibre from fully sustainable forests with certification by the Forest Stewardship Council; the printing company used is certified as Carbon Neutral®.

Board Diversity

As set out on page 14, all of the Company's Directors are male. Their appointment to the Board was based on their skills and experience. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

For and on behalf of the Board

Peter Troughton CBE
Chairman
9 December 2015

Strategic Report: Principal Risks and Uncertainties and Viability Statement

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, and the steps taken by the Board to mitigate these as far as possible, and whether the Board considers the impact of such risks has changed over the past year, are as follows:

Risk	Controls and Mitigation
Investment and Strategy Risk An inappropriate investment strategy or poor execution, for example, in terms of asset allocation or level of gearing, may result in underperformance against the Company's benchmark index and the companies in its peer group, and also in the Company's shares trading on a wider discount.	The Board manages these risks by ensuring a diversification of investments and a regular review of the extent of borrowings. Henderson operates in accordance with investment limits and restrictions and policy determined by the Board, which includes limits on the extent to which borrowings may be employed. The Board reviews the limits and restrictions on a regular basis and Henderson confirms adherence to them every month. Henderson provides the Board with management information, including performance data and reports and shareholder analyses. The Directors monitor the implementation and results of the investment process with the Fund Manager at each Board meeting and monitor risk factors in respect of the portfolio. Investment strategy is reviewed at each meeting.
Market Risk Market risk arises from uncertainty about the future prices of the Company's investments. Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely.	The Fund Manager seeks to maintain a diversified portfolio to mitigate against this risk. The Board regularly reviews the portfolio, activities and performance. An analysis of the Company's portfolio is shown on page 9.
Financial Risk The financial risks faced by the Company include market price risk, interest rate risk, liquidity risk, currency risk and credit and counterparty risk.	The Company minimises the risk of a counterparty failing to deliver securities or cash by dealing through organisations that have undergone rigorous due diligence by Henderson. The Company holds its liquid funds almost entirely in interest bearing bank accounts in the UK or on short-term deposit. This, together with a diversified portfolio which comprises mainly investments in large and medium-sized companies mitigates the Company's exposure to liquidity risk.
Gearing Risk The Company has the ability under existing covenants to gear up to 29.99% of the equity shareholder's funds other than in exceptional circumstances. In the event of a significant or prolonged fall in equity markets gearing would exacerbate the effect of the falling market on the Company's NAV per share and, consequently its share price.	The Company minimises the risk by the regular monitoring of the levels of the Company's borrowings in accordance with the agreed limits. The Company confirms adherence to the covenants of the loan facilities on a monthly basis.
Operational Risk Disruption to, or the failure of, Henderson's accounting, dealing or payment systems or the Custodian's records could prevent the accurate reporting or monitoring of the Company's financial position. Henderson contracts some of the operational functions (principally those relating to trade processing, investment administration and accounting), to BNP Paribas Securities Services.	Details of how the Board monitors the services provided by Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Report.

Strategic Report: Principal Risks and Uncertainties and Viability Statement (continued)

Risk	Controls and Mitigation
Accounting, Legal and Regulatory Risk	
In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010. A breach of Section 1158 could result in the Company losing investment trust status and, as a consequence, realised gains in the Company's portfolio would be subject to Corporation Tax. Compliance with the requirements of Section 1158 are monitored by Henderson and the results are reported at each Board meeting. The Company must comply with the provisions of the Companies Act and, since its shares are listed on the London Stock Exchange, the UKLA's Listing and Disclosure and Transparency Rules ("UKLA Rules"). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. A breach of the UKLA Rules could result in the suspension of the Company's shares; which in turn would breach Section 1158.	Henderson has contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by Henderson on a quarterly basis, which confirm regulatory compliance.

The Board considers these risks to have remained unchanged throughout the year under review.

Viability Statement

The Company is a long-term investor; we believe it is appropriate to assess the Company's viability over a five year period in recognition of our long-term horizon and what we believe to be investors' horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties as documented above in this Strategic Report.

The assessment has considered the impact of the likelihood of the principal risks and uncertainties facing the Company, in particular Investment and Strategy, Market, Financial and Gearing risks, in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The Directors took into account the liquidity of the portfolio and the gearing in place when considering the viability of the Company over the next five years and its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's loan facilities and how a breach of the loan facility covenants could impact on the Company's liquidity, net asset value and share price.

The Directors do not expect there to be any significant change in the current principal risks and adequacy of the mitigating controls in place. Also the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. Only a substantial financial crisis affecting the global economy could have an impact on this assessment.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five year period.

For and on behalf of the Board

Peter Troughton CBE
Chairman
9 December 2015

Strategic Report: Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and Depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark

An index against which performance is compared. For the Company this is the FTSE All-Share Index Total Return.

Custodian

The Custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

With effect from 22 July 2014 all AIFs were required to appoint a Depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Dividend Dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

Gearing

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings.

The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) the Company has used to invest in the market and is calculated by taking the difference between total investments and equity shareholders' funds dividing this by equity shareholders' funds and multiplying by 100. The Company can use synthetic gearing through derivatives.

Investment Trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market Capitalisation ("Market Cap")

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Net Asset Value ("NAV") per Ordinary Share

The value of the Company's assets (i.e. investments and cash held) less any liabilities (i.e. bank borrowings and debt securities) for which the Company is responsible, divided by the number of shares in issue. The aggregate NAV is also referred to as shareholders' funds on the Balance Sheet. The NAV is published daily.

Ongoing charge

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs, excluding any performance fees, in accordance with methology prescribed by the AIC and is the annualised ongoing charge divided by the average net asset value in the period.

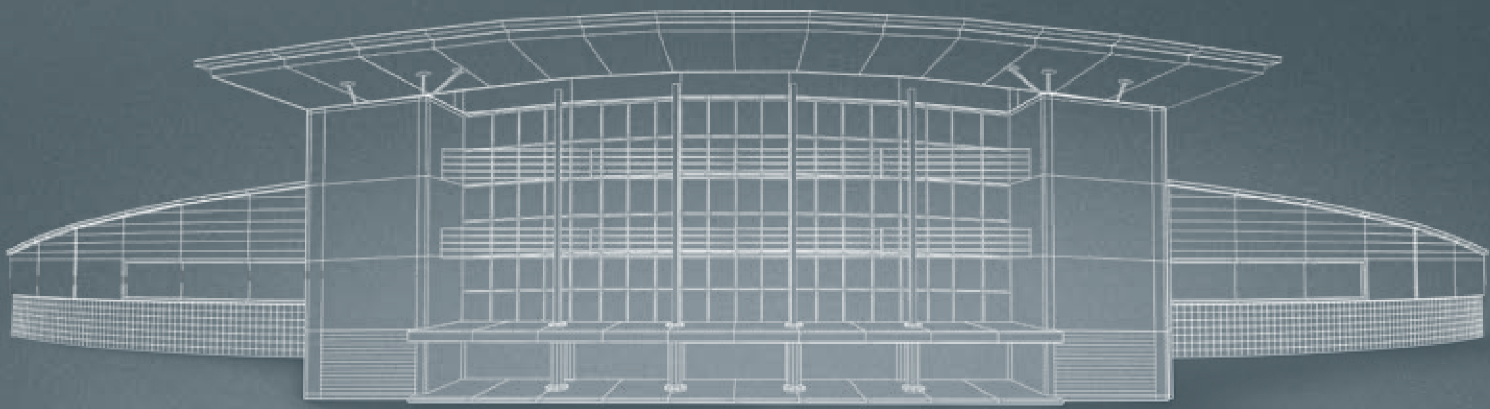
Premium/Discount

The amount by which the market price per share of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Total Return Performance

This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

Corporate Report



Report of the Directors

The Directors present the audited financial statements of the Company and their report for the year from 1 October 2014 to 30 September 2015. Lowland Investment Company plc ("the Company") (registered and domiciled in England & Wales with company registration number 670489) was active throughout the year under review and was not dormant.

Directors' Remuneration and Shareholdings

The Directors' Remuneration Report on pages 25 and 26 provides information on the remuneration and interests of the Directors.

Directors' Conflicts of Interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the system it has in place for reporting and considering situational conflicts continue to operate effectively.

Related Party Transactions

The Company's transactions with related parties in the year were with the 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 year 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. More details on transactions with Henderson, including amounts outstanding at the year end, are given in note 23 on page 55.

Share Capital

The Company's share capital comprises ordinary shares with a nominal value of 25p each. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions on the transfer of the Company's ordinary shares or voting rights, no shares which carry specific rights with regard to the control of the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

During the year, no new ordinary shares were issued. The number of ordinary shares in issue on 30 September 2015 was 26,892,427, with the same number of voting rights. As at 7 December 2015 (being the last practicable date prior to the publication of this report) the total voting rights were unchanged.

The Directors seek annual authority from the shareholders to allot new shares, to disapply pre-emption rights and to buy-back shares for cancellation or to be held in Treasury. At the AGM held in January 2015 the Directors were granted authority to buy back 4,031,174 shares. At 30 September 2015 no shares had been bought back from this authority. The Directors have remaining authority to purchase 4,031,174 shares. This authority will expire at the conclusion of the 2016 AGM. The Directors intend to renew this authority subject to shareholder approval at the AGM in 2016.

Fund Manager's Interests

James Henderson, the Fund Manager, has a beneficial interest in 92,490 (2014: 92,490) and a non-beneficial interest in 299,565 (2014: 581,693) ordinary shares of the Company.

Holdings in the Company's Shares

There were no declarations of interests in the voting rights of the Company as at 30 September 2015 in accordance with the disclosure and transparency rules.

No changes have been notified in the period 1 October 2015 to 7 December 2015.

At 30 September 2015, 12.9% of the issued ordinary shares were held on behalf of participants in the Halifax Share Dealing products. The participants in this scheme are given the opportunity to instruct the nominee company to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company.

Annual General Meeting ("AGM")

The AGM will be held on Wednesday 20 January 2016 at 12.30 p.m. at the Company's registered office. The Notice of Meeting and details of the resolutions to be put at the AGM are contained in the separate document being sent to shareholders with this report.

Report of the Directors (continued)

Corporate Governance

The Corporate Governance Statement on pages 27 to 30 forms part of the Report of the Directors.

Directors' Statement as to Disclosure of Information to Auditors

Each of the Directors who were members of the Board at the date of approval of this Annual Report confirms that to the best of his knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's auditors are unaware and he has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Global Greenhouse Gas Emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 30 September 2015 (2014: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

For and on behalf of the Board

Henderson Secretarial Services Limited
Corporate Secretary
9 December 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company financial statements in accordance with UK Accounting Standards and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Statement under DTR 4.1.12

Each of the Directors, who are listed on page 14, confirms that, to the best of his knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards and applicable law give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Peter Troughton CBE
Chairman
9 December 2015

The financial statements are published on **www.lowlandinvestment.com** which is a website maintained by Henderson.

The maintenance and integrity of the website is the responsibility of Henderson; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 ("the Regulations"). The report also meets the relevant requirements of the Companies Act 2006 ("the Act") and the Listing Rules of the UKLA and describes how the Board has applied the principles relating to Directors' remuneration. As required by section 439 of the Act, an ordinary resolution to approve the report will be proposed at the Annual General Meeting on 20 January 2016. The Company's remuneration policy was approved by shareholders at the AGM on 22 January 2014 in accordance with section 439A of the Act. No changes to policy are currently proposed and it will expire at the AGM in January 2017.

The Company's auditors are required to report on certain information contained within this report; where information set out below has been audited it is indicated as such.

All Directors are non-executive and the Company has no Chief Executive Officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board as a whole considers the Directors' remuneration. The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration (although the Directors review annually the fees paid to the Boards of Directors of other comparable investment trust companies).

Remuneration Policy

Directors are remunerated in the form of fees, payable quarterly in arrears to the Directors personally. In accordance with the Company's Articles of Association the aggregate remuneration of the Directors may not exceed £250,000 per annum. Subject to this overall limit, the Board's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs, and the responsibilities borne by the Directors, and should be sufficient to promote the long term success of the Company. They should be comparable to that of other investment trusts of a similar size and with a similar capital structure and investment objective. All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit Committee who are paid a higher fee in recognition of their additional responsibilities. The level of remuneration paid to each Director is reviewed annually, although such review will not necessarily result in any change to the rate; any feedback from shareholders would be taken into account when setting remuneration levels.

In respect of the year under review no feedback has been received from shareholders in relation to remuneration. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

No Director has a service contract with the Company. Directors' appointments may be terminated at any time by written notice with no compensation payable.

There are no long-term income schemes, share option schemes or pension arrangements provided by the Company and no performance fees are paid to Directors.

This remuneration policy has been in place since 1 October 2012 and was approved by shareholders at the AGM in January 2014 and will remain in place until the AGM in 2017 unless it is amended by way of ordinary resolution put to shareholders at a general meeting. The Board may amend the level of remuneration paid to individual Directors within the parameters of the remuneration policy.

Annual Statement

As Chairman, Peter Troughton reports that Directors fees were increased on 1 October 2014 and also on 1 October 2015, being the start of the Company's financial year. These increases were made after consideration of the fees paid to other investment trusts in the sector of an equivalent size and also in relation to the fees paid to other Henderson managed investment trusts. These increases were to ensure that the Directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new Directors.

There have been no major decisions on Directors' remuneration or any other changes to the remuneration paid to each individual Director in the year under review.

Annual Report on Remuneration

Directors' interests in shares (audited)

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the table below.

	Ordinary shares of 25p	
	30 September 2015	1 October 2014
Beneficial:		
Peter Troughton[1]	19,557	17,596
Rupert Barclay	11,000	11,000
Duncan Budge[2]	5,000	–
Kevin Carter	8,000	2,500
Robert Robertson	34,225	34,225
Karl Sternberg	5,760	4,100
Non Beneficial:		
Robert Robertson	12,000	12,000

1 Peter Troughton has purchased a further 103 shares in the Company since the year end
2 Duncan Budge was appointed as a Director on 14 July 2014

In accordance with the Company's Articles of Association no Director is required to hold any shares of the Company by way of qualification.

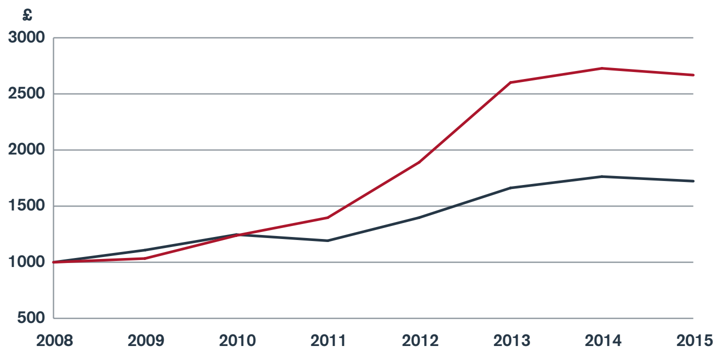
Directors' Remuneration Report (continued)

Performance

The graph opposite compares the mid-market price of the Company's ordinary shares over the seven year period ended 30 September 2015 with the return from the FTSE All-Share Index Total Return over the same period.

Lowland Investment Company plc share price total return, assuming the investment of £1,000 on 30 September 2008 and the reinvestment of all dividends (excluding dealing expenses)

FTSE All-Share Index Total Return, assuming the notional investment of £1,000 on 30 September 2008 and the reinvestment of all income (excluding dealing expenses)



Source: Datastream

Directors' Remuneration (audited)

The remuneration paid to the Directors who served during the years ended 30 September 2015 and 30 September 2014 were as follows:

	Year ended 30 September 2015 Total salary and fees £	Year ended 30 September 2014 Total salary and fees £	Year ended 30 September 2015 Taxable benefits £	Year ended 30 September 2014 Taxable benefits £	Year ended 30 September 2015 Total £	Year ended 30 September 2014 Total £
Peter Troughton[1]	35,000	34,000	–	–	35,000	34,000
Rupert Barclay[2]	22,917	24,000	–	–	22,917	24,000
Duncan Budge[3]	22,000	4,558	–	–	22,000	4,558
Kevin Carter	22,000	21,000	–	–	22,000	21,000
Robert Robertson[4]	24,083	21,000	356	1,061	24,439	22,061
Karl Sternberg	22,000	21,000	–	–	22,000	21,000
Total	**148,000**	**125,558**	**356**	**1,061**	**148,356**	**126,619**

Notes:

The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made.

1 Chairman and highest paid Director
2 Chairman of the Audit Committee until 20 January 2015
3 Appointed on 14 July 2014
4 Chairman of the Audit Committee from 20 January 2015

The fees paid to the Directors during the year were: Chairman £35,000, Audit Committee Chairman £25,000 and Directors £22,000. With effect from 1 October 2015 the fees were increased to: Chairman £36,000, Audit Committee Chairman £26,000, Director £23,000. No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties specified by any of them.

Relative Importance of Spend on Pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions to shareholders by way of dividends. There were no significant distributions, payments or other uses of the Company's net return or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2015 £	2014 £	Change £
Total remuneration paid to Directors	148,356	126,619	21,737
Ordinary dividend paid during the year	10,488,047	9,527,685	960,362

Statement of Voting at Annual General Meeting ("AGM")

At the 2015 AGM 5,350,415 votes (98.1%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 65,801 (1.2%) were against, 38,484 (0.7%) were discretionary and 30,009 were withheld; the percentage of votes excludes votes withheld.

For and on behalf of the Board

Peter Troughton CBE
Chairman
9 December 2015

Corporate Governance Statement

This Corporate Governance Statement forms part of the Report of the Directors.

Applicable Corporate Governance Codes

The Board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties; the Company has no employees and the Directors are all non-executive. Therefore not all the provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council ("FRC") in September 2014 are directly applicable to the Company. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in February 2015 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the applicable principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The FRC has confirmed that by following the AIC Guide, Boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

Copies of the AIC Code, the AIC Guide and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**.

Statement of Compliance

The Directors believe that the Company has complied with the recommendations of the AIC Code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report and thereby the provisions of the UK Code except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive Directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. In addition, all of the Company's day-to-day management and administrative functions are outsourced to third parties. The Company has no executive Directors, employees or internal operations.

All the Directors are non-executive, and as there is a Chairman and a Chairman of the Audit Committee amongst them, the appointment of a Senior Independent Director would be superfluous.

Directors

Directors' terms of appointment and retirement

The Board has set, and each Director has agreed to adopt, generic terms and conditions of appointment of non-executive Directors of the Company, a copy of which is available for inspection at the Company's registered office during normal business hours and at the Company's AGM.

The Directors' biographies, set out on page 14, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors. The Board believes that retaining Directors with sufficient experience of both the Company and the markets is of great benefit to shareholders.

The Board may appoint Directors to the Board without shareholder approval. Any Director so appointed must stand for appointment by the shareholders at the next AGM in accordance with the Articles of Association.

The AIC Code requires all Directors to retire at intervals of not more than three years; the Company's Articles of Association also provide that one-third (but not more than one-third) of Directors must seek re-appointment at each AGM. Kevin Carter, Karl Sternberg will be retiring by rotation and offer themselves for re-appointment at the 2016 AGM.

Any Director who has served more than six years on the Board is subject to rigorous review. In addition the AIC Code also states that any Director who has served for more than nine years is subject to annual re-appointment. The Director who has served more than nine years and offers himself for re-appointment at the AGM is Peter Troughton. Rupert Barclay is to retire from the Board at the AGM and therefore will not be seeking re-appointment.

The contribution and performance of each of the Directors seeking re-appointment was reviewed by the Nominations Committee at its meeting in September 2015, which recommended to the Board the continuing appointment of each of those Directors.

Under the Articles of Association shareholders may remove a Director before the end of his term by passing a special resolution at a meeting. A special resolution is passed if more than 75% of the votes cast, in person or by proxy, are in favour of the resolution.

Directors' independence

All Directors have a wide range of other interests and are not dependent on the Company itself. At the Nominations Committee meeting in September 2015, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of Henderson. The Board believes that length of service does not diminish the contribution from a Director as experience and knowledge of the Company is a positive factor and should not impact a Director's independence. Further, the Board is conscious of the need to maintain continuity, particularly given the cyclical nature of the Company's markets. It believes that retaining some Directors with experience of past cycles, of both the Company and the markets, is of great benefit to shareholders. This view is supported by the AIC Code. The Board has determined that all Directors are independent in character and judgement and that their individual skills, broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

There were no contracts in existence during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Corporate Governance Statement (continued)

Directors' professional development
When a new Director is appointed he or she is offered an induction seminar which is held by Henderson at the request of the Chairman. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors are also able to attend external training facilities and industry seminars at the expense of the Company. Each individual Director's training requirements are considered as part of the annual performance evaluation process.

Directors' insurance and indemnification
Directors' and officers' liability insurance cover was in place in respect of the Directors throughout the financial year and remains in place at the date of this report. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the Court.

The Board

Board composition
The Board currently consists of six non-executive Directors and the biographies of those holding office at the date of this report are included on page 14. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors. All Directors served throughout the year and all are resident in the UK.

Responsibilities of the Board and its Committees
The Board, which is chaired by Peter Troughton who is an independent non-executive Director, meets formally at least six times a year, with additional Board or Committee meetings arranged when required. The Directors have regular contact with the Fund Manager and representatives of the Corporate Secretary between formal meetings. The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings including strategy, management and structure, financial reporting and other communications, Board membership and other appointments, internal control and corporate governance.

The Board is responsible for the approval of annual and half year results and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects. The Directors confirm that they are satisfied that the Annual Report for the year ended 30 September 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

At each meeting the Directors follow a formal agenda, which includes a review of the Company's net asset value ("NAV"), share price, discount/premium, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure that control is maintained over the affairs of the Company. The Board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which Henderson has discretion to act and regularly reviews investment strategy. It has adopted a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Committees of the Board
The Board has three Committees: the Audit Committee, the Nominations Committee and the Management Engagement Committee. The terms of reference for these Committees are available on the website **www.lowlandinvestment.com** or via the Corporate Secretary.

A separate remuneration committee has not been established as the Board consists of only non-executive Directors. The whole Board is responsible for setting Directors' fees in line with the remuneration policy set out on page 25, which is subject to periodic shareholder approval.

Audit Committee
The Report of the Audit Committee, which forms part of the Corporate Governance Statement, can be found on pages 31 and 32.

Nominations Committee
All Directors are members of the Nominations Committee, which is chaired by the Chairman of the Board (who would not chair the Committee when the Chairman's successor was being considered). The Committee is responsible for reviewing Board succession planning and tenure policy, the performance of the Board as a whole and the Board Committees and the recommendation to the Board on the appointment of new Directors through an established formal procedure.

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience, gender and diversity existing on the Board. The Nominations Committee considers diversity as part of the annual performance evaluation and it is considered that there is a range of backgrounds, and each Director brings different qualities to the Board and its discussions.

Given the small size of the Board, it is not considered appropriate for the Company to have set targets in relation to gender diversity; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. The Nominations Committee will recommend when the recruitment of additional non-executive Directors is required. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Company may use external agencies as and when the requirement to recruit an additional Board member becomes necessary. All appointments to the Board are based on merit and the skills needed to fill any gaps.

The Committee also reviews and recommends to the Board the Directors seeking re-appointment. Recommendation is not automatic and will follow a process of evaluation of each Director's performance and consideration of the Director's independence. The Committee also takes into account the mix of skills and experience of the

Corporate Governance Statement (continued)

current Board members. In accordance with the UK Code any Director serving for longer than six years would be subject to particularly rigorous assessment of his contribution.

The Committee met in September 2015 to carry out its annual review of the Board, its composition and size and its Committees. The results of the performance evaluation are detailed later on this page.

Management Engagement Committee
All Directors are members of the Management Engagement Committee, which is chaired by the Chairman of the Board.

The Committee is responsible for reviewing the management contract on a regular basis, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders and also for reviewing the performance and cost effectiveness of the Company's other service providers.

The Committee met in September 2015 to carry out its annual review of Henderson, the results of which are detailed on page 30.

Board attendance
The table below sets out the number of scheduled Board and Committee meetings held during the year under review and the number of meetings attended by each Director.

	Board	AC	MEC	NC
Number of meetings	**6**	**2**	**1**	**1**
Peter Troughton	6	n/a	1	1
Rupert Barclay	6	2	1	1
Duncan Budge	6	2	1	1
Kevin Carter	6	2	1	1
Robert Robertson	6	2	1	1
Karl Sternberg	6	2	1	1

AC: Audit Committee
MEC: Management Engagement Committee
NC: Nominations Committee

The Directors and Committees of the Board also met during the year to undertake business such as the approval of the Company's results and dividends, and ad hoc matters.

Performance evaluation
The performance of the Company is considered in detail at each Board meeting. In the year under review the Board has conducted a review of its own performance, together with that of its Committees, the Chairman and each individual Director. This was conducted by the Chairman having a private discussion with each Director and the Audit Committee Chairman speaking to each Director about the performance of the Chairman. It was concluded that each were satisfactory and the Board has a good balance of skills and experience. In particular, it is considered that each of the Directors makes a significant contribution to the affairs of the Company and the Chairman continues to display effective leadership and that the Directors seeking re-appointment at the Company's AGM merit re-appointment by shareholders.

Internal Controls
The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company (see Principal Risk and Uncertainties on pages 18 and 19 in the Strategic Report). The process accords with Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC in September 2014, and is subject to regular review by the Board. The Board has overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, assisted by Henderson, has reviewed the effectiveness of the Company's system of internal controls for the year ended 30 September 2015. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant. All business risks faced by the Company are recorded in a risk map which is reviewed periodically.

Henderson has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by Henderson's compliance, internal audit and risk departments on a continuing basis. The Board receives a formal report on a quarterly basis which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of Henderson, and which reports the details of any known internal control failures. The Board receives a report on Henderson's internal controls each year which includes a report from Henderson's service auditors on the control policies and procedures in operation.

The Board confirms that in the event of any significant failings or weakness identified from the annual review of effectiveness of the company's system of internal control, necessary action would be taken to remedy them.

The ongoing process for identifying, evaluating and managing significant risks faced by the Company has been in place throughout the year under review and up to the date of this report. Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. As all of the Company's management functions are delegated to third parties, and the Board monitors the controls in place with support from Henderson's internal audit department, the Board feels that there is currently no need for the Company to have its own internal audit function.

Accountability and Relationship with Henderson
The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 24, and the viability statement on page 19.

The Board has delegated contractually to external third parties, including Henderson, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets

Corporate Governance Statement (continued)

which is delegated through the appointment of the Depositary as explained on page 20), the day-to-day accounting, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Board receives and considers regular reports from Henderson and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is able to attend meetings of all the Chairmen of the investment trust companies managed by Henderson which provide a forum to discuss industry matters which would then be reported to the Board.

Henderson takes decisions as to the purchase and sale of individual investments. Henderson also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of Henderson attend each Board meeting enabling the Directors to probe further on matters of concern. The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board and Henderson operate in a supportive, co-operative and open environment.

Henderson and BNP Paribas Securities Services, which acts for Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011, and confirmed its zero tolerance to bribery and corruption in its business activities. It has received assurances from the Company's main contractors and suppliers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Continued Appointment of Henderson

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with Henderson are contained on page 13.

In addition to the monitoring of investment performance at each meeting, through the Management Engagement Committee, an annual review of the Company's investment performance over both the short and longer terms, together with the quality of other services provided by Henderson, including company secretarial and accounting is undertaken.

It is the Directors' opinion that the continuing appointment of Henderson on the existing terms is in the interests of the Company and its shareholders as a whole.

Share Capital

Please see the Report of the Directors on page 22.

Relations with Shareholders

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with its shareholders is through the half year results and Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the daily calculation and publication of the NAV per share to a regulatory information service and a monthly fact sheet which is available on the website. Henderson also provides information on the Company and Fund Manager videos on the website, via various social media channels and through its HGi content platform, more details of which are included on page 15.

The Board considers that shareholders should be encouraged to attend and participate in the AGM. Shareholders have the opportunity to address questions to the Chairman of the Board, the Chairman of the Audit Committee and all other Directors at the meeting and the Fund Manager and Deputy Fund Manager will make a presentation to shareholders. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the Board that the Annual Report and Notice of AGM be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also included on the website. Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time, are invited to do so by writing to the Chairman at the registered office address given on page 15 of this report.

General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between Henderson and shareholders are reported to the Board.

By order of the Board

For and on behalf of
Henderson Secretarial Services Limited
Corporate Secretary
9 December 2015

Report of the Audit Committee

Composition

The Audit Committee comprises all of the Directors except the Chairman of the Board, and is chaired by Robert Robertson. The Audit Committee members have a combination of financial, investment and other experience gained throughout their careers and the Board is satisfied that at least one of the Committee's members has recent and relevant financial experience. All members of the Audit Committee are independent. The biographies of the Audit Committee members are shown on page 14.

Meetings

The Audit Committee met twice during the year under review. The Company's auditors are invited to attend meetings as necessary. Representatives of Henderson and BNP Paribas Securities Services may also be invited.

Role and Responsibilities

The role of the Audit Committee is to assist the Board in applying the financial reporting and internal control principles and to maintain an appropriate relationship with the auditors. The responsibilities are set out in formal terms of reference which are regularly reviewed. In the year under review the main duties undertaken were:

- consideration of the appropriateness of the Company's accounting policies;
- a review of the half year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy in order to make recommendations to the Board. In assessing whether the report is fair, balanced and understandable, each Director reviewed the disclosures made, applying their respective knowledge and expertise. The internal controls over financial reporting were also considered together with feedback from the Company's auditor and the Corporate Secretary;
- consideration of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from Henderson;
- consideration of the minimum level of dividend to be paid by the Company for recommendation to the Board;
- consideration of the internal controls in place at Henderson and BNP Paribas Securities Services ("BNP") as administrator and Henderson's policies in relation to cyber risk and business continuity, meeting with representatives of Henderson's internal audit and risk departments periodically;
- consideration of the key risks, risk management systems in place and the Company's risk map;
- consideration of the Company's anti-bribery policy;
- consideration of the nature and scope of the external audit and the findings therefrom;
- annual consideration of whether there is a need for an internal audit function, in order to make a recommendation to the Board (as described on page 29);
- consideration of the appointment of the auditors, their effectiveness and their performance and remuneration;
- consideration of the auditors' independence and objectivity and the provision of any non-audit services (as explained further on page 32) and the reporting of the external auditors;
- consideration of the whistle blowing policy that Henderson has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence. The policy includes the necessary arrangements for independent investigation and follow up action; and
- consideration of the management fee and performance fee calculations.

Annual Report for the Year Ended 30 September 2015

In relation to the Annual Report for the year ended 30 September 2015 the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	The Directors have appointed Henderson to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Ownership of investments is verified by reconciliation to the custodian's records. Investments that are unlisted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed and approved by the Directors.
Recognition of income	Income received is accounted for in line with the Company's accounting policies (as set out on page 42) and is reviewed by the Committee at each meeting.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times.
Performance fee	The calculation of the performance fee payable to Henderson is reviewed by the Audit Committee before being approved by the Board.
Maintaining internal controls	The Committee receives regular reports on internal controls from Henderson and its delegates and has access to the relevant personnel of Henderson who have a responsibility for risk management and internal audit.

Report of the Audit Committee (continued)

Policy on Non-Audit Services

The provision of non-audit services by the Company's auditors is considered and approved by the Audit Committee on a case by case basis. The policy set by the Audit Committee, which is kept under review, ensures that consideration is given to the following factors when considering the provision of non-audit services by the auditors:

- the level of non-audit fees paid to the audit firm in relation to the statutory audit fee;
- whether the audit firm is the most suitable supplier of non-audit services;
- the impact on the auditors' independence and objectivity and what safeguards can be put in place to eliminate or reduce any threat in this regard; and
- the cost-effectiveness of the services.

The Board has determined that the auditors will never be considered for the provision of services related to accounting and preparation of the financial statements, internal audit and custody. There were no non-audit services provided during the year.

Auditors' Appointment

PwC (or their predecessor) have been the Company's auditors since inception. The appointment of the auditors is not regularly put out to tender and as the Company is not in the FTSE 350 it is not required to do so. As a Public Interest Entity listed on the London Stock Exchange, the Company will in future be subject to the mandatory auditor rotation requirements of the European Union. Subject to the detailed implementation of the EU regulation in the UK, this is likely to mean that the Company will be required to put its audit contract out to tender at least every 10 years and change auditors at least every 20 years. The auditors are required to rotate partners every five years and this is the first year that the current partner has been in place.

The Audit Committee reviews the effectiveness of the audit provided by PwC on an annual basis and remains satisfied with the effectiveness of the audit based on their performance and that the auditors are independent of the Company as the audit teams for Henderson and the Company are independent of each other and strong controls are in place to ensure independence. On the basis of the auditors' performance the Audit Committee recommended their continuing appointment to the Board with no tender necessary. The auditors have indicated their willingness to continue in office. Accordingly, resolutions to confirm the appointment of PwC as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Fees paid or payable to the auditors are detailed in note 6 on page 45.

For and on behalf of the Board

Robert Robertson
Audit Committee Chairman
9 December 2015

Independent Auditors’ Report to the members of Lowland Investment Company plc

Report on the financial statements

Our opinion

In our opinion, Lowland Investment Company plc’s financial statements (the “financial statements”):

- give a true and fair view of the state of the Company’s affairs as at 30 September 2015 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 30 September 2015;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Reconciliation of Movements in Shareholders’ Funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

- Overall materiality: £3.5 million which represents 1% of net assets.

- The Company is a standalone Investment Trust Company and engages Henderson Investment Funds Limited (the “Manager”) to manage its assets.
- We conducted our audit of the financial statements using information from BNP Paribas Securities Services (the “Administrator”) to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

- Valuation and existence of investments.
- Dividend income.
- Performance fee.

Independent Auditors' Report to the members of Lowland Investment Company plc (continued)

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Valuation and existence of investments Refer to page 31 (Report of the Audit Committee), page 42 (Accounting Policies) and page 48 (Notes to the Financial Statements). The investment portfolio at the year-end principally comprised listed equity investments valued at £414 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from HSBC Bank plc. No differences were identified by our testing which required reporting to those charged with governance.
Dividend income Refer to page 31 (Report of the Audit Committee), page 42 (Accounting Policies) and page 44 (Notes to the Financial Statements). We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). This is because incomplete or inaccurate dividend income could have a material impact on the Company's net asset value and dividend cover.	We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. In addition, we tested dividend receipts by agreeing the dividend rates to independent third party sources. No misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of revenue and capital special dividends to independent third party sources. We did not find any special dividends that were treated incorrectly in accordance with the AIC SORP.
Performance fee Refer to page 31 (Report of the Audit Committee), page 43 (Accounting Policies) and page 45 (Notes to the Financial Statements). A performance fee is payable for the year of £908,000. We focused on this area because the performance fee is calculated using a complex methodology as set out in the Investment Management Agreement between the Company and the Manager.	We tested the performance fee of £908,000 and agreed the inputs to the calculation, including the benchmark data, to independent third party sources, where applicable. We tested the allocation of the performance fee between the income and capital return columns of the Income Statement with reference to the accounting policy as set out on page 43. We found that the allocation of the performance fee was consistent with the accounting policy.

Independent Auditors' Report to the members of Lowland Investment Company plc (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of the Manager and Administrator, the accounting processes and controls, and the industry in which the Company operates.

The Company's accounting is delegated to the Administrator who maintain the Company's own accounting records and controls and report to the Manager and the Directors.

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports, issued by the independent auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work, to gain an understanding of both the Manager's and Administrator's control environment and to consider the operating and accounting structure at both the Manager and the Administrator. Following this assessment, we applied professional judgement to determine the extent of testing required over each financial statement line item in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£3.5 million (2014: £3.6 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £177,000 (2014: £180,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 42, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are also required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Independent Auditors' Report to the members of Lowland Investment Company plc (continued)

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

▪ information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
▪ the statement given by the Directors on page 24, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report.
▪ the section of the Annual Report on pages 31 and 32, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

▪ the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
▪ the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
▪ the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' Statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' Statement in relation to the longer-term viability of the Company, set out on page 19. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the members of Lowland Investment Company plc (continued)

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate Governance Statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jeremy Jensen (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 December 2015

Income Statement

Notes		Year ended 30 September 2015 Revenue return £'000	Year ended 30 September 2015 Capital return £'000	Year ended 30 September 2015 Total £'000	Year ended 30 September 2014 Revenue return £'000	Year ended 30 September 2014 Capital return £'000	Year ended 30 September 2014 Total £'000
2	(Losses)/gains on investments held at fair value through profit or loss	–	(8,387)	(8,387)	–	10,172	10,172
3	Income from investments	15,542	–	15,542	13,495	–	13,495
4	Other interest receivable and similar income	105	–	105	173	–	173
	Gross revenue and capital gains/(losses)	**15,647**	**(8,387)**	**7,260**	**13,668**	**10,172**	**23,840**
5	Management fee	(1,819)	–	(1,819)	(1,668)	–	(1,668)
5	Performance fee	–	(908)	(908)	–	(1,073)	(1,073)
6	Other administrative expenses	(484)	–	(484)	(513)	–	(513)
	Net return/(loss) on ordinary activities before finance charges and taxation	**13,344**	**(9,295)**	**4,049**	**11,487**	**9,099**	**20,586**
7	Finance charges	(806)	–	(806)	(845)	–	(845)
	Net return/(loss) on ordinary activities before taxation	**12,538**	**(9,295)**	**3,243**	**10,642**	**9,099**	**19,741**
8	Taxation on net return on ordinary activities	(48)	–	(48)	(49)	–	(49)
	Net return/(loss) on ordinary activities after taxation	**12,490**	**(9,295)**	**3,195**	**10,593**	**9,099**	**19,692**
9	Return/(loss) per ordinary share – basic and diluted	46.4p	(34.6p)	11.8p	39.4p	33.9p	73.3p

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. The Company had no recognised gains or losses other than those disclosed in the Income Statement. There is no material difference between the net return on ordinary activities before taxation and the net return for the financial years stated above and their historical cost equivalents.

The notes on pages 42 to 55 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

Notes	Year ended 30 September 2015	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 2014	6,723	59,923	1,007	284,563	9,640	361,856
	Net return/(loss) on ordinary activities after taxation	–	–	–	(9,295)	12,490	3,195
10	Third interim dividend (9.0p) for the year ended 30 September 2014 paid 31 October 2014	–	–	–	–	(2,421)	(2,421)
10	Final dividend (10.0p) for the year ended 30 September 2014 paid 30 January 2015	–	–	–	–	(2,689)	(2,689)
10	First interim dividend (10.0p) for the year ended 30 September 2015 paid 30 April 2015	–	–	–	–	(2,689)	(2,689)
10	Second interim dividend (10.0p) for the year ended 30 September 2015 paid 31 July 2015	–	–	–	–	(2,689)	(2,689)
	At 30 September 2015	**6,723**	**59,923**	**1,007**	**275,268**	**11,642**	**354,563**

Notes	Year ended 30 September 2014	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 2013	6,642	55,514	1,007	275,464	8,575	347,202
	Net return on ordinary activities after taxation	–	–	–	9,099	10,593	19,692
	Share issue proceeds	81	4,409	–	–	–	4,490
10	Third interim dividend (8.5p) for the year ended 30 September 2013 paid 31 October 2013	–	–	–	–	(2,268)	(2,268)
10	Final dividend (9.0p) for the year ended 30 September 2013 paid 31 January 2014	–	–	–	–	(2,420)	(2,420)
10	First interim dividend (9.0p) for the year ended 30 September 2014 paid 30 April 2014	–	–	–	–	(2,420)	(2,420)
10	Second interim dividend (9.0p) for the year ended 30 September 2014 paid 31 July 2014	–	–	–	–	(2,420)	(2,420)
	At 30 September 2014	**6,723**	**59,923**	**1,007**	**284,563**	**9,640**	**361,856**

The notes on pages 42 to 55 form part of these financial statements.

Balance Sheet

Notes		30 September 2015 £'000	30 September 2014 £'000
11	**Investments held at fair value through profit or loss**		
	Listed at market value in the United Kingdom	328,949	334,223
	Listed at market value on AIM	56,011	52,380
	Listed at market value overseas	26,993	22,604
	Unlisted	2,179	846
		414,132	**410,053**
	Current assets		
12	Debtors	3,589	1,839
22	Cash at bank	669	1,756
		4,258	**3,595**
13	**Creditors: amounts falling due within one year**	(63,827)	(51,792)
	Net current liabilities	(59,569)	(48,197)
	Net assets	**354,563**	**361,856**
	Capital and reserves		
15	Called up share capital	6,723	6,723
16	Share premium account	59,923	59,923
17	Capital redemption reserve	1,007	1,007
17	Other capital reserves	275,268	284,563
18	Revenue reserve	11,642	9,640
	Total shareholders' funds	**354,563**	**361,856**
19	**Net asset value per ordinary share – basic and diluted**	**1,318.4p**	**1,345.6p**

The financial statements on pages 38 to 55 were approved and authorised for issue by the Board of Directors on 9 December 2015 and signed on their behalf by:

Peter Troughton CBE
Chairman

The notes on pages 42 to 55 form part of these financial statements.

Cash Flow Statement

Notes		Year ended 30 September 2015 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000	Year ended 30 September 2014 £'000
21	**Net cash inflow from operating activities**		**12,331**		**10,368**
	Servicing of finance				
	Interest paid	(809)		(821)	
	Net cash outflow from servicing of finance		**(809)**		**(821)**
	Taxation				
	Tax recovered	–		23	
	Net tax recovered		**–**		**23**
	Financial investment				
	Purchases of investments	(68,100)		(50,392)	
	Sales of investments	53,569		46,154	
	Net cash outflow from financial investment		**(14,531)**		**(4,238)**
	Equity dividends paid		(10,488)		(9,528)
	Net cash outflow before financing activities		**(13,497)**		**(4,196)**
	Financing				
	Proceeds from issue of ordinary shares	–		4,490	
	Net loans drawn down	12,408		163	
			12,408		**4,653**
	(Decrease)/increase in cash		**(1,089)**		**457**

Reconciliation of net cash flow to movement in net debt

Notes		Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
22	(Decrease)/increase in cash as above	(1,089)	457
	Net cash inflow from movement in loans	(12,408)	(163)
	Exchange movements	2	(11)
	Movement in net debt	**(13,495)**	**283**
22	Net debt at 1 October	(48,151)	(48,434)
22	**Net debt at 30 September**	**(61,646)**	**(48,151)**

The notes on pages 42 to 55 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation
The financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of investments at fair value. The financial statements have been prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice ("the SORP") for investment trusts issued by the Association of Investment Companies ("the AIC") in January 2009. The Company's accounting policies are consistent with the prior year.

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

b) Valuation of investments held at fair value through profit or loss
Listed investments, including AIM stocks, have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid price or the last trade price depending on the convention of the exchange on which the investment is quoted.

Unlisted investments have also been designated as held at fair value through profit or loss and are valued by the Directors using primary valuation techniques such as recent transactions and net assets. Where fair value cannot reliably be measured the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired, in which case the value will be reduced.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "gains or losses on investments held at fair value through profit or loss". Transaction costs incurred on the purchase and disposal of investments are included within the cost or deducted from the proceeds of the investment. All purchases and sales are accounted for on a trade date basis.

c) Foreign currency
The results and financial position of the Company are expressed in pounds sterling, which is the functional and presentation currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss which are denominated in foreign currencies at the Balance Sheet date are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

d) Income
Dividends receivable on equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of Directors, the dividend is capital in nature in which case it is taken to the "gains/(losses) on investments" in the capital return column. Income from fixed interest debt securities and preference shares is recognised using the effective interest rate method in accordance with the SORP. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Bank interest and income from stock lending are accounted for monthly on an accruals basis and shown in the revenue return based on amounts to which the Company is entitled.

Where the Company enters into a commitment to underwrite an issue of securities in exchange for the receipt of commission, a derivative financial instrument is recognised initially at fair value. The derivative is re-measured subsequently at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from these derivatives, where actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

e) Management, performance and administrative expenses and finance charges
All expenses and finance charges are accounted for on an accruals basis. All administrative expenses, including the management fee and interest payable, are charged to the revenue return of the Income Statement. Any performance fees payable are allocated wholly to capital.

f) Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the effective rate of corporation tax for the accounting period.

In line with the recommendations of the AIC SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the Balance Sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

g) Borrowings
Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently remeasured at amortised cost. Finance charges, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

h) Dividends payable to shareholders
Dividends payable to shareholders are recognised in the financial statements when they are paid, or in the case of final dividends, when they are approved by shareholders. Dividends are dealt with in the Reconciliation of Movements in Shareholders' Funds.

i) Issue and repurchase of ordinary shares and associated costs
The proceeds from the issue of new ordinary shares (including those relating to the sale of shares out of Treasury) and the aggregate cost of repurchasing ordinary shares (including those to be held in Treasury) are taken directly to the share premium account and recognised in the Reconciliation of Movements in Shareholders' Funds. Issue costs incurred in respect of new ordinary shares are offset against the proceeds received and recognised in the share premium account. Share issue and repurchase transactions are accounted for on a trade date basis.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

j) Capital reserves

Capital reserve arising on investments sold
The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- realised foreign exchange differences of a capital nature;
- cost of repurchasing ordinary share capital; and
- performance fees charged to capital.

Capital reserve arising on revaluation of investments held
The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

2 (Losses)/gains on investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Gains on the sale of investments based on historical cost	16,617	17,243
Less: Revaluation gains recognised in previous years	(12,912)	(12,896)
Gains on investments sold in the year based on carrying value at previous Balance Sheet date	**3,705**	**4,347**
Revaluation (losses)/gains on investments held at 30 September	(12,094)	5,836
Exchange gains/(losses)	2	(11)
	(8,387)	**10,172**

3 Income from investments

	2015 £'000	2014 £'000
UK dividends:		
Listed investments	11,814	10,633
Unlisted	53	40
Property income dividends	210	204
UK dividends	**12,077**	**10,877**
Non UK dividends:		
Overseas dividend income	3,465	2,618
Non UK dividends	**3,465**	**2,618**
	15,542	**13,495**

4 Other interest receivable and similar income

	2015 £'000	2014 £'000
Stock lending commission	61	80
Income from underwriting	44	93
	105	**173**

At 30 September 2015 the total value of securities on loan by the Company for stock lending purposes was £5,024,000 (2014: £4,920,000). The maximum aggregate value of securities on loan at any time during the year ended 30 September 2015 was £20,742,000 (2014: £42,756,000). The Company's agent holds collateral comprising FTSE 100 stocks, Gilts and a German government bond with a collateral value of £5,821,000 (2014: £5,984,000) amounting to a minimum of 116% (2014: minimum 122%) of the market value of any securities on loan. Stock lending commission has been shown net of brokerage fees of £66,000 (2014: £34,000).

Notes to the Financial Statements (continued)

5 Management and Performance fees

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	1,819	–	1,819	1,668	–	1,668
Performance fee	–	908	908	–	1,073	1,073
Total fee	**1,819**	**908**	**2,727**	**1,668**	**1,073**	**2,741**

A description of the basis for calculating the management fee and performance fees is given in the Strategic Report on page 13. For the year ended 30 September 2015, a performance fee of £908,000 is payable (2014: £1,073,000). This is based on the Company's 3 year average NAV total return to 30 September 2015 of 14.1% compared to the FTSE All-Share Index Total Return (plus a 10% hurdle rate) of 8.5%. Total fees, including the basic fee of 0.5% are capped at 0.75% per annum so the performance fee has been capped at 0.25% of average net chargeable assets for the year.

6 Other administrative expenses

	2015 £'000	2014 £'000
Directors' fees and expenses (see Directors' Remuneration Report on page 26)[1]	148	127
Auditors' remuneration – for audit services	21	21
AIC subscriptions	20	23
Directors' and Officers' liability insurance	7	7
Listing fees (Stock Exchange, newspapers and internet)	32	30
Safe custody and bank charges	21	33
Loan facility fees	54	98
Printing and postage	19	24
Registrar's fees	16	13
Legal fees	9	10
General expenses and marketing expenses payable to Henderson	60	58
Depositary fees[2]	36	8
Other expenses	12	28
Irrecoverable VAT	29	33
	484	**513**

1 All transactions with Directors, as disclosed in the Directors' Remuneration Report, are related party transactions.
2 In accordance with the AIFMD the Company appointed HSBC Bank plc as its Depositary with effect from 22 July 2014.

7 Finance charges

	2015 £'000	2014 £'000
On bank loans and overdrafts repayable within one year	806	845
	806	**845**

Notes to the Financial Statements (continued)

8 Taxation on net return on ordinary activities

Analysis of tax charge for the year

	2015			2014		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Overseas tax suffered	50	–	50	71	–	71
Overseas tax reclaimable	(2)	–	(2)	(22)	–	(22)
Total taxation for the year	**48**	**–**	**48**	**49**	**–**	**49**

Factors affecting the tax charge for the year

	2015			2014		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	12,538	(9,295)	3,243	10,642	9,099	19,741
Corporation tax at 20.5% (2014: 22%)*	2,570	(1,905)	665	2,341	2,002	4,343
Effects of:						
Non-taxable UK dividends	(2,410)	–	(2,410)	(2,331)	–	(2,331)
Other non-taxable income	(732)	–	(732)	(593)	–	(593)
Overseas tax suffered	48	–	48	49	–	49
Excess expenses/non-trading deficits for the year	758	–	758	819	–	819
Expenses charged to capital	(186)	186	–	(236)	236	–
Non-taxable/deductible capital gains/(losses)	–	1,719	1,719	–	(2,238)	(2,238)
	48	**–**	**48**	**49**	**–**	**49**

Investment trusts are exempt from Corporation Tax on capital gains provided that the Company obtains agreement from HM Revenue and Customs in respect of each accounting year that the tests under Section 1158 of the Corporation Tax Act 2010 have been met.

*The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 20.5%.

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

The Company has not recognised a deferred tax asset totalling £8,967,000 (2014: £7,961,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits. These expenses will only be utilised if the Company has profits chargeable to Corporation Tax in the future.

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the United Kingdom of 20% (2014: 22%).

Notes to the Financial Statements (continued)

9 Return per ordinary share – basic and diluted

The return per ordinary share is based on the net return attributable to the ordinary shares of £3,195,000 (2014: £19,692,000) and on 26,892,427 ordinary shares (2014: 26,875,852) being the weighted average number of ordinary shares in issue during the year. The return per ordinary share can be further analysed between revenue and capital, as below.

	2015 £'000	2014 £'000
Net revenue return	12,490	10,593
Net capital (loss)/return	(9,295)	9,099
Net total return	**3,195**	**19,692**
Weighted average number of ordinary shares in issue during the year	**26,892,427**	**26,875,852**

	2015 Pence	2014 Pence
Revenue return per ordinary share	46.4	39.4
Capital (loss)/return per ordinary share	(34.6)	33.9
Total return per ordinary share	**11.8**	**73.3**

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

10 Dividends paid and payable on the ordinary shares

Dividends on ordinary shares	Record date	Payment date	2015 £'000	2014 £'000
Third interim dividend (8.5p) for the year ended 30 September 2013	11 October 2013	31 October 2013	–	2,268
Final dividend (9.0p) for the year ended 30 September 2013	10 January 2014	31 January 2014	–	2,420
First interim dividend (9.0p) for the year ended 30 September 2014	4 April 2014	30 April 2014	–	2,420
Second interim dividend (9.0p) for the year ended 30 September 2014	4 July 2014	31 July 2014	–	2,420
Third interim dividend (9.0p) for the year ended 30 September 2014	10 October 2014	31 October 2014	2,421	–
Final dividend (10.0p) for the year ended 30 September 2014	9 January 2015	30 January 2015	2,689	–
First interim dividend (10.0p) for the year ended 30 September 2015	7 April 2015	30 April 2015	2,689	–
Second interim dividend (10.0p) for the year ended 30 September 2015	3 July 2015	31 July 2015	2,689	–
			10,488	**9,528**

The third interim dividend and the final dividend for the year ended 30 September 2015 have not been included as a liability in these financial statements. The total dividends payable in respect of the financial year, which form the basis of the retention test under Section 1158 of the Corporation Tax Act 2010, are set out below.

	2015 £'000
Revenue available for distribution by way of dividend for the year	12,490
First interim dividend (10.0p) for the year ended 30 September 2015	(2,689)
Second interim dividend (10.0p) for the year ended 30 September 2015	(2,689)
Third interim dividend (10.0p) for the year ended 30 September 2015	(2,689)
Final dividend (11.0p) for the year ended 30 September 2015 (based on 26,892,427 ordinary shares in issue at 9 December 2015)	(2,958)
Revenue surplus	**1,465**

For Section 1158 purposes the Company's undistributed revenue represents 9.4% of the income from investments.

Notes to the Financial Statements (continued)

11 Investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Valuation at start of year	410,053	395,422
Investment holding gains at start of year	(110,955)	(118,015)
Cost at start of year	**299,098**	**277,407**
Additions at cost	67,890	50,603
Disposals at cost	(38,805)	(28,912)
Cost at end of year	**328,183**	**299,098**
Investment holding gains at end of year	85,949	110,955
Valuation at end of year	**414,132**	**410,053**

Included in the total investments are unlisted investments shown at the Directors fair value of £2,179,000 (2014: £846,000).

Purchase transaction costs for the year ended 30 September 2015 were £336,000 (2014: £216,000). These comprise mainly stamp duty and commission. Sale transaction costs for the year ended 30 September 2015 were £43,000 (2014: £41,000).

The Company has interest of 3% or more of any class of capital in 16 (2014: 18) investee companies. At 30 September 2015, of the 16 investee companies, the following represented more than 1% of investments.

	2015 Valuation £'000	2015 % of voting rights	2014 Valuation £'000	2014 % of voting rights
Carclo	5,177	5.4	4,486	5.4
Renold	7,087	4.5	5,561	4.6
Scapa	8,690	3.1	6,837	3.4
Velocys	2,906	3.3	10,463	3.9

12 Debtors

	2015 £'000	2014 £'000
Prepayments and accrued income	1,730	1,835
Sales for future settlements	1,853	–
Taxation recoverable	6	4
	3,589	**1,839**

13 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Unsecured sterling bank loans	62,315	49,907
Purchases for future settlement	–	210
Other creditors	1,512	1,675
	63,827	**51,792**

The Company has entered into a two year £25m loan facility with ING Bank N.V. and a three year facility of up to £60m with Scotiabank (Ireland) Limited.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective and policy as stated on page 13. In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks; including market risk (compromising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk, and the Directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and Henderson co-ordinate the Company's risk management and there are various risk management systems in place as detailed below.

- straight-through processing via a deal order and management system ("OMS") is utilised for securities, with connectivity to third-party affirmation and trade repository services.
- portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine.
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises HiPortfolio software.
- the IT tools to which the Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:

  – Charles River Compliance module for investment restrictions monitoring;
  – Arc Logics operational risk database;
  – Riskmetrics, UBS Delta, Style Research, Finanalytica and Barra Aegis for market risk measurement;
  – Bloomberg for market data and price-checking; and
  – HiPortfolio for portfolio holdings and valuations.

These are supplemented by in-house developments: derivatives risk and compliance database ("DRAC") and counterparty exposure ("CER") reports.

14.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 14.1.1), currency risk (see note 14.1.2) and interest rate risk (see note 14.1.3). The Board reviews and agrees policies for managing these risks. Henderson assesses the exposure to market price risk when making each investment decision, and monitors the overall level of market price risk on the whole of the investment portfolio on an ongoing basis.

14.1.1 Market price risk

Market price risk (ie, changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of listed and unlisted investments.

The Company's exposure to market price risk at 30 September 2015 is represented by its investments held on the Balance Sheet under the heading "Investments held at fair value through profit or loss" on page 40.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.1.1 Market price risk (continued)

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from Henderson. The Board meets regularly and at each meeting reviews investment performance. The Board monitors Henderson's compliance with the Company's objectives, and is directly responsible for investment strategy and asset allocation.

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on pages 10 to 12. This shows that the majority of the investments' value is in UK listed companies. Accordingly, there is a concentration of exposure to market price risk, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

The following table illustrates the sensitivity of the total return after taxation for the year and the net assets to an increase or decrease of 40% in the fair values of the Company's investments. This level of change is considered to be reasonably possible based on observation of market behaviour in the last few years.

Sensitivity analysis – Market prices if prices change by 40% (2014: 40%)

	2015		2014	
	If prices go up £'000	If prices go down £'000	If prices go up £'000	If prices go down £'000
Investments at year end	414,132	414,132	410,053	410,053
Impact on income statement:				
Revenue return (0.5% management fee rate)	(828)	828	(820)	820
Capital return	165,653	(165,653)	164,021	(164,021)
Impact on net assets and total return (excluding gearing)	**164,825**	**(164,825)**	**163,201**	**(163,201)**

14.1.2 Currency risk

A proportion of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items. As the Company's investments are predominantly in sterling denominated securities its exposure to currency risk is not considered material. Investments held in currencies other than sterling was £19,413,000 (2014: £22,604,000) representing 4.7% (2014: 5.5%) of the total assets of the Company.

Management of the risk

Henderson monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. Henderson measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rates to which the Company's assets, liabilities, income and expenses are exposed.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

14.1.3 Interest rate risk

Interest rate movements may affect:

- the fair value of investments in fixed interest securities;
- the level of income receivable from interest-bearing securities and cash at bank and on deposit; and
- the interest payable on the Company's variable rate borrowings.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the loan facility. The Company, generally, does not hold significant cash balances, with short term borrowings being used when required. The Company finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts have not been used during the year to hedge against the exposure to interest rate risk.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.1.3 Interest rate risk (continued)

Interest rate exposure

The Company's exposure to floating interest rates can be found on the Balance Sheet under the heading "Cash at bank" and in note 13 under the heading "Unsecured sterling bank loans".

Interest receivable and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin linked to LIBOR (2014: same);
- Interest paid on borrowings under the loan facility is at a margin over LIBOR for the type of loan. The weighted average interest rate of these is 1.4% as at 30 September 2015 (2014: 1.7%).

The Company had fixed interest rate asset exposure at 30 September 2015 on the holding in Wadworth preference shares at £126,000 (2014: £126,000).

Interest rate risk sensitivity

The Company is primarily exposed to interest rate risk through its loan facilities with ING Bank N.V. and Scotiabank (Ireland) Limited. The sensitivity is as follows:

- Borrowings vary throughout the year as a result of the Board's borrowing policy. Borrowings (net of cash at bank) at the year end were £61,646,000 (2014: £48,151,000) and if that level of borrowings was maintained for a full year, then a 200 basis points change in LIBOR (up or down) would decrease or increase net revenue and total net return on ordinary activities after taxation by approximately £1,227,000 (2014: £958,000).

14.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company had unsecured sterling loan facilities totalling £85,000,000 (2014: £63,000,000) and an overdraft facility with the custodian, the extent of which is determined by the custodian on a regular basis by reference to the value of the securities held by it on behalf of the Company. The facilities are subject to regular review.

The Board gives guidance to Henderson as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short-term borrowings be used to manage short-term cash requirements.

The contractual maturities of the financial liabilities at 30 September based on the earliest date on which payment can be required are as follows:

	2015		2014	
	Due within 3 months £'000	Due between 3 months and one year £'000	Due within 3 months £'000	Due between 3 months and one year £'000
Bank loans and interest	62,409	–	50,073	–
Other creditors	1,418	–	1,788	–
	63,827	**–**	**51,861**	**–**

14.3 Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

The risk is managed as follows:

- Investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by Henderson, and limits are set on the amount that may be due from any one broker; and
- Cash at bank is held only with reputable banks with high quality external credit ratings.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.3 Credit and counterparty risk (continued)

The table below summarises the credit risk exposure of the Company at year end.

	2015 £'000	2014 £'000
Fixed interest securities	126	126
Cash	669	1,756
Debtors:		
– accrued income	3,583	1,835
– taxation recoverable	6	4
	4,384	**3,721**

14.4 Fair values of financial assets and financial liabilities

Except as noted below, the financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or the Balance Sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and amounts due under the loan facilities).

14.5 Fair value hierarchy disclosures

The table below sets out fair value measurements using the FRS 29 fair value hierarchy.

Fair value hierarchy	2015 £'000	2014 £'000
Equity investments		
Level 1	411,953	409,207
Level 2	–	–
Level 3	2,179	846
	414,132	**410,053**

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

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.

The total carrying value of loans and receivables, as stated in notes 12 and 13 are a reasonable approximation of their fair value as at the year end date. The total carrying value of financial liabilities measured at amortised cost, as disclosed in note 13, is a reasonable approximation of their fair value as at the year end date.

A reconciliation of movements within Level 3 is set out below:

	2015 £'000	2014 £'000
Opening balance	846	846
Disposal proceeds	–	–
Purchases	1,333	–
Total loss included in the Income Statement		
– on investments written off	–	–
– on investments held	–	–
Closing balance	**2,179**	**846**

The Company's holdings in Wadworth were not revalued during the year.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.6 Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise the revenue and capital return to its equity shareholders. This is achieved through an appropriate balance of equity capital and debt.

The Company's capital at 30 September 2015 comprises its equity share capital, reserves and loans that are shown in the Balance Sheet at a total of £416,878,000 (2014: £411,763,000).

The Board, with the assistance of Henderson, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account Henderson's view on the market;
- the need to buy-back equity shares, either for cancellation or to hold in Treasury, which takes account of the difference between the net asset value per share and the share price (ie the level of share price discount or premium) as well as the discount of the peer group and the level of the equity market;
- the need for new issues of equity shares, including sales from Treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company is subject to several externally imposed capital requirements:

- borrowings under the loan facilities are not to exceed 45% of the adjusted net asset value;
- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

15 Called up share capital

	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
At 30 September 2014	26,892,427	26,892,427	6,723
At 30 September 2015	**26,892,427**	**26,892,427**	**6,723**

During the year, the Company did not issue any ordinary shares (2014: issued 325,000 ordinary shares for total proceeds of £4,490,000).

16 Share premium account

	2015 £'000	2014 £'000
At the start of the year	59,923	55,514
Shares issued during the year	–	4,409
At the end of the year	**59,923**	**59,923**

Notes to the Financial Statements (continued)

17 Capital redemption reserve and other capital reserves

	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves total £'000
At 1 October 2014	1,007	110,955	173,608	284,563
Transfer on disposal of investments	–	(12,912)	12,912	–
Net gains on investments	–	(12,094)	3,705	(8,389)
Performance fee taken to capital	–	–	(908)	(908)
Exchange differences	–	–	2	2
At 30 September 2015	**1,007**	**85,949**	**189,319**	**275,268**

The capital reserve arising on revaluation of investments held at 30 September 2015 includes a gain of £795,000 (2014: £795,000) based on historical book cost, in respect of the revaluation of unlisted investments.

	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves total £'000
At 1 October 2013	1,007	118,015	157,449	275,464
Transfer on disposal of investments	–	(12,896)	12,896	–
Net gains on investments	–	5,836	4,347	10,183
Performance fee taken to capital	–	–	(1,073)	(1,073)
Exchange differences	–	–	(11)	(11)
At 30 September 2014	**1,007**	**110,955**	**173,608**	**284,563**

The capital reserve arising on revaluation of investments held at 30 September 2014 includes a gain of £795,000 (2013: £795,000) based on historical book cost, in respect of the revaluation of unlisted investments.

18 Revenue reserve

	2015 £'000	2014 £'000
At 1 October	9,640	8,575
Net revenue return for the year after tax	12,490	10,593
Net dividends paid (note 10)	(10,488)	(9,528)
At 30 September	**11,642**	**9,640**

19 Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share of 1,318.4p (2014: 1,345.6p) is based on the net assets attributable to the ordinary shares of £354,563,000 (2014: £361,856,000) and on 26,892,427 (2014: 26,892,427) shares in issue on 30 September 2015.

The movements during the year of the assets attributable to the ordinary shares were as follows:

	2015 £'000	2014 £'000
Total net assets at 1 October	361,856	347,202
Total net return on ordinary activities after taxation	3,195	19,692
Share issue proceeds	–	4,490
Net dividends paid in the year:		
Ordinary shares	(10,488)	(9,528)
Net assets attributable to the ordinary shares at 30 September	**354,563**	**361,856**

Notes to the Financial Statements (continued)

20 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 30 September 2015 (2014: £nil).

21 Reconciliation of operating revenue to net cash inflow from operating activities

	2015 £'000	2014 £'000
Net return on ordinary activities before finance charges and taxation	4,049	20,586
Less net capital return before finance charges and taxation	9,295	(9,099)
Net revenue return before finance charges and taxation	**13,344**	**11,487**
Decrease/(increase) in prepayments and accrued income	99	(114)
Expenses charged to capital	(908)	(1,073)
(Decrease)/increase in other creditors and accruals	(160)	140
Income tax suffered on property income dividends	–	(1)
Overseas withholding tax suffered	(44)	(71)
Net cash inflow from operating activities	**12,331**	**10,368**

22 Analysis of changes in net debt

	1 October 2014 £'000	Cash Flow £'000	Exchange Movements £'000	30 September 2015 £'000
Cash at bank	1,756	(1,089)	2	669
Debt falling due within one year	(49,907)	(12,408)	–	(62,315)
Net debt	**(48,151)**	**(13,497)**	**2**	**(61,646)**

	1 October 2013 £'000	Cash Flow £'000	Exchange Movements £'000	30 September 2014 £'000
Cash at bank	1,310	457	(11)	1,756
Debt falling due within one year	(49,744)	(163)	–	(49,907)
Net debt	**(48,434)**	**294**	**(11)**	**(48,151)**

23 Transactions with the manager and related parties

Under the terms of an agreement effective from 22 July 2014 (which replaced the agreement dated 27 August 2009 in order to reflect the appointment of an Alternative Investment Fund Manager in accordance with the requirements of the Alternative Investment Fund Managers Directive), the Company has appointed Henderson to provide investment management, accounting, administrative and secretarial services. Henderson has contracted with BNP Paribas Securities Services to provide accounting and administration services.

Details of the fee arrangements for these services are given in the Strategic Report on page 13. The total of the management fees paid or payable to Henderson under this agreement in respect of the year ended 30 September 2015 was £1,819,000 (2014: £1,668,000). The management fee excludes the management fee on investments held in other Henderson managed investment trusts. The amount outstanding at 30 September 2015 was £441,000 (2014: £432,000). The total of the performance fee paid or payable to Henderson under this agreement in respect of the year ended 30 September 2015 was £908,000 (2014: £1,073,000). The amount outstanding at 30 September 2015 was £908,000 (2014: £1,073,000).

In addition to the above services, Henderson has provided the Company with sales and marketing services. The total fees paid or payable for these services for the year ended 30 September 2015 was £60,000 (2014: £58,000), of which £15,000 was outstanding at 30 September 2015 (2014: £15,000).

In the year to 30 September 2014 the Company had a holding in Henderson Opportunities Trust plc, which is also managed by Henderson. The value of the holding at 30 September 2014 was £1,969,548 and represented 0.48% of the portfolio. During the year the Company sold its entire holding in Henderson Opportunities Trust plc for £1,934,000 (2014: £775,000). It received income of £16,000 (2014: £29,000) from this investment.

General Shareholder Information

AIFMD Disclosures

Periodic disclosures required in accordance with the Alternative Investment Fund Managers Directive are included within a Key Investor Information Document (KIID) which can be found on the Company's website **www.lowlandinvestment.com**.

BACS

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar, Computershare Investor Services PLC. Alternatively, shareholders can write to the Registrar (the address is given on page 15) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Equality Act 2010

Copies of this report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate.

You can contact the Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0370 707 1117. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Non-mainstream pooled investment ("NMPI") status

The Company currently conducts its affairs so that its ordinary shares of 25p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Performance Details/Share Price Information

Details of the Company's share price and NAV can be found on the website. The address is **www.lowlandinvestment.com**.
The Company's NAV is published daily.

Shareholder Details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar, Computershare Investor Services PLC, via **www.computershare.com**.

Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Share Price Listings

The market price of the Company's ordinary shares is published daily in The Financial Times. The Financial Times also shows figures for the estimated NAV and the discount.

The market price of the Company's shares can be found in the London Stock Exchange Daily Official List.

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call the Company Secretary at the number provided on page 15.

Lowland Investment Company plc
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