

Company Number: 670489

LOWLAND INVESTMENT COMPANY PLC

**HALF-YEAR REPORT
(unaudited)
for the half-year ended 31 March 2023**

LOWLAND INVESTMENT COMPANY PLC

Unaudited results for the half-year ended 31 March 2023

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, by investing in 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 a combination of large, medium and smaller companies listed in the UK. We are not constrained by the weightings of any index; we focus instead on controlling absolute risk by diversifying on the basis of underlying company characteristics such as size, industry, economic sensitivity, clients and management. In normal circumstances up to half the portfolio will be invested in FTSE 100 companies; the remainder will be divided between small- and medium-sized companies. On occasions the Manager will buy shares listed overseas. The Manager may also invest a maximum of 15% in other listed trusts.

Dividend

The Company aims to provide shareholders with better-than-average dividend growth.

Gearing

The Board believes that debt in a closed-end fund is a valuable source of long-term outperformance, and therefore the Company will usually be geared. At the point of drawing down debt, gearing will never exceed 29.99% of the portfolio valuation. Borrowing will be a mixture of short and long-dated debt, depending on relative attractiveness of rates.

Key data for the six months to 31 March 2023

Net Asset Value ('NAV') Total Return	16.1%
Benchmark ¹ Total Return	12.3%
Dividend in respect of the period	3.05p

¹ FTSE All-Share Index

Financial highlights

	Half-year ended 31 Mar 2023	Half-year ended 31 Mar 2022	Year ended 30 Sept 2022
NAV per ordinary share ¹	131.9p	141.1p	115.9p
Share price ²	124.3p	133.0p	104.5p
Market capitalisation	£336m	£359m	£282m
Dividend per share	3.05p	3.05p	6.10p
Ongoing charge	0.7%	0.6%	0.6%
Dividend yield ³	4.9%	4.5%	5.8%
Gearing	14.1%	13.1%	12.5%
Discount	5.8%	5.7%	11.5%

¹ NAV with debt at par value

² Using mid-market closing price

³ Based on dividends paid and declared in respect of the previous twelve month period

Total return performance (including dividends reinvested and excluding transaction costs)

	6 months %	1 year %	3 years %	5 years %	10 years %	25 years %
NAV	16.1	(0.4)	61.2	8.1	63.9	576.7
Share Price ¹	21.9	(1.5)	63.8	7.7	60.0	659.9
Benchmark ²	12.3	2.9	47.4	27.9	75.9	244.6

¹ Using mid-market closing price

² FTSE All-Share Index

Sources: Morningstar Direct, Funddata, Refinitiv Datastream and Janus Henderson

Historical record – Year to 30 September

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	As at 31 Mar 2023 ¹
Net assets ² (£m)	347	362	355	387	440	439	386	279	394	313	356
NAV ³ *	130.7p	134.6p	131.8p	143.2p	162.8p	162.5p	142.8p	103.1p	145.9p	115.9p	131.9p
Share price*	132.5p	135.5p	128.7p	133.7p	150.4p	151.5p	128.0p	91.4p	131.5p	104.5p	124.3p
Net revenue*	3.67p	3.94p	4.64p	4.77p	4.91p	5.86p	6.80p	3.38p	4.27p	6.10p	2.13p
Net dividends paid per ordinary share*	3.40p	3.70p	4.10p	4.50p	4.90p	5.40p	5.95p	6.00p	6.025p	6.10p	3.05p⁴

¹ Net revenue and net dividends paid are for the six month period ended 31 March 2023

² Attributable to ordinary shares

³ NAV per ordinary share with debt at par value

⁴ First interim dividend of 1.525p per ordinary share paid on 28 April 2023 and second interim dividend of 1.525p per ordinary share that will be paid on 31 July 2023.

* Figures for 2013 to 2021 have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

Overview

Lowland's Net Asset Value ('NAV') rose by 16.1% over the six months ended 31 March, outperforming the FTSE All-Share Index, which increased by 12.3%. This is a tentative recovery in the Company's performance, which has been disappointing since the Brexit vote. Returns over relatively short periods can be volatile. This is demonstrated by the fact that the three year return, which was slightly negative at the year end and lagged the benchmark, is now 61.2%, some way above the benchmark's 47.4% return. Performance over five years still lags the benchmark, increasing by 8.1% compared with 27.9%.

Dividends

The recovery in income during the half year continued with Earnings per Share rising to 2.13p against a comparable 1.72p. This is still a little below the 2019 pre-pandemic level of 2.22p. There have not been any special dividends in the period, while there were in the comparable period last year.

The Board has maintained its progressive quarterly dividend policy. We have today declared our second interim of 1.525p, bringing the total so far to 3.05p, the same as last year.

Gearing

Gearing was again fairly steady during the half year, in the range of 12.1% to 14.9%, and now stands at 13.4%. We believe that the ability to employ gearing is an advantage offered by investment trusts. The Company was a modest net investor over the period, to the tune of £9.4m, with most of the disposals coming from take-over bids.

Share Price and Discount

During the period the share price increased by 18.9% to 124.3p and the discount at which the shares trade reduced from 11.5% to 5.8%. After careful consideration of the issue the Board continues to believe that a discount control mechanism is not in shareholders' interests. The current share price is 122.0p and discount 9.5%.

Board

In line with my statement in the Annual Report, the process of recruiting a new director has begun, and an announcement will be made in due course.

Outlook

Generating a reasonable level of growth, while getting inflation under control, is a challenge faced by most economies. We tend to the view that this challenge is fully recognised in UK market valuations, as considered more fully in the Fund Managers' Report. We are therefore looking for growth, particularly from the lower section of the market cap spectrum, to which we would expect Lowland's weighting to increase.

Robert Robertson
Chairman

Equity allocation

Sector Weightings	% as at 31 March 2023	
	Company	Benchmark ¹
Basic Materials	5.0	7.8
Consumer Discretionary	8.6	11.7
Consumer Staples	4.0	15.5
Energy	8.0	11.1
Financials	34.5	22.2
Health Care	3.6	11.4
Industrials	25.3	11.6
Real Estate	2.9	2.5
Technology	1.7	1.1
Telecommunications	2.6	1.5
Utilities	3.8	3.6
Total	100.0	100.0

¹ FTSE All-Share Index

Sector Weightings	% as at 30 September 2022	
	Company	Benchmark ¹
Basic Materials	5.1	8.2
Consumer Discretionary	7.5	10.1
Consumer Staples	4.5	16.8
Energy	9.5	11.9
Financials	33.4	22.1
Health Care	5.4	11.1
Industrials	23.6	10.6
Real Estate	2.6	2.7
Technology	1.5	1.3
Telecommunications	3.2	1.8
Utilities	3.7	3.4
Total	100.0	100.0

¹ FTSE All-Share Index

Market Cap Weightings	% as at 31 Mar 2023	
	Company	Benchmark ¹
FTSE 100	47.4	83.9
FTSE 250	19.9	13.8
FTSE Small-Cap	10.9	2.3
FTSE AIM	13.7	-
FTSE Fledgling	1.1	-
Overseas	4.8	-
Other	2.2	-
Total	100.0	100.0

¹ FTSE All-Share Index

FUND MANAGERS' REPORT

Performance Review

Lowland achieved an increase in NAV of 16.1% which is satisfactory in absolute terms, and in relative terms against the benchmark, which returned 12.3%. As mentioned in the last Annual Report, our performance had been hampered by our bias towards medium and small companies, which are more UK focused than the very large companies which had been the main outperformers in the market. The table below shows that, over the half-year, the main UK indices for large and medium sized companies registered returns in the region of 12%. The smaller companies and AIM indices again underperformed in relative terms. Lowland outperformed the indices relative to each of the market cap groups, with a modest exception in AIM. This enabled Lowland to outperform its benchmark, despite it having a much greater exposure to the smaller end of the market. The outperformance is due mainly to stock selection and takeovers, as mentioned below.

There are signs that investors may be beginning to see value in the UK market, which is at a marked discount to its international peers. Factors behind this include normalisation after the pandemic, and the fact that Government is no longer in a state of chaos. Furthermore, some of the Brexit issues are finally being put behind us, the Windsor Framework on Northern Ireland being a case in point. We would expect medium and smaller companies, including AIM companies, to outperform in terms of income and growth, as economic recovery materialises.

Portfolio performance and weightings

	Lowland Weighting	Lowland Total Return	FTSE All-Share Weighting	Index Return
	(%)	(%)	(%)	(%)
FTSE 100	47.4	15.5	83.9	12.5
FTSE 250	19.9	20.1	13.8	11.6
FTSE Small Cap	10.9	18.6	2.3	5.7
FTSE AIM All Share	13.7	-0.6	N/A	1.1

Source: Janus Henderson Investors, six months to 31 March 2023

It has been a very busy period for news perceived to be relevant to the stock market. The Autumn Budget of 2022 brought about the end of the Truss government and its central premise of growth at any cost was abandoned. In April this year we nearly experienced a new banking crisis emanating from Silicon Valley Bank, but investors have largely shrugged the news off and the market has made reasonable forward progress.

The reason for the advance in stock prices when investor sentiment is so poor is that valuations are very low. The evidence for this view is not just borne out by long-term valuation charts but also the increasing level of corporate activity. There were three takeovers of stocks in the portfolio during the period, with bids received for very different sorts of business. The most notable was **K3 Capital**, a regional corporate adviser. The quoted market was simply not valuing the shares highly enough. **Devro**, the sausage skin maker, and **Appreciate Group**, a corporate gift operator, were also taken over. These stocks received cash offers that existing shareholders accepted. Whilst these offers were at reasonable premia to the pre-bid price, they are likely to prove good purchases for the acquirers. It is unlikely that takeover activity will abate unless investors attribute a fair value to UK quoted companies. Similarly, there was no overriding theme to other portfolio companies which contributed to, or detracted from, performance. The chart below shows the value of UK earnings is at a low point.

UK Equity Market is cheap relative to the Global Market



Source: JPMorgan/Janus Henderson Investors as at 31 December 2022

P/E = price/earnings per share

Five Highest Contributors

We show the absolute stock contributions in the tables below as these are what drive the NAV. It is important to note however, that in comparing index performance against your Company's, what we do not own is also relevant. For instance, not having a holding in British American Tobacco aided relative performance. It was the agreed takeover of K3 that was the biggest absolute contributor to Lowland's return, while Serica, the North Sea gas company, was the biggest detractor due to the imposition by the British government of a windfall tax.

	Share Price Total Return (%)	Contribution to Return (%)
K3 Capital	51.5	1.0
BP	20.3	0.7
FBD Holdings	40.9	0.6
Morgan Advanced Materials	27.3	0.6
Rolls-Royce	114.1	0.5

- **K3 Capital Group** was subject to a successful takeover during the period.
- **BP** benefitted from high energy prices.
- **FBD Holdings** is an Irish insurer which benefits from pricing power in its sector.
- **Morgan Advanced Materials** has a strong market position and is well-placed to benefit from infrastructure spending.
- **Rolls-Royce** has challenging plans for restructuring the business and we expect it to benefit as air travel increases.

Five largest detractors

	Share Price Total Return (%)	Contribution to Return (%)
Serica Energy	-39.4	-0.8
Direct Line Insurance	-25.9	-0.3

Ilika	-24.8	-0.2
Vodafone	-7.9	-0.2
DWF	-22.5	-0.1

Serica Energy suffered from the UK Government windfall tax on energy companies, whilst poor underwriting and adverse weather conditions caused **Direct Line** to suffer losses, and to cut its dividend. The other largest detractors had no straightforward identifying factors for their performance other than continued market weakness in valuations.

The UK Economy

In the fourth quarter of last year economists were chasing one another down with their economic forecasts for the current year. They took them too low and they are now quietly upgrading their growth targets. The resilience of the economy has been underestimated by the forecasters. There are economic issues to be faced in the UK, the most pressing of which are the low level of productivity growth and persistent inflation. The solution lies in a vibrant corporate sector that is investing in the future. A UK stock market with long-term investors providing capital will be a major part of this recovery.

Activity

During the period £35.1m was invested into UK stocks with disposals of £27.3m being made. The disposals predominantly came via the cash takeovers, with K3 being the largest. The holding in Direct Line was reduced as a result of a reassessment of the company's underwriting performance which has been disappointing. The purchases were a diverse range of companies. The holdings in Financials which are trading satisfactorily, but with strengths not reflected in their valuations, were increased; these include **M&G, Legal and General, Vanquis, Numis** and **Brooks Macdonald**. The Industrial sector remains a major part of the portfolio and the holding in the paper and packaging company **DS Smith** was increased. The Building Materials sector has seen marked share price weakness as investors are concerned that the higher mortgage rates will lead to severe house price falls and a large slowdown in activity. This is not being borne out by current trading which, although subdued, is not markedly weak. There is, therefore, an opportunity to increase exposure to the strongest companies in the area. The holdings in **Marshalls, Bellway, Springfield Properties**, and **Epwin** were increased. Certain of the Retailers we hold have used several years of difficult trading to reduce their cost base and focus their business in preparation for more normal times. Examples of this can be found at **M&S** and **Halfords** where holdings were built up. Purchases were also made in **Cranswick**, the meat processor, **H&T**, the pawn broker, and **Hipgnosis**, a investment trust which provides pure play exposure to song rights. The thing these companies have in common is that they are all excellent at what they do. They bring a diverse blend of end market exposures, while individually we believe they have some control over their own destiny.

Outlook

GDP forecasts are being upgraded for 2023 by economic forecasters, and the inflation rate is falling, but slowly. The stickiness in inflation partially reflects many companies preserving operating margins. This suggests that, to protect the real value of capital in an inflationary period, a good hedge is a well-diversified portfolio of excellent companies which have pricing power through operational strengths and product excellence. If inflation falls faster than expected, interest rates may peak sooner and should fall faster, benefitting company valuations. In the meantime, we anticipate that dividend growth from the underlying portfolio should improve, backed by the predicted progression in earnings.

James Henderson and Laura Foll
Fund Managers

Related party transactions

The Company's current related parties are its Directors and Janus 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 and expenses incurred on the Company's business, for which there were no outstanding amounts payable at the period end.

In relation to the provision of services by Janus 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 Janus Henderson affecting the financial position of the Company during the year under review.

Principal risks and uncertainties

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

Market, geopolitical, macroeconomic or environmental;
Global pandemic;
Investment activity and strategy;
Portfolio and market price;
Dividend income;
Financial;
Gearing;
Tax and regulatory; and
Operational.

Information on these risks and how they are managed is given in the Annual Report for the year ended 30 September 2022. The Board has completed a thorough review of the principal risks, and the uncertainties facing the Company. As a result of this review, the Board considers that the principal risks and uncertainties remain largely unchanged and that they are as applicable to the remaining six months of the financial year as they were to the six months under review.

Statement of Directors' Responsibilities

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

- (a) the set of financial statements for the half-year to 31 March 2023 has been prepared in accordance with "FRS 104 Interim Financial Reporting";
- (b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board

Robert Robertson
Chairman

INVESTMENT PORTFOLIO

As at 31 March 2023

Company	Sector	Market value £'000	% of portfolio
Shell	Oil and Gas	12,694	3.1
BP	Oil and Gas	12,514	3.1
Vanquis Banking Group	Finance and Credit Services	9,273	2.3
HSBC	Banks	9,233	2.3
FBD (Ireland)	Non-Life Insurance	9,167	2.2
National Grid	Gas, Water and Multi-utilities	8,951	2.2
GSK	Pharmaceuticals and Biotechnology	8,345	2.1
Standard Chartered	Banks	8,162	2.0
Aviva	Life Insurance	7,963	2.0
M&G	Investment Banking and Brokerage Services	7,920	1.9
10 largest		94,222	23.2
Anglo American	Industrial Metals and Mining	7,231	1.8
Irish Continental (Ireland)	Industrial Transportation	7,218	1.8
NatWest	Banks	7,098	1.7
Rio Tinto	Industrial Metals and Mining	6,846	1.7
Morgan Advanced Materials	Electronic and Electrical Equipment	6,721	1.7
Phoenix	Life Insurance	6,679	1.6
Tesco	Personal Care, Drug and Grocery Stores	6,664	1.6
Hiscox	Non-Life Insurance	6,557	1.6
Severn Trent	Gas, Water and Multi-utilities	6,478	1.6
Lloyds Banking	Banks	6,317	1.5
20 largest		162,031	39.8
Barclays	Banks	5,832	1.5
Senior	Aerospace and Defence	5,813	1.4
AstraZeneca	Pharmaceuticals and Biotechnology	5,784	1.4
Redde Northgate	Industrial Transportation	5,448	1.3
BT Group	Telecommunications Service Providers	5,395	1.3
Land Securities	Real Estate Investment Trusts	5,275	1.3
Balfour Beatty	Construction and Materials	5,237	1.3
International Personal Finance	Finance and Credit Services	5,159	1.3
BAE Systems	Aerospace and Defence	5,159	1.3
Vodafone	Telecommunications Service Providers	5,106	1.3
30 largest		216,239	53.2
IMI	Electronic and Electrical Equipment	5,037	1.2
Kingfisher	Retailers	5,024	1.2
Clarkson	Industrial Transportation	4,986	1.2
Prudential	Life Insurance	4,959	1.2
Conduit	Non-Life Insurance	4,655	1.2
H&T Group ¹	Finance and Credit Services	4,539	1.1
Marks & Spencer	Retailers	4,426	1.1
Headlam	Household Goods and Home Construction	4,409	1.1
TT Electronics	Technology Hardware and Equipment	4,376	1.1
Epwin ¹	Construction and Materials	4,315	1.1
40 largest		262,965	64.7
Finsbury Food Group ¹	Food Producers	4,230	1.0
Somero Enterprises ¹ (USA)	Industrial Engineering	4,144	1.0
Direct Line	Non-Life Insurance	4,125	1.0
Henderson Opportunities Trust	Closed End Investments - Investment Trust focusing primarily on UK smaller companies	4,080	1.0
Chesnara	Life Insurance	4,072	1.0
Marshalls	Construction and Materials	3,991	1.0
Serica Energy ¹	Oil and Gas	3,987	1.0
DS Smith	General Industrials	3,972	1.0
Mondi	General Industrials	3,844	0.9
DCC (Ireland)	Industrial Support Services	3,750	0.9
50 largest		303,160	74.5
Hill & Smith	Industrial Metals and Mining	3,652	0.9

Legal & General	Life Insurance	3,583	0.9
Rolls-Royce	Aerospace and Defence	3,551	0.9
Castings	Industrial Engineering	3,534	0.9
Alpha Financial Markets ¹	Industrial Support Services	3,506	0.9
Johnson Service ¹	Industrial Support Services	3,414	0.8
Jupiter Fund Management	Investment Banking and Brokerage Services	3,385	0.8
Vertu Motors ¹	Retailers	3,289	0.8
Numis ¹	Investment Banking and Brokerage Services	3,218	0.8
Hipgnosis	Closed End Investments - Investment Trust investing in song back catalogues	3,175	0.8
60 largest		337,467	83.0
Halfords	Retailers	3,173	0.8
Ibstock	Construction and Materials	3,110	0.8
STV	Media	3,106	0.7
Cranswick	Food Producers	3,094	0.7
Palace Capital	Real Estate Investment Trusts	2,925	0.7
XPS Pensions Group	Investment Banking and Brokerage Services	2,800	0.7
Ricardo	Construction and Materials	2,726	0.7
Renold ¹	Industrial Engineering	2,482	0.6
Reckitt Benckiser Group	Personal Care, Drug and Grocery Stores	2,463	0.6
Elementis	Chemicals	2,442	0.6
70 largest		365,788	89.9
IP Group	Investment Banking and Brokerage Services	2,434	0.6
Eleco ¹	Software and Computer Services	2,428	0.6
Tyman	Construction and Materials	2,400	0.6
Bellway	Household Goods and Home Construction	2,207	0.6
Churchill China ¹	Household Goods and Home Construction	2,194	0.6
Oxford Sciences Enterprises ²	Venture Capital business investing predominantly in Pharmaceuticals and Biotechnology	2,160	0.5
DWF Group	Industrial Support Services	2,075	0.5
Springfield Properties ¹	Household Goods and Home Construction	2,071	0.5
Helical	Real Estate Investment and Services	1,950	0.5
Ilika ¹	Electronic and Electrical Equipment	1,780	0.4
80 largest		387,487	95.3
Sabre Insurance	Non-Life Insurance	1,720	0.4
RWS Holdings ¹	Industrial Support Services	1,645	0.4
Hammerson	Real Estate Investment Trusts	1,566	0.4
Brooks MacDonald Group ¹	Investment Banking and Brokerage Services	1,503	0.4
Airea ¹	Household Goods and Home Construction	1,485	0.4
Reach	Media	1,447	0.3
Jadestone Energy ¹	Oil and Gas	1,173	0.3
Flowtech Fluidpower ¹	Electronic and Electrical Equipment	1,165	0.3
DFS Furniture	Retailers	1,158	0.3
Indus Gas ¹	Oil and Gas	930	0.2
90 largest		401,279	98.7
R&Q Insurance ¹	Non-Life Insurance	888	0.2
International Distributions Services	Industrial Transportation	842	0.2
I3 Energy ¹	Oil and Gas	824	0.2
Wadworth - Ordinary shares ²	Travel and Leisure	689	0.2
Carclo	General Industrials	468	0.1
Velocys ¹	Alternative Energy	356	0.1
Faron Pharmaceuticals ¹ (Finland)	Pharmaceuticals and Biotechnology	300	0.1
Severfield	Construction and Materials	269	0.1
Paypoint	Industrial Support Services	264	-
Harbour Energy	Oil and Gas	171	-
100 largest		406,350	99.9

¹ AIM Stocks

² Unlisted Investments

Source: Janus Henderson

CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 31 March 2023			(Unaudited) Half-year ended 31 March 2022			(Audited) Year ended 30 September 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	-	46,791	46,791	-	(8,850)	(8,850)	-	(79,801)	(79,801)
Income from investments	6,980	-	6,980	5,692	-	5,692	18,666	-	18,666
Other interest receivable and similar income	43	-	43	32	-	32	70	-	70
Gross revenue and capital gains/(losses)	7,023	46,791	53,814	5,724	(8,850)	(3,126)	18,736	(79,801)	(61,065)
Management fee (note 2)	(440)	(440)	(880)	(434)	(434)	(868)	(862)	(861)	(1,723)
Other administrative expenses (note 2)	(367)	-	(367)	(310)	-	(310)	(645)	-	(645)
Net return/(loss) before finance costs and taxation	6,216	46,351	52,567	4,980	(9,284)	(4,304)	17,229	(80,662)	(63,433)
Finance costs	(447)	(446)	(893)	(311)	(311)	(622)	(657)	(657)	(1,314)
Net return/(loss) before taxation	5,769	45,905	51,674	4,669	(9,595)	(4,926)	16,572	(81,319)	(64,747)
Taxation on net return	(2)	-	(2)	(8)	-	(8)	(81)	-	(81)
Net return/(loss) after taxation	5,767	45,905	51,672	4,661	(9,595)	(4,934)	16,491	(81,319)	(64,828)
Return/(loss) per ordinary share – basic and diluted (note 3)	2.13p	16.99p	19.12p	1.72p	(3.55p)	(1.83p)	6.10p	(30.10p)	(24.00p)

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

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

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

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)					Total £'000
	Half-year ended 31 March 2023					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	
At 1 October 2022	6,755	61,619	1,007	235,389	8,266	313,036
Net return after taxation	-	-	-	45,905	5,767	51,672
Third interim dividend (1.525p) for the year ended 30 September 2022	-	-	-	-	(4,120)	(4,120)
Final dividend (1.525p) for the year ended 30 September 2022	-	-	-	-	(4,120)	(4,120)
At 31 March 2023	6,755	61,619	1,007	281,294	5,793	356,468

	(Unaudited)					Total £'000
	Half-year ended 31 March 2022					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	
At 1 October 2021	6,755	61,619	1,007	318,244	6,660	394,285
Net (loss)/return after taxation	-	-	-	(9,595)	4,661	(4,934)
Costs relating to sub-division of shares	-	-	-	(23)	-	(23)
Third interim dividend (1.50p*) for the year ended 30 September 2021	-	-	-	-	(4,053)	(4,053)
Final dividend (1.525p*) for the year ended 30 September 2021	-	-	-	(1,513)	(2,607)	(4,120)
Refund of unclaimed distributions	-	-	-	-	15	15
At 31 March 2022	6,755	61,619	1,007	307,113	4,676	381,170

	(Audited)					Total £'000
	Year ended 30 September 2022					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	
At 1 October 2021	6,755	61,619	1,007	318,244	6,660	394,285
Net (loss)/return after taxation	-	-	-	(81,319)	16,491	(64,828)
Costs relating to sub-division of shares	-	-	-	(23)	-	(23)
Third interim dividend (1.50p*) for the year ended 30 September 2021	-	-	-	-	(4,053)	(4,053)
Final dividend (1.525p*) for the year ended 30 September 2021	-	-	-	(1,513)	(2,607)	(4,120)

First interim dividend (1.525p) for the year ended 30 September 2022	-	-	-	-	(4,120)	(4,120)
Second interim dividend (1.525p) for the year ended 30 September 2022	-	-	-	-	(4,120)	(4,120)
Refund of unclaimed distributions	-	-	-	-	15	15
At 30 September 2022	----- 6,755 =====	----- 61,619 =====	----- 1,007 =====	----- 235,389 =====	----- 8,266 =====	----- 313,036 =====

* Dividend rates have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31 March 2023 £'000	(Unaudited) As at 31 March 2022 £'000	(Audited) As at 30 September 2022 £'000
Fixed assets			
Investments held at fair value through profit or loss (note 4)	406,749	430,969	352,081
	-----	-----	-----
Current assets			
Debtors	6,110	3,490	1,228
Cash at bank	2,065	2,930	9,395
	-----	-----	-----
	8,175	6,420	10,623
	-----	-----	-----
Creditors: amounts falling due within one year	(28,650)	(26,423)	(19,866)
	-----	-----	-----
Net current liabilities	(20,475)	(20,003)	(9,243)
	-----	-----	-----
Total assets less current liabilities	386,274	410,966	342,838
	-----	-----	-----
Creditors: amounts falling due after more than one year	(29,806)	(29,796)	(29,802)
	-----	-----	-----
Net assets	356,468	381,170	313,036
	=====	=====	=====
Capital and reserves			
Called up share capital	6,755	6,755	6,755
Share premium account	61,619	61,619	61,619
Capital redemption reserve	1,007	1,007	1,007
Other capital reserves	281,294	307,113	235,389
Revenue reserve	5,793	4,676	8,266
	-----	-----	-----
Total shareholders' funds	356,468	381,170	313,036
	=====	=====	=====
Net asset value per ordinary share – basic and diluted (note 7)	131.9p	141.1p	115.9p
	=====	=====	=====

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

CONDENSED STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 31 March 2023 £'000	(Unaudited) Half-year ended 31 March 2022 £'000	(Audited) Year ended 30 September 2022 £'000
Cash flows from operating activities			
Net gain/(loss) before taxation	51,674	(4,926)	(64,747)
Add back: finance costs	893	622	1,314
Add: (gains)/losses on investments held at fair value through profit or loss	(46,791)	8,850	79,801
Withholding tax on dividends deducted at source	(16)	(16)	(59)
(Increase)/decrease in debtors	(2,120)	(1,645)	41
(Decrease)/increase in creditors	(47)	16	98
	-----	-----	-----
Net cash inflow from operating activities	3,593	2,901	16,448
	-----	-----	-----
Cash flows from investing activities			
Purchase of investments	(33,928)	(19,832)	(40,491)
Sale of investments	24,505	28,608	57,726
	-----	-----	-----
Net cash (outflow)/inflow from investing activities	(9,423)	8,776	17,235
Cash flows from financing activities			
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(8,241)	(8,158)	(16,398)
Costs relating to sub-division of shares	-	(23)	(23)
Loans drawn down	41,096	2,139	9,149
Loans repaid	(33,532)	(10,054)	(23,726)
Interest paid	(837)	(631)	(1,294)
	-----	-----	-----
Net cash outflow from financing activities	(1,514)	(16,727)	(32,292)
Net (decrease)/increase in cash and cash equivalents			
	(7,344)	(5,050)	1,391
Cash and cash equivalents at start of year	9,395	7,976	7,976
Effect of foreign exchange rates	14	4	28
	-----	-----	-----
Cash and cash equivalents at end of year	2,065	2,930	9,395
	=====	=====	=====
Comprising:			
Cash at bank	2,065	2,930	9,395
	=====	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS

The half-year financial statements cover the period from 1 October 2022 to 31 March 2023 and have not been audited or reviewed by the Company's auditors.

1. Accounting policies – basis of preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" which was issued by the Association of Investment Companies in July 2022.

The accounting policies applied are consistent with those of the most recent annual financial statements for the year ended 30 September 2022.

2. Expenses

Management fees and finance costs are charged 50% to revenue and 50% to capital. All other administrative expenses are charged wholly to revenue. Expenses which are incidental to the purchase or sale of an investment are included in the cost or deducted from the proceeds of sale of the investment.

3. Return per ordinary share – basic and diluted

	(Unaudited) Half-year ended 31 March 2023 £'000	(Unaudited) Half-year ended 31 March 2022 £'000	(Audited) Year ended 30 September 2022 £'000
The return/(loss) per ordinary share is based on the following figures:			
Net revenue return	5,767	4,661	16,491
Net capital return/(loss)	45,905	(9,595)	(81,319)
Net total return/(loss)	51,672	(4,934)	(64,828)
Weighted average number of ordinary shares in issue for each period	270,185,650	270,185,650	270,185,650
Revenue return per ordinary share	2.13p	1.72p	6.10p
Capital return/(loss) per ordinary share	16.99p	(3.55p)	(30.10p)
Total return/(loss) per ordinary share	19.12p	(1.83p)	(24.00p)

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

4. Fair value of financial assets and liabilities

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

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

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

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

Investments held at fair value through profit or loss at 31 March 2023 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	403,775	-	2,974	406,749

Investments held at fair value through profit or loss at 31 March 2022 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	428,106	-	2,863	430,969

Investments held at fair value through profit or loss at 30 September 2022 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	349,173	-	2,908	352,081

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

	2023 £'000
Opening balance	2,908
Disposal proceeds	-
Transfers in	-
Total profit included in the Income Statement – on investments held	66
Closing balance	2,974

The valuation techniques used by the Company are explained in the accounting policies note in the Company's Annual Report for the year ended 30 September 2022.

The fair value of the senior unsecured loan notes at 31 March 2023 has been estimated to be £25,318,000 (31 March 2022: £31,032,000; 30 September 2022: £23,851,000). The fair value of the senior unsecured loan notes is calculated using a discount rate which reflects the yield on a UK Gilt of similar maturity plus a suitable credit spread.

The senior unsecured loan notes are categorised as level 3 in the fair value hierarchy.

5. Share capital

At 31 March 2023 there were 270,185,650 ordinary shares of 2.5p each in issue (31 March 2022: 270,185,650; 30 September 2022: 270,185,650). During the half-year ended 31 March 2023 no shares were issued or bought back (31 March 2022 and 30 September 2022: no shares were issued or bought back).

6. Transaction costs

Purchase transaction costs for the half-year ended 31 March 2023 were £154,000 (31 March 2022: £100,000; 30 September 2022: £184,000). Sale transaction costs for the half-year ended 31 March 2023 were £8,000 (31 March 2022: £11,000; 30 September 2022: £21,000). These comprise mainly stamp duty and commission.

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

The net asset value per ordinary share of 131.9p (31 March 2022: 141.1p; 30 September 2022: 115.9p) is based on the net assets attributable to the ordinary shares of £356,468,000 (31 March 2022: £381,170,000; 30 September 2022: £313,036,000) and on 270,185,650 ordinary shares (31 March 2022 and 30 September 2022: 270,185,650), being the number of ordinary shares in issue at the end of each period.

8. Dividend

On 28 April 2023, a first interim dividend of 1.525p (2022: 1.525p) per ordinary share was paid in respect of the year ending 30 September 2023. A second interim dividend of 1.525p per ordinary share for the year ending 30 September 2023 has been declared and will be paid on 31 July 2023 to shareholders on the register of members at the close of business on 29 June 2023. The ex-dividend date will be 30 June 2023. Based on the number of shares in issue on 18 May 2023 of 270,185,650, the cost of the dividend will be £4,120,000 (second interim dividend for the year ended 30 September 2022: £4,120,000).

9. Going concern

The assets of the Company consist of securities that are readily realisable. The Directors have also considered the ongoing impact of the conflict in Ukraine along with all other risks, including the impact on income and gearing, and believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

10. Comparative Information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-years ended 31 March 2023 and 31 March 2022 has not been audited nor reviewed by the Company's auditor.

The figures and financial information for the year ended 30 September 2022 are extracted from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the independent auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

A glossary of terms and details of alternative performance measures can be found in the Annual Report for the year ended 30 September 2022.

11. Manager

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

12. General information

Company Status

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

The London Stock Exchange Daily Official List SEDOL number is BNXGHS2.

The ISIN number is GB00BNXGHS27.

The London Stock Exchange (TIDM) Code is LWI.

The Global Intermediary Identification Number (GIIN) is 2KBHLK.99999.SL.826.

The Legal Entity Identifier Number (LEI) is 2138008RHG5363FEHV19

Directors

The Directors of the Company are Robert Robertson (Chairman), Gaynor Coley (Audit Committee Chairman), Duncan Budge, Helena Vinnicombe and Thomas Walker.

Corporate Secretary

Janus Henderson Secretarial Services UK Limited.

Email: ITSecretariat@janushenderson.com

Registered Office

201 Bishopsgate, London EC2M 3AE.

Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at <https://www.janushenderson.com/en-gb/investor/product/lowland-investment-company-plc/>.

13. Half-year report

The half-year report is available on the Company's website or in hard copy from the Company's registered office. An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in June 2023. The Update will also be available on the Company's website, and hard copies will be available at the Company's registered office, 201 Bishopsgate, London EC2M 3AE.

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