

UNAUDITED 2017  
INTERIM REPORT



**RAVENSCROFT**  
Stockbroking & Investment Management





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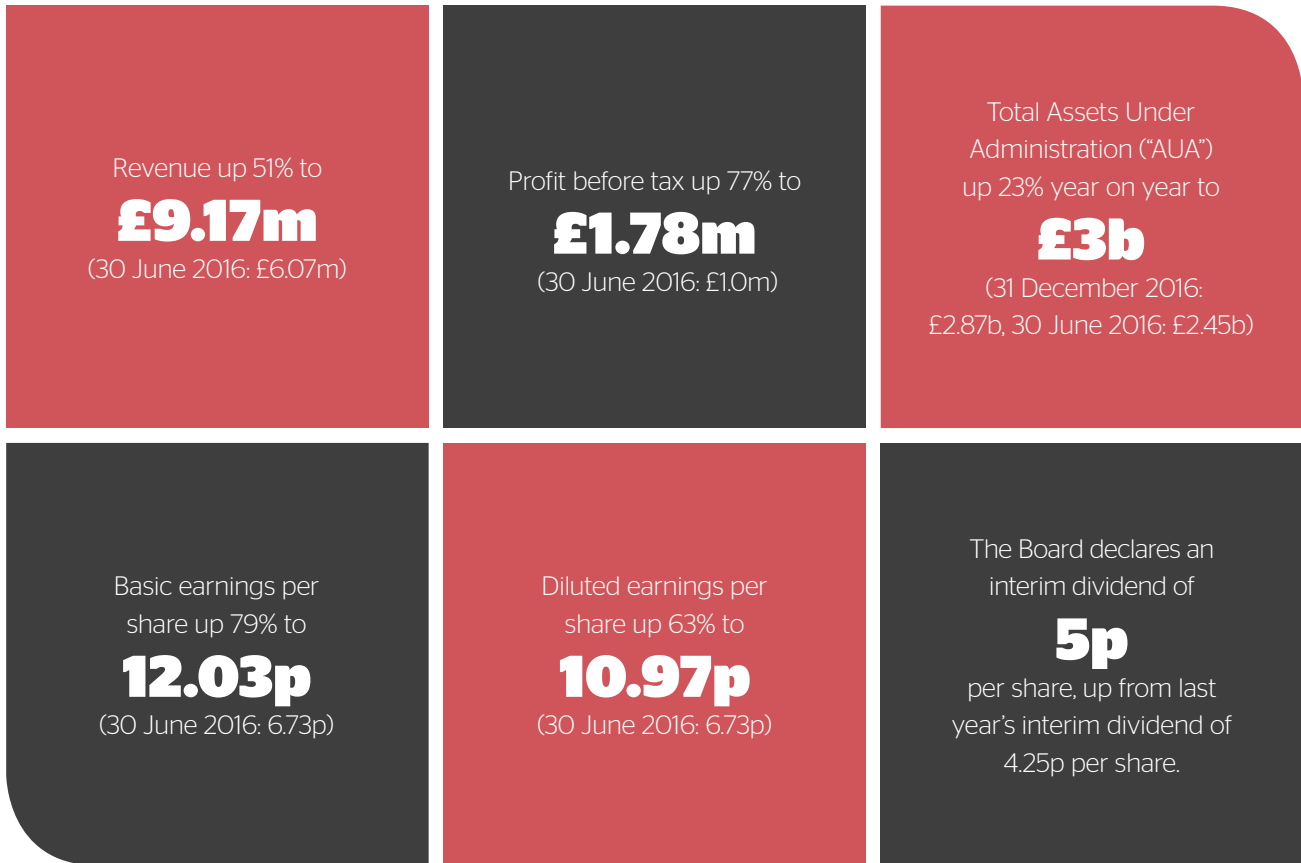
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## BUSINESS AND FINANCIAL HIGHLIGHTS

INTERIM REPORT 2017



## Provisional Financial Calendar



- 18 September 2017** Interim dividend declaration date and publication of the unaudited interim report 2017
- 25 September 2017** Interim dividend ex-dividend date
- 26 September 2017** Interim dividend record date
- 04 October 2017** Interim dividend payment date

# Management Report



## COMPANY INFORMATION INTERIM REPORT 2017

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### RAVENS CROFT LIMITED (THE “COMPANY”)

#### DIRECTORS

**S P Lansdown**

*(Non-Executive Chairman)*

*(appointed as Chairman on 26 June 2017)*

**S A Farnon**

*(Non-Executive Director & Senior Independent Director)*

**A M Stewart**

*(Non-Executive Director)*

*(resigned 15 September 2017)*

**D C Jones**

*(Non-Executive Director)*

**J R Ravenscroft**

*(Group Chief Executive Officer)*

**M L C Bousfield**

*(Group Managing Director)*

**B M O'Mahoney**

*(Group Finance Director & Head of Corporate Finance)*

**A M J Courtney**

*(Group Chief Operating Officer)*

*(appointed 26 June 2017)*

#### REGISTERED OFFICE

The Market Buildings  
Fountain Street,  
St Peter Port, Guernsey GY1 4JG

#### TISE LISTING SPONSOR

Hatstone Listing Services Limited  
Oak Walk, Le Mont Fallu  
St Peter, Jersey JE3 7EF

#### INDEPENDENT AUDITOR

PricewaterhouseCoopers CI LLP  
Royal Bank Place, 1 Gategny Esplanade  
St Peter Port, Guernsey GY1 4ND



**Holly Warburton**

*(Portfolio Manager, Ravenscroft Investment Management Limited)*



## GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

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Jon Ravenscroft

Group Chief Executive Officer  
15 September 2017

### Financials

The first half of 2017 has, sadly, not been a particularly peaceful time in world news. African famine, both terrorist and cyber attacks, outbreaks of disease and nuclear chess games (to name just a meagre handful) all serve to remind us that any period of calm can be both fragile and fleeting.

In spite of the above, global markets have crept quietly higher, leaving many investors pondering when such a rally will end. The answer is, of course, that we cannot know and so we continue to focus on what we do know: how to help our clients achieve their investment objectives whilst providing them with the highest possible level of client service.

Ravenscroft Limited ("the Company") and its subsidiaries (together the "Group") has had a fantastic start to 2017, with total Group revenue up 51%. Long-time shareholders will know that this time last year I wrote of an increased spending on infrastructure and resource, which impacted last year's numbers but is now, pleasingly, paying its dues. Dealing levels across the Group were up and were matched with an impressive increase in Assets under Administration ("AUA") of 23%. We are delighted to be reporting such high trading volumes in a period of political uncertainty; particularly in the US and UK.

In terms of personnel, headcount across the Group has increased 24% since 2016, from 66 to 82 members of staff spread across our Guernsey, Jersey and UK operations. Much of this increase was concentrated in the first half of 2017 whereby Group headcount increased 16% from 71 as at 31 December 2016 to 82 as at 30 June 2017.

We look forward to another strong second half of the year as we welcome several prominent members of staff to the team.

### Ravenscroft Investment Management Limited ("RIML")

It has been another excellent year for RIML, with AUA having increased markedly to £635m and revenues also having increased to £2.09m for the period. As well as strong flows into both the offshore fund range and segregated mandates, RIML also saw the launch of their Balanced and Blue Chip strategies onshore in July 2017; the success of which was marked with a presentation event hosted by our Peterborough team, which was very well attended by both existing and prospective investors. RIML plan to launch the Cautious and Growth strategies onshore later this year and I am very pleased to report that all strategies have delivered strong positive returns for investors year to date.

### Broking Channel Islands

Our Channel Islands Broking teams have also had a superb start to the year, with total revenue up 74% versus the same period in 2016. Higher dealing volumes were achieved by both the Jersey and Guernsey teams in the period. Jersey Broking benefitted from the addition of a new team of brokers, who joined us in the latter part of 2016, reflected in the doubling of the Jersey office headcount from 7 to 14 over the year to June 2017.



### Vartan Ravenscroft

Vartan Ravenscroft has also had a good start to the year with revenue up 20% from the same period last year. As well as achieving this growth, the team also found time and resource to assist RIML with the successful launch of their first two onshore funds. We are pleased to report that Vartan Ravenscroft is now fully integrated with the wider Group and continues to act as a valuable foothold into the UK marketplace.

### Corporate Finance Activity

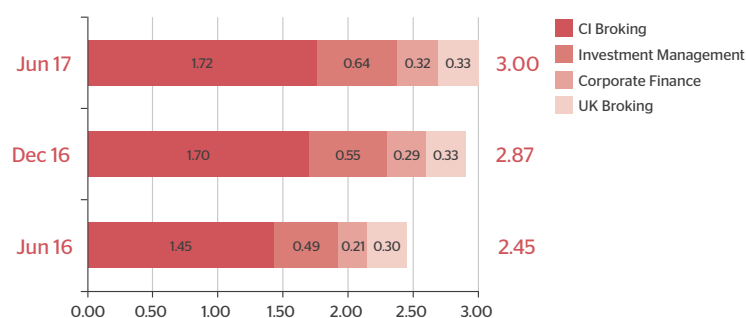
The corporate finance team have undertaken and been involved in a number of transactions in the period. The Company acted as listing sponsors to PraxisIFM Group Ltd, when it listed on The International Stock Exchange in April. At this time the Financial Services Opportunities Investment Fund ("FSOIF") increased its stake in PraxisIFM to over 20%. In May, the Channel Islands Property Fund ("CIPF") purchased Vicarage House, and in June it purchased First Names House both in the Isle of Man, which added further breadth and diversification to the CIPF portfolio. The team are also working on numerous other transactions within the fund portfolios they manage.

### Interim Dividend

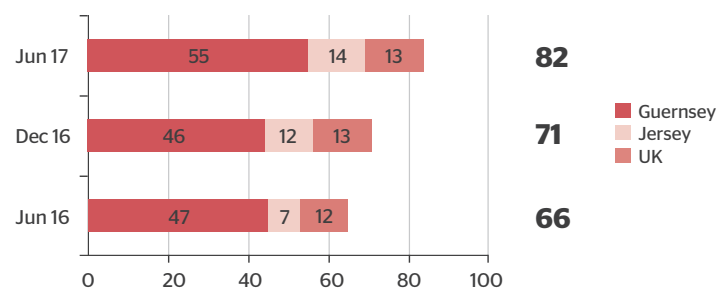
I am delighted to announce that the Board have declared an interim dividend of 5p (2016: 4.25p) per share. As always, I would like to take this opportunity to thank our loyal clients, shareholders and staff for their ongoing support and we look forward to delivering further positive news at the end of the financial year.

**Jon Ravenscroft**

### Group AUA (£Billions)



### Headcount 2016/17





## OPERATIONAL REVIEW

INTERIM REPORT 2017



Brian O'Mahoney

Group Finance Director & Head of Corporate Finance  
15 September 2017

### GROUP BUSINESS REVIEW

	H1 2017 £'000	H1 2016 £'000	Change
Revenue	9,166	6,074	51%
recurring revenue	5,255	3,645	44%
non-recurring revenue	3,911	2,429	61%
Operating profit	1,791	1,003	79%
Operating profit margin	19.5%	16.5%	3%
Basic earnings per share	12.03p	6.73p	79%
Diluted earnings per share (note 6)	10.97p	6.73p	63%
Assets under administration (£m)	3,002	2,450	23%

The Group has performed very well in the first half of the year. Overall revenue increased 51% from £6.07m to £9.17m on the same period last year. This increase in revenue was offset somewhat by a correlated increase in operational costs; however operating profits still increased by 79% to £1.79m on the same six month period the last year and, very pleasingly, the operating profit margin increasing from 16.5% to 19.5%.

Administrative costs increased by 46% reflecting the increased level of business the Group is undertaking, which has required additional staff to be employed. In addition, IT costs rose as we focused on automating processes and upgrading our information systems across the Group. These increases reflect an ongoing commitment by the Group to providing our clients with the highest possible level of service as well as dealing with increased regulatory and tax requirements.

Basic earnings per share were up 79% from 6.73p to 12.03p, from the same period last year. There has been no changes to the issued share capital of the Company since 2016 and therefore this increase is consistent with the increased profitability of the Group. We expect further progress on earnings and profitability in the second half of this year reflecting the Group's continued asset gathering and anticipated transactions being undertaken.

All reported operating segments achieved revenue increases from the prior year period. In total, Group revenue increased by £3.09m and this was achieved as follows: Channel Islands Broking £1.60m, United Kingdom Broking £0.20m, Investment Management £0.61m and Corporate Finance £0.68m. A more detailed explanation by reported segment is provided in the coming pages.

Recurring revenues increased by 44% or £1.61m on the same period last year. All segments of the business showed positive performance with increases in Corporate Finance of £0.64m, Investment Management £0.49m, Channel Islands Broking £0.41m





and UK Broking up £0.08m. These increases reflect a combination of our increased AUA across the Group as we continue to win new business and the positive markets over the period. Total AUA have risen 23% from £2.45bn to £3.00bn from 30 June 2016.

Non-recurring revenues increased by 61% (£1.48m) on the same period last year reflecting higher dealing volumes and the completion of corporate finance deals in the period.

### Broking - Channel Islands

	H1 2017 £'000	H1 2016 £'000	Change
Revenue	3,757	2,157	74%
recurring revenue	1,389	984	41%
non-recurring revenue	2,368	1,173	102%
Assets under administration (£m)	1,716	1,450	18%

CI Broking primarily includes private client and institutional stockbroking as well as market making activity. Total revenue for the period rose 74% (or £1.60m) to £3.76m.

Recurring revenues rose 41% from £0.98m to £1.39m when compared to the corresponding period last year. These revenues rose on the back of an 18% increase in underlying AUA, which rose from £1.45b to £1.72b.

Non-recurring revenues rose 102% in first half of the year when compared to 2016 due to higher dealing levels across the Channel Islands and, in particular, strong dealing levels in the clients serviced by the new team of Jersey stockbrokers who joined Ravenscroft in the second half of 2016.

### Broking - United Kingdom

	H1 2017 £'000	H1 2016 £'000	Change
Revenue	1,228	1,023	20%
recurring revenue	653	574	14%
non-recurring revenue	575	449	28%
Assets under administration (£m)	331	301	10%

Our UK Broking segment consists of our UK based subsidiary, A Vartan Limited (trading as Vartan Ravenscroft), which provides private client and institutional broking services in the United Kingdom.

Total revenue increased by 20% year on year, reflecting the increased AUA level as well as an increased level of trading in the first 6 months compared to the same period in 2016.

Recurring revenue increased 14% on last year's level, increasing from £0.57m to £0.65m reflecting the 10% growth in underlying AUA between the periods in question.

Non-recurring revenue for the period increased 28% from the prior year, from £0.45m to £0.58m, following higher dealing levels reflecting increased market confidence in 2017.



## Investment Management

	H1 2017 £'000	H1 2016 £'000	Change
Revenue	2,087	1,474	42%
recurring revenue	1,815	1,324	37%
non-recurring revenue	272	150	81%
Assets under administration (£m)	635	494	29%

Our Investment Management business consists of our Guernsey-based investment management subsidiary, RIML. RIML offers investment funds through its Guernsey based unit trust, Huntress Investment Fund Offshore ("HIFO") range and discretionary portfolio management services through the provision of individual segregated accounts.

Total revenue increased 42% compared to the same period in 2016. Recurring revenue increased by £0.49m on 2016 and this reflects the underlying growth in assets. The AUA's have increased markedly from £494m as at 30 June 2016, to £635m as at 30 June 2017; a 29% increase. The increase is predominantly as a result of attracting new assets due to the strong investment performance of the funds as well as the market growth.

After the half year point, on 3 July 2017, RIML launched onshore versions of two of its four-strong Huntress Investment Fund Offshore ("HIFO") range; Balanced and Blue Chip.

## Corporate Finance

	H1 2017 £'000	H1 2016 £'000	Change
Revenue	2,094	1,419	48%
recurring revenue	1,398	762	83%
non-recurring revenue	696	657	6%
Assets under administration (£m)	320	205	56%

Corporate Finance's total revenue increased by 48% or £0.68m on the same period in 2016. Recurring revenue increased by 83%, from £0.76m to £1.40m. The recurring revenue stream reflects the management fees, director fees and financial advisory fees that we collect from our three specialist funds listed on The International Stock Exchange; Bailiwick Investments Limited ("BIL"), The Channel Islands Property Fund Limited ("CIPF") and Financial Services Opportunities Investment Fund ("FSOIF"). The vehicles undertook a number of fund-raising and new investments over the course of 2016 and 2017, which resulted in a marked increase in the assets held in, and, the fees earned from these structures in the period. The total assets held by these funds increased from £205m to £320m over the year from 30 June 2016 to 30 June 2017, showing a combined increase of £115m (56%).

Corporate Finance non-recurring revenues increased by 6% on the corresponding 2016 period from £0.66m to £0.70m due to the completion of numerous deals in the period. There are also a number of deals in the pipeline which should close in the second half of the year.



# DIRECTORS REPORT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

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## Principal Risks

The principal risks assessed by the board relating to the Group were disclosed in the 2016 Annual Report and Audited Consolidated Financial Statements for the year to 31 December 2016. These can be found on our website at [www.RavenscroftGroup.com](http://www.RavenscroftGroup.com). The Board has reassessed the principal risks and do not consider these risks to have changed. Therefore, these are also the principal risks assessed by the Board as relating to the Group for the remaining six months of the year to 31 December 2017.

## Going Concern

The Board has prepared forecasts taking account of the current market conditions which demonstrate that the Group will continue to operate within its own resources and pay its debts as and when they fall due. The information prepared has also been subjected to sensitivity analysis designed to stress test the forecast. As a result, the Board considers that the Group has adequate resources to meet its business needs and it is therefore appropriate to adopt the going concern basis in preparing these financial statements.

## Forward-looking Statements

These financial statements contain forward-looking statements with respect to the financial condition, results, operations and businesses of the Group. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Such statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this statement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Responsibility Statement

The Board confirms that to the best of its knowledge:

- the condensed consolidated set of financial statements, which have been prepared in accordance with International Accounting Standard 34 - 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Group Chief Executive Officer's Review, the Operational Review and Directors' Report include a fair review of the development and performance of the business and the position of Ravenscroft Limited and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties for the remaining six months of the year; and
- the condensed consolidated financial statements include a fair review of the information required on related party transactions and any material changes in the related party transactions described in the last annual report.

Approved by the Board of Directors on 15 September 2017 and signed on its behalf by:

**Susie Farnon**  
Director

**Brian O'Mahoney**  
Director

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## INDEPENDENT REVIEW REPORT

### TO RAVENSCROFT LIMITED

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#### **Our conclusion**

We have reviewed the accompanying condensed consolidated interim financial information of Ravenscroft Limited the ("Company") and its subsidiaries (together the "Group") as of 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Listing Rules of The International Stock Exchange.

#### **What we have reviewed**

The accompanying condensed consolidated interim financial information comprise:

- the condensed consolidated statement of financial position as of 30 June 2017;
- the condensed consolidated statement of comprehensive income for the six month period then ended;
- the condensed consolidated statement of changes in equity;
- the condensed consolidated statement of cash flows for the six month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Listing Rules of The International Stock Exchange.

#### **Our responsibilities and those of the directors**

The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the Listing Rules of The International Stock Exchange.

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Listing Rules of The International Stock Exchange and for no other purpose. We do not, in giving this conclusion, 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.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the unaudited Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

#### **PricewaterhouseCoopers CI LLP**

Chartered Accountants  
Guernsey  
Channel Islands  
15 September 2017

- (a) The maintenance and integrity of the Ravenscroft Limited website is the responsibility of the directors; 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.
- (b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

	Notes	Unaudited 30 June 2017 £'000	Unaudited 30 June 2016 £'000
<b>Revenue</b>		<b>9,166</b>	<b>6,074</b>
Cost of sales		(1,313)	(928)
<b>Gross profit</b>		<b>7,853</b>	<b>5,146</b>
Administrative expenses		(6,062)	(4,143)
<b>Operating profit</b>		<b>1,791</b>	<b>1,003</b>
Finance income		-	2
Finance costs		(8)	-
<b>Profit before taxation</b>		<b>1,783</b>	<b>1,005</b>
Income tax expense	5	(111)	(64)
<b>Profit for the financial period and total comprehensive income</b>		<b>1,672</b>	<b>941</b>
Attributable to:			
Equity holders of the Company		1,598	894
Non-controlling interests		74	47
		<b>1,672</b>	<b>941</b>
<b>Earnings per share attributable to the equity holders of the Company</b>			
Basic	6	12.03p	6.73p
Diluted	6	10.97p	6.73p

All amounts shown in the condensed consolidated financial statements derive from continuing operations of the Group.

The notes on pages 15 to 25 form part of these consolidated financial statements.



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	Unaudited 30 June 2017 £'000	Audited 31 December 2016 £'000	Unaudited 30 June 2016 £'000
<b>Non-current assets</b>				
Goodwill		3,115	3,115	3,115
Other intangible assets	9	594	480	382
Property, plant and equipment	10	318	341	446
		<b>4,027</b>	<b>3,936</b>	<b>3,943</b>
<b>Current assets</b>				
Trading investments - long positions		441	556	81
Trade and other receivables	11	29,676	60,003	18,154
Cash and cash equivalents		4,335	3,720	2,273
		<b>34,452</b>	<b>64,279</b>	<b>20,508</b>
<b>Total assets</b>		<b>38,479</b>	<b>68,215</b>	<b>24,451</b>
<b>Current liabilities</b>				
Trade and other payables	12	25,706	56,118	15,059
Tax payable	5	256	125	164
Trading overdraft		12	12	13
<b>Total liabilities</b>		<b>25,974</b>	<b>56,255</b>	<b>15,236</b>
<b>Net current assets</b>		<b>8,478</b>	<b>8,024</b>	<b>5,272</b>
<b>Total assets less current liabilities</b>		<b>12,505</b>	<b>11,960</b>	<b>9,215</b>
<b>Net assets</b>		<b>12,505</b>	<b>11,960</b>	<b>9,215</b>
<b>Equity</b>				
Called up share capital	13	133	133	133
Share premium account		6,972	6,972	6,972
Reserves		5,082	4,611	1,937
<b>Capital and reserves attributable to equity holders of the Company</b>		<b>12,187</b>	<b>11,716</b>	<b>9,042</b>
Non-controlling interests		318	244	173
<b>Total Equity</b>		<b>12,505</b>	<b>11,960</b>	<b>9,215</b>

The consolidated financial statements were approved by the Board of Directors on 15 September 2017 and signed on its behalf by:

**Susie Farnon**  
Director

**Brian O'Mahoney**  
Director

The notes on pages 15 to 25 form part of these consolidated financial statements.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

	Notes	Unaudited 30 June 2017 £'000	Unaudited 30 June 2016 £'000
<b>Cash flows from operations</b>			
Operating profit		1,791	1,002
Adjustments for:			
Depreciation of property, plant and equipment	10	52	51
Amortisation of other intangible assets	9	88	71
Share based payment expense	15	235	155
Profit on disposal of non-current assets		-	(1)
<b>Operating cash flows before movements in working capital</b>		<b>2,166</b>	<b>1,278</b>
Decrease/(increase) in trading investments		115	(18)
Decrease/(increase) in receivables		30,327	(8,509)
(Decrease)/increase in payables		(30,385)	9,048
<b>Cash generated by operations</b>		<b>2,223</b>	<b>1,799</b>
Interest paid		(8)	-
Taxation paid		(6)	(59)
<b>Net cash from operating activities</b>		<b>2,209</b>	<b>1,740</b>
<b>Cash flows from investing activities</b>			
Interest received		-	2
Purchase of other intangible assets	9	(202)	(117)
Purchase of property, plant and equipment	10	(30)	(185)
Sale of property, plant and equipment		-	1
<b>Net cash (used in) investing activities</b>		<b>(232)</b>	<b>(299)</b>
<b>Cash flows from financing activities</b>			
Acquisition of own shares subsequently held in treasury	16	-	(204)
Disposal of own shares held in treasury	16	-	102
Dividends paid		(1,310)	(1,081)
Withholding tax paid		(52)	(54)
<b>Net cash (used in) financing activities</b>		<b>(1,362)</b>	<b>(1,237)</b>
<b>Net increase in cash and cash equivalents</b>		<b>615</b>	<b>204</b>
<b>Net cash and cash equivalents at the beginning of the period</b>		<b>3,708</b>	<b>2,056</b>
<b>Net cash and cash equivalents at the end of the period</b>		<b>4,323</b>	<b>2,260</b>
Represented by:			
Cash and cash equivalents		4,335	2,273
Trading overdraft		(12)	(13)
<b>Total cash and cash equivalents</b>		<b>4,323</b>	<b>2,260</b>

The notes on pages 15 to 25 form part of these consolidated financial statements.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

	Notes	Called up share capital £'000	Share premium account £'000	Reserves £'000	Total attributable to equity holders of the Company £'000	Non-Controlling Interests £'000	Unaudited Total Equity £'000
<b>At 31 December 2015 (Audited)</b>		<b>133</b>	<b>6,972</b>	<b>2,117</b>	<b>9,222</b>	<b>126</b>	<b>9,348</b>
Total comprehensive income for the period		-	-	894	894	47	941
Own shares purchased in the period		-	-	(204)	(204)	-	(204)
Own shares sold in the period		-	-	102	102	-	102
Credit to equity for equity-settled share based payments		-	-	155	155	-	155
Dividends paid		-	-	(1,127)	(1,127)	-	(1,127)
<b>At 30 June 2016 (Unaudited)</b>		<b>133</b>	<b>6,972</b>	<b>1,937</b>	<b>9,042</b>	<b>173</b>	<b>9,215</b>
Total comprehensive income for the period		-	-	3,003	3,003	71	3,074
Own shares purchased in the period		-	-	(26)	(26)	-	(26)
Own shares sold in the period		-	-	50	50	-	50
Credit to equity for equity-settled share based payments		-	-	234	234	-	234
Dividends paid		-	-	(587)	(587)	-	(587)
<b>At 31 December 2016 (Audited)</b>		<b>133</b>	<b>6,972</b>	<b>4,611</b>	<b>11,716</b>	<b>244</b>	<b>11,960</b>
Total comprehensive income for the period		-	-	1,598	1,598	74	1,672
Credit to equity for equity-settled share based payments	15	-	-	235	235	-	235
Dividends paid	7	-	-	(1,362)	(1,362)	-	(1,362)
<b>At 30 June 2017 (Unaudited)</b>		<b>133</b>	<b>6,972</b>	<b>5,082</b>	<b>12,187</b>	<b>318</b>	<b>12,505</b>

The notes on pages 15 to 25 form part of these consolidated financial statements.





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

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## 1. Corporate Information & Nature of Operations

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The Group provides private client and institutional broking services in Guernsey, Jersey and the UK along with market making, private client investment management, institutional fund management and corporate finance services.

The Company was registered in Guernsey on 8 March 2005, is listed on The International Stock Exchange and licensed by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

## 2. General Information & Basis of Preparation

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These condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 December 2016, which has been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

These condensed consolidated financial statements have been prepared on the historical cost basis modified by the revaluation of certain financial instruments.

### Seasonality

The impact of seasonality or cyclicity on operations is not regarded as significant to the condensed consolidated financial statements.

### Estimates

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016. These can be found on our website at [www.RavenscroftGroup.com](http://www.RavenscroftGroup.com).

## 3. Significant Accounting Policies

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The accounting policies used in arriving at these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016 which were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

## 4. Segment Information

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The Board currently identifies the Group's reportable segments as follows:

- The Channel Islands Broking segment provides private client and institutional broking services along with market making services in Guernsey and Jersey;
- The United Kingdom Broking segment provides private client and institutional broking services in the United Kingdom;
- The Investment Management segment provides private client investment management and institutional fund management services; and
- The Corporate Finance segment provides corporate finance services in Guernsey and Jersey.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss. Finance income, finance costs and income taxes are managed on a location basis.

Revenues, assets and liabilities which are not directly attributable to the business activities of any operating segment are classified as unallocated. In the financial period under review, this applies to the Group's nominee company, Huntress (CI) Nominees Limited, and services company, Ravenscroft Services Limited. Non-current assets for this purpose consist of intangible assets and property, plant and equipment.



## Operating segment information for the period ended 30 June 2017:

	Broking - Channel Islands £'000	Investment Management £'000	Corporate Finance £'000	Unallocated* £'000	Channel Islands Total £'000	Broking - United Kingdom £'000	Consolidated £'000
Revenue	3,757	2,087	2,094	-	7,938	1,228	9,166
<b>Operating profit</b>	<b>874</b>	<b>506</b>	<b>99</b>	<b>-</b>	<b>1,479</b>	<b>312</b>	<b>1,791</b>
Finance income	-	-	-	-	(0)	0	(0)
Finance costs	(8)	-	-	-	(8)	-	(8)
<b>Profit before tax</b>	<b>866</b>	<b>506</b>	<b>99</b>	<b>-</b>	<b>1,471</b>	<b>312</b>	<b>1,783</b>
Income tax expense	(32)	-	-	-	(32)	(79)	(111)
<b>Profit for the financial period</b>	<b>834</b>	<b>506</b>	<b>99</b>	<b>-</b>	<b>1,439</b>	<b>233</b>	<b>1,672</b>
<b>Segment assets</b>	<b>30,608</b>	<b>1,689</b>	<b>1,809</b>	<b>1,413</b>	<b>35,518</b>	<b>2,961</b>	<b>38,479</b>
<b>Segment liabilities</b>	<b>(23,360)</b>	<b>(234)</b>	<b>(776)</b>	<b>(1,025)</b>	<b>(25,395)</b>	<b>(579)</b>	<b>(25,974)</b>

## Operating segment information for the period ended 30 June 2016:

	Broking - Channel Islands £'000	Investment Management £'000	Corporate Finance £'000	Unallocated* £'000	Channel Islands Total £'000	Broking - United Kingdom £'000	Consolidated £'000
Revenue	2,157	1,475	1,419	-	5,052	1,023	6,074
<b>Operating profit</b>	<b>73</b>	<b>356</b>	<b>332</b>	<b>-</b>	<b>761</b>	<b>242</b>	<b>1,003</b>
Finance income	2	0	-	-	2	0	2
Finance costs	-	-	-	-	-	-	-
<b>Profit before tax</b>	<b>75</b>	<b>356</b>	<b>332</b>	<b>-</b>	<b>763</b>	<b>242</b>	<b>1,005</b>
Income tax expense	(10)	-	-	-	(10)	(54)	(64)
<b>Profit for the financial period</b>	<b>65</b>	<b>356</b>	<b>332</b>	<b>-</b>	<b>753</b>	<b>188</b>	<b>941</b>
<b>Segment assets</b>	<b>19,255</b>	<b>852</b>	<b>455</b>	<b>1,518</b>	<b>22,080</b>	<b>2,371</b>	<b>24,451</b>
<b>Segment liabilities</b>	<b>(13,513)</b>	<b>(209)</b>	<b>(459)</b>	<b>(653)</b>	<b>(14,834)</b>	<b>(402)</b>	<b>(15,236)</b>

\*Unallocated assets and liabilities include fixed assets and accrued expenses that are currently held centrally and as such are not allocated to the business segments.



## 5. Taxation

### Tax payable

	Unaudited 30 June 2017 £'000	Audited 31 December 2016 £'000	Unaudited 30 June 2016 £'000
<b>Income tax payable</b>			
Tax charge borne by subsidiaries operating in Jersey	27	2	-
UK corporation tax charge	229	123	164
<b>Total income tax payable</b>	<b>256</b>	<b>125</b>	<b>164</b>

### Analysis of the tax charge

The tax charge on the profit for the period was as follows:

Guernsey Income Tax at 0% based on profit for the period	-	-	-
Tax charge borne by subsidiaries operating in Jersey	32	13	10
UK corporation tax charge	79	129	54
<b>Total income tax expense</b>	<b>111</b>	<b>142</b>	<b>64</b>

## 6. Earnings per share

	Unaudited 30 June 2017 £'000	Unaudited 30 June 2016 £'000
<b>Earnings:</b>		
Earnings for the purpose of basic earnings per share (net profit attributable to equity holders of the parent)	1,598	894
<b>Earnings for the purposes of diluted earnings per share</b>	<b>1,598</b>	<b>894</b>
<b>Number of shares:</b>		
Weighted average number of shares for the purpose of basic earnings per share	13,278,450	13,278,450
<b>Basic EPS (pence)</b>	<b>12.03</b>	<b>6.73</b>
Potential dilutive effect of share options	1,287,500	-
<b>Weighted average number of shares for the purposes of diluted earnings per share</b>	<b>14,565,950</b>	<b>13,278,450</b>
<b>Diluted EPS (pence)</b>	<b>10.97</b>	<b>6.73</b>

The dilution in 2017 arose from the potential exercise of share options. As at 30 June 2017 all outstanding share options have a dilutive effect, as they are in the money, as the price of the Company's shares at 30 June 2017 exceeded the exercise price. There was no dilution as at 30 June 2016 as the hurdle price was not exceeded.



## 7. Dividends paid

	<b>Unaudited 30 June 2017 £'000</b>	<b>Unaudited 30 June 2016 £'000</b>
<b>Amounts recognised as distributions to equity holders in the period</b>		
Second interim dividend declared to Ravenscroft Limited shareholders for the year ended 31 December 2016 of 10p (31 December 2015: 8p) per share	1,325	1,059
Second interim dividend declared to non-controlling interest shareholders of A Vartan Limited for the year ended 31 December 2016	37	68
<b>Diluted EPS (pence)</b>	<b>1,362</b>	<b>1,127</b>

The proposed interim dividend for 2017 of 5p (2016: 4.25p) per share was approved by the Board on 15 September 2017 and has not been included as a liability as at 30 June 2017. The dividend will be payable on 04 October 2017 to all shareholders on the register as at 26 September 2017.

## 8. Investments in subsidiary undertakings

### Material subsidiaries

The Group has investments in the following principal subsidiary undertakings:

Name of entity	Country of registration	Principal activity	Ownership interest held by the Company 30 June		Ownership interest held by the Non-controlling interests 30 June	
			2017	2016	2017	2016
Huntress (CI) Nominees Limited	Guernsey	Nominee company	100%	100%	0%	0%
Ravenscroft Jersey Limited	Jersey	Provision of investment services	100%	100%	0%	0%
Ravenscroft Investment Management Limited	Guernsey	Provision of investment services	100%	100%	0%	0%
Ravenscroft Services Limited	Guernsey	Services company	100%	100%	0%	0%
A Vartan Limited	England & Wales	Provision of investment services	75%	75%	25%	25%

These companies have been consolidated in the Group's consolidated financial statements. Unless otherwise stated the country of incorporation or registration is also their principal place of business.



## 9. Other intangible assets

At 30 June 2017 the Group had intangible assets (excluding goodwill) with a net book value of £594k (30 June 2016: £382k; 31 December 2016: £480k). During the period the Group capitalised £202k (six month period 30 June 2016: £117k; year ended 31 December 2016: £234k) of spending on intangible assets which mostly related to software development. The amortisation for the period was £88k (six month period ended 30 June 2016: £71k; year ended 31 December 2016: £153k).

## 10. Property, plant and equipment

At 30 June 2017 the Group had property, plant and equipment with a net book value of £318k (30 June 2016: £446k; 31 December 2016: £341k). During the period the Group capitalised £30k (six month period 30 June 2016: £185k; year ended 31 December 2016: £217k) of spending on tangible assets which mostly related to IT equipment. The depreciation for the period was £52k (six month period ended 30 June 2016: £51k; year ended 31 December 2016: £108k).

## 11. Trade and other receivables

	Unaudited 30 June 2017 £'000	Audited 31 December 2016 £'000	Unaudited 30 June 2016 £'000
<b>Amounts falling due within one year:</b>			
Prepayments and accrued income	4,188	3,544	2,256
Market and client receivables	25,488	56,459	15,898
<b>Total</b>	<b>29,676</b>	<b>60,003</b>	<b>18,154</b>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.



## 12. Trade and other payables

	Unaudited 30 June 2017 £'000	Audited 31 December 2016 £'000	Unaudited 30 June 2016 £'000
<b>Amounts falling due within one year:</b>			
Accrued expenses	2,116	2,534	1,188
Deferred income	47	18	92
Market and client payables	23,543	53,566	13,779
<b>Total</b>	<b>25,706</b>	<b>56,118</b>	<b>15,059</b>

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

## 13. Share Capital

	Unaudited 30 June 2017 No.	Audited 31 December 2016 No.	Unaudited 30 June 2016 No.
<b>Authorised:</b>			
Ordinary shares of £0.01	15,000,000	15,000,000	15,000,000
<b>Allotted, issued and fully paid:</b>			
Ordinary shares of £0.01	13,278,450	13,278,450	13,278,450
	Unaudited 30 June 2017 £'000	Audited 31 December 2016 £'000	Unaudited 30 June 2016 £'000
<b>Authorised:</b>			
Ordinary shares of £0.01	150	150	150
<b>Allotted, issued and fully paid:</b>			
Ordinary shares of £0.01	133	133	133

There have been no changes in the share capital of Ravenscroft Limited for the six month period ended 30 June 2017.



## 14. Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Group's annual financial statements as at 31 December 2016. These can be found on our website at [www.RavenscroftGroup.com](http://www.RavenscroftGroup.com).

There have been no changes to the risk management policies since the year end.

### Risk management activities

For details of the Group's risk management activities see the 2016 Annual Report.

### Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2017, the Group held the following financial instruments measured at fair value:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at FVTPL (Unaudited)</b>				
Trading investments – long positions	441	–	–	441

As at 31 December 2016, the Group held the following financial instruments measured at fair value:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at FVTPL (Audited)</b>				
Trading investments – long positions	556	–	–	556

During the six-month period ended 30 June 2017 there were no transfers between Level 1 and Level 2 fair value measurement, and no transfers into or out of Level 3 fair value measurement.

There were no changes in valuation techniques during the period.

The revaluation of investments is undertaken by the Group finance team, who price the movements using quoted market sources. The finance team reports to management on this process.



## 15. Share based payments and other employee benefits

The Company operates two Long Term Incentive Plans:

### 2016 Share Incentive Scheme (“2016-SIS” or “Scheme”)

At the Extraordinary General Meeting held on 7 December 2015 the Shareholders approved a new Share Incentive Scheme. After 3 years the Scheme will award to recipients an equity settled bonus based on the Company’s shares achieving a quoted mid-market price that exceeds the granted hurdle rate.

This equity-settled scheme is revalued at each period end as there is no grant date for the purposes of establishing fair value as the awards will only be made to employees on vesting date if in the money. As employees have begun providing services an estimate is made of the future grant date fair value at each period end for the purpose of recognising the expense until the vesting date.

	Approval date	Vesting date	Remaining contractual life (months)	Estimated fair value £'000	Expensed through Profit or Loss 2017 £'000
	Dec-15	Dec-18	18	1,076	197

Expensed through profit or Loss for 2016: £288k

The fair value of the share appreciation rights is estimated using a Monte Carlo simulation model which has the following inputs:

Share price as at 30 June 2017	425p
Adjusted share price to reflect liquidity (20% discount)	340p
Expected volatility	12.4%
Expected share price growth	8.0%
Discount rate	0.7%

### Share Option Plan (“SOP” or “Plan”)

Following approval of an employee Share Option Plan by Shareholders at an Extraordinary General Meeting held on 15 October 2015, the Company granted a number of options to nominated employees, details of the options and the associated vesting dates are outlined below. The options are exercisable at a price in accordance with the rules of the Plan on the date of grant. If the options remain unexercised after the tenth anniversary of being granted, the options will expire. If the option holder ceases to be an employee or office holder within the Group the options will lapse.

Details of the share options outstanding at the period end in respect of the plan are as follows:

Outstanding at the beginning of the period	1,085,000
Granted during the period (Tranche 3)	275,000
Exercised during the period	-
Lapsed during the period (Tranches 1 & 2)	(72,500)
<b>Outstanding at the end of the period</b>	<b>1,287,500</b>





	Date of grant	Vesting date	Date of expiry	Remaining contractual life (months)	No. of Share Options	Estimated fair value £'000	Expensed through Profit or Loss 2017 £'000
Tranche 1	Nov-15	Nov-18	Nov-25	103	877,500	572	29
Tranche 2	Sep-16	Sep-19	Sep-26	111	135,000	86	(4)
Tranche 3	Feb-17	Feb-20	Feb-27	116	275,000	121	13

Expensed through profit or Loss for 2016: £101k.

The fair value of the options is estimated using a Monte Carlo simulation model which has the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Share price	375p	375p	405p
Adjusted share price to reflect liquidity (20% discount)	292p	300p	328p
Expected volatility	13.2%	12.5%	12.8%
Expected share price growth	8.0%	8.0%	8.0%
Discount rate	0.9%	0.9%	0.7%

## 16. Own shares

### The Ravenscroft 2015 Employee Benefit Trust ("REBT-2015")

The Group established a new Employee Benefit Trust (the Ravenscroft 2015 Employee Benefit Trust ("REBT-2015")) to handle the purchase, holding and sale of Company shares for the benefit of Directors and staff and to satisfy future share option obligations under the Group's new share option scheme. As at 30 June 2017 REBT-2015 owned 31,000 (31 December 2016: 31,000) ordinary shares of £0.01 each with a book cost of £0.12m (31 December 2016: £0.12m). The REBT-2015 has waived its rights to dividends.

	Unaudited 30 June 2017		Audited 31 December 2016	
	Number of shares	Cost £'000	Number of shares	Cost £'000
At 1 January	31,000	115	10,545	37
Acquired in the period	-	-	61,955	230
Disposed of in the period	-	-	(41,500)	(152)
<b>At period/year end</b>	<b>31,000</b>	<b>115</b>	<b>31,000</b>	<b>115</b>



## 17. Controlling party and related party transactions

The Directors consider there to be no immediate or ultimate controlling party of the Company. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are as follows:

### Balance of transactions as at:

	Relationship	Unaudited 30 June 2017 £'000	Audited 31 December 2016 £'000	Unaudited 30 June 2016 £'000
<b>Due from / (due to)</b>				
Ravenscroft Investment Management Limited	Subsidiary	(4,379)	(3,486)	(2,742)
Ravenscroft Jersey Limited	Subsidiary	(2,713)	(1,374)	(369)
Ravenscroft Services Limited	Subsidiary	10,687	6,458	3,282
A Vartan Limited	Subsidiary	-	-	(12)
Ravenscroft Employment Benefit Trust	Consolidated special purpose entity	115	115	139
Huntress (CI) Nominees Limited	Subsidiary	-	-	-

The Group acts as market maker for the long and short investment positions held within trading investments with a value of £0.44m (2016: £0.56m) and £Nil (2015: £Nil) respectively.

### Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories in IAS 24 - 'Related Party Disclosure'.

	Unaudited 30 June 2017 £'000	Unaudited 30 June 2016 £'000
Short-term employment benefits	1,945	735
Equity compensation benefits	208	307

### Transactions with Directors:

	30 June 2017	30 June 2016
<b>Directors' interests in Ordinary Shares of Ravenscroft Limited</b>		
Number of shares	6,951,405	6,668,855
Percentage interest in the Company's share capital	52.4%	50.2%

The current Directors had interests in ordinary shares in the Company as at 31 December 2016 of 6,898,905 shares representing 52.0% interest in the Company's share capital.



### Directors' interests in share options in Ravenscroft Limited

The current executive Directors had interests in options over ordinary shares in the Company as shown below:

Name of entity	30 June 2017	30 June 2016	Exercise price	Grant date	First possible exercise date	Expiry date
<b>Name of director:</b>						
Jon Ravenscroft	150,000	150,000	375p	18.11.15	18.11.18	18.11.25
Jon Ravenscroft	50,000	-	405p	13.02.17	13.02.20	13.02.27
Mark Bousfield	50,000	50,000	375p	18.11.15	18.11.18	18.11.25
Mark Bousfield	50,000	-	375p	20.09.16	20.09.19	20.09.26
Mark Bousfield	50,000	-	405p	13.02.17	13.02.20	13.02.27
Brian O'Mahoney	100,000	100,000	375p	18.11.15	18.11.18	18.11.25
Brian O'Mahoney	50,000	-	405p	13.02.17	13.02.20	13.02.27
Andrew Courtney	10,000	10,000	375p	18.11.15	18.11.18	18.11.25
Andrew Courtney	5,000	-	405p	13.02.17	13.02.20	13.02.27

There has been one issue of options over ordinary shares to the current executive Directors since 31 December 2016, as detailed in Note 15.

### 18. Events after the end of the reporting period

On 13 September 2016, the Board approved a proposed amalgamation between the Company and wholly owned subsidiary Ravenscroft Jersey Limited ("RJL"), pursuant to which the Company would be the surviving or "amalgamated" company. The Company and RJL have entered into a Merger Agreement / Amalgamation Proposal dated 13 September 2016 (the "Merger Agreement").

On 6 September 2017, Jersey Financial Services Commission confirmed that it had no objection to the proposed cessation of Business Plan for Ravenscroft Jersey Limited, and confirmed that Ravenscroft Limited's application to be registered to conduct investment business and fund services business under Article 9 of the Law had been successfully determined. The formal amalgamation of Ravenscroft Limited with Ravenscroft Jersey Limited is anticipated to be completed by the end of the year.

As per Company announcement to The International Stock Exchange on 19 June 2017, the Company intends to amend the Group structure by the addition of a new ultimate parent company of the Group, to be called Ravenscroft Holdings Limited ("RHL"), and to rationalise the structure of the Group at the operational subsidiary level, with the amalgamation of Ravenscroft Limited with Ravenscroft Jersey Limited and the internal transfer of certain subsidiaries to be direct subsidiaries of RHL. This is anticipated to be completed by the end of the year.

On 3 July 2017 RIML launched onshore versions of two of its four-strong Huntress Investment Fund Offshore ("HIFO") range.

The Directors have declared an interim dividend of 5p per share, which was approved by the Board on 15 September 2017, and will be paid on 04 October 2017.

### 19. Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board on 15 September 2017.







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