

woodford

**WOODFORD PATIENT CAPITAL TRUST PLC
HALF-YEARLY FINANCIAL REPORT**

For the six months ended 30 June 2018



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THE INVESTMENT OBJECTIVE OF WOODFORD PATIENT CAPITAL TRUST PLC (WPCT OR THE COMPANY) IS TO ACHIEVE LONG-TERM CAPITAL GROWTH THROUGH INVESTING IN A DIVERSIFIED PORTFOLIO WITH A FOCUS ON UK COMPANIES, BOTH QUOTED AND UNQUOTED. AS THESE COMPANIES EVOLVE, THE GEOGRAPHICAL PROFILE OF THE PORTFOLIO MAY CHANGE TO BECOME MORE GLOBAL IN NATURE FOR REASONS SUCH AS AN OVERSEAS LISTING OR AS THE RESULT OF CHANGES TO CAPITAL VALUES OF A NON-UK COMPANY VERSUS A UK COMPANY.

THE COMPANY WILL AIM TO DELIVER A RETURN IN EXCESS OF 10 PER CENT PER ANNUM OVER THE LONGER TERM*.

*** THIS IS A TARGET ONLY, NOT A PROFIT FORECAST, AND THERE CAN BE NO ASSURANCE THAT IT WILL BE MET.**



INVESTMENT POLICY

Asset allocation and risk diversification

The Company invests in a diversified portfolio with a focus on UK companies (either incorporated in the UK or traded on a UK exchange), both quoted and unquoted. As these companies evolve, the geographical profile of the portfolio may also change to become more global in nature for reasons such as an overseas listing or as the result of changes to the capital value of a non-UK company.

The Company invests in:

- early-stage companies, which are likely to include both quoted and unquoted companies; and
- mid and large-capitalisation quoted, mature companies.

The actual portfolio composition at any one time will reflect the opportunities available to the Portfolio Manager, the performance of the underlying investee companies and the maturity of the portfolio.

The Company's portfolio will typically consist of 50-100 holdings. The Company may become a significant shareholder in any of the underlying portfolio companies.

The Company's portfolio is constructed on the basis of an assessment of the fundamental value of individual securities and is not structured on the basis of sector weightings. The Company's portfolio is diversified across a number of sectors and, while there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

Investment restrictions

The Company is subject to the following investment restrictions:

- investment in unquoted companies will be limited to 80 per cent of gross assets at the time of investment;
- the Company's portfolio shall be invested in a minimum of 40 holdings;
- the Company shall not invest more than 10 per cent of its Net Asset Value (NAV) at the time of initial investment in an investee company save that the Portfolio Manager may make further investments into an investee company subject to an aggregate investment limit in any investee company of 20 per cent of NAV at the time of investment;
- the Company may invest in other investment funds, including listed closed-ended investment funds, to gain investment exposure, but such investment will be unleveraged and (other than in relation to investment in money market funds for the purposes of cash management) limited, in aggregate, to 10 per cent of NAV at the time of investment; and
- with respect to cash deposits, the Company shall not have exposure of more than 10 per cent of NAV, at the time of investment, to any one issuer.

Borrowing

The Company may employ gearing of up to 20 per cent of NAV, calculated at the time of borrowing, for the purpose of capital flexibility, including for investment purposes.

The Board will oversee the level of gearing in the Company, and will review the position with the Portfolio Manager on a regular basis.

Hedging

The Company may use derivatives for the purposes of hedging any currency risk to which the Company may be subject but will not use derivatives for investment purposes.

Cash management

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of debt securities and cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash position instead of being fully or near fully invested.

OPERATIONAL MILESTONES

Many of the Company's biggest holdings have reached significant milestones on the road to commercial success.

BUILDING CONVICTION

The portfolio may become more concentrated on particular investments as value emerges, resulting in some holdings potentially becoming very significant as a proportion of the Company's portfolio.

FINDING UNICORNS

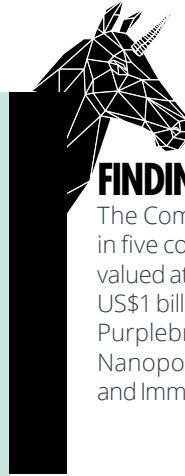
The Company is invested in five companies that are valued at more than US\$1 billion Autolus, Purplebricks, Oxford Nanopore, Benevolent AI and Immunocore.

STOCK MARKET LISTINGS

The portfolio continues to mature - highlighted by the stock market listings of Autolus and Sensyne Health in 2018.

LOW COST

Annual costs, including all transaction fees, of 0.2 per cent - no fee paid to Portfolio Manager unless cumulative returns in excess of 10 per cent are met.



FINANCIAL HIGHLIGHTS

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Net assets	£760,347	£833,076	£755,295
Net asset value and share price	30 June 2018 pence	30 June 2017 pence	31 December 2017 pence
Net asset value per share	91.94	100.73	91.33
Share price	83.00	97.40	84.45
Net asset value and share price performance	Six months to 30 June 2018 %	Six months to 30 June 2017 %	Year ended 31 December 2017 %
Increase/(decrease) in net asset value	0.7	8.0	(2.0)
(Decrease)/increase in share price	(1.7)	7.0	(7.2)
Share price discount to net asset value at period end	(9.7)	(3.3)	(7.5)

CHAIRMAN'S STATEMENT

The Board continues to focus on the development of the Company's portfolio and whether the holdings are making operational progress and achieving milestones. These are the key performance indicators in the Company's portfolio of quoted and unquoted assets.

In June 2018, the Company moved out of the FTSE 250 index in light of its fall in value since launch, although, in terms of performance during the six-month period under review, the Company's share price and NAV remained broadly stable. In the first six months of 2018, the Company's share price fell slightly by 1.7 per cent and its NAV increased marginally by 0.7 per cent.

During the period, the Company traded at an average 9.7 per cent discount to its NAV. The Board keeps the Company's discount (the difference between the NAV and the share price) under regular review. It continues to see the most long-term value in using liquidity to back top performing portfolio companies through key commercial inflexion points, rather than buying back shares to narrow the discount.

We reflected on Prothena's failed Pronto trial in the annual report published in April 2018 and this had a negative impact on the performance of the portfolio during the period under review. The Portfolio Manager explains in his review on the following pages why he remains confident that the company has the ability to deliver value over the long term.

Prothena's disappointment should not overshadow the considerable operational and commercial progress being made elsewhere in the portfolio. Indeed, there has been demonstrable progress, particularly among the top 10 holdings, which has been reflected in some higher valuations and which offsets the negative impact of Prothena on the Company's NAV during the period under review. A fuller analysis of performance during the period follows in the Portfolio Manager's Review.

In April 2018, for example, Benevolent AI raised US\$115 million from new investors valuing the artificial intelligence healthcare business at US\$2 billion, while Proton Partners, the UK's first high-energy proton beam therapy provider, announced that it had treated its first patient at its Rutherford Cancer Centre in Newport, South Wales. This was ahead of schedule and it opened a second centre in Northumberland in August 2018, while construction is already underway at two further centres across the UK. The centres will be available to medically-insured and self-pay patients, as well as those referred by the NHS.

In June 2018, Autolus listed on NASDAQ at the top end of its price range and it has continued to trade significantly above its Initial Public Offering (IPO) price. The IPO was heavily subscribed and its proprietary CAR-T Cell technology, pioneered from University College London, places it in a strong position to drive positive advances in the battle against cancer for the years ahead. Based on Autolus' position size in the portfolio and, given the significant gains the stock has made in transitioning to a listed company, the Portfolio Manager has since recycled some capital into other key companies in the portfolio.

Meanwhile, Purplebricks continues to disrupt the property market with independent data* suggesting that the company sells more than three times the number of properties than the next largest UK brand. On pages 10 to 11, we highlight milestones made more recently by several companies within the portfolio.

WPCT continues to attract support from a wide variety of investors for whom it represents a unique, long-term portfolio of disruptive high-potential innovative businesses. Indeed, investors were able to hear of the milestones some of the portfolio's holdings have met at a Capital Investors' Day held in London. You can read more about the day on pages 8 and 9.

The Board is optimistic about future developments in the portfolio likely to be seen in the second half of 2018.

Susan Searle
Chairman
19 September 2018

* Source: TwentyCi Data

When we launched WPCT just over three years ago, my mission was to deliver shareholder value by investing in great ideas and help to turn those ideas into great businesses – great in terms of quality and in terms of scale. I am pleased to report on a period during which the success of this mission is becoming increasingly clear.

I will explain positive developments at three particular businesses, all of which are meaningful and long-standing constituents of the Patient Capital portfolio, as evidence to support this assertion, there are many other companies that could demonstrate correspondingly good progress.

Firstly, Autolus, which is a clinical-stage biotechnology business at the forefront of a revolution in cancer treatment. The company was founded in 2014 by Syncona, an evergreen healthcare investor that introduced us to the company shortly after the Company's launch. Following more than six months of due diligence, we led the company's series B funding round in March 2016 and the position has been held in the WPCT portfolio ever since.

The business focuses on developing and commercialising a novel class of immuno-oncology treatments known as CAR-T (chimeric antigen receptor T-cells) therapies, which harness the power of a patient's immune system to combat cancers. We believe that Autolus has a compelling technological advantage over other CAR-T businesses, which have been attracting a lot of attention from larger healthcare players in a string of recent acquisitions. By using dual-targeting CAR-Ts – engineering an immune cell to recognise two cancer cell-specific features, not just one – the treatment is less likely to result in the cancer escaping and reoccurring, one of the most common reasons for the current CAR-T therapies to fail.

During the period under review, the company announced its intention to list on NASDAQ. A public listing can represent a natural next step and a meaningful milestone for any early-stage company as it progresses towards commercialisation. For Autolus, a listing provided the opportunity to raise additional capital for further business and pipeline development, while also increasing its profile within the biotechnology sector.

The IPO completed in June 2018, at the top of the guided price range and at a premium of 73 per cent to the price of the company's previous funding round in September 2017. Since listing, the shares have traded positively, standing, at the time of writing, almost 40 per cent higher than the IPO price.

We believe this is a very positive development for Autolus and for the Company. We are not surprised to see such a positive reception from the wider investment community, given the progress the company has already made with its technology and the significant opportunity that lies ahead for the business. At the same time, we believe there is considerable further upside potential should Autolus continue to develop its assets positively through clinical trials. We expect further news in this regard towards the end of this year.

Secondly, Proton Partners, which was introduced to the portfolio in August 2015, was formed with the ambition of becoming the first commercial provider of proton beam therapy in the UK. Unlike conventional cancer treatments, proton beam therapy uses protons to target and kill cancer cells with the significant advantage of little or no damage to surrounding tissue. The UK has lagged behind many other nations in incorporating this potentially ground-breaking treatment into cancer services, and several media stories have covered patients who had to travel overseas to receive the therapy.

Proton Partners has set about changing this, by developing its Rutherford Cancer Centres to offer proton beam therapy along with radiotherapy, chemotherapy, imaging and wellbeing services, in Newport, Reading, Northumberland and Liverpool. It is also developing its first international proton centre in Abu Dhabi, as part of the Gulf International Cancer Center.

In April 2018, the company reached a significant milestone in treating its first patient with proton beam therapy at its Newport centre in South Wales – this was also the first such treatment undertaken in the UK. In August 2018, with proton beam therapy up and running in South Wales, it opened the doors at its second centre in Northumberland. Proton Partners is on track to fulfil its goal of having its network of unique cancer centres within 90 minutes of 80 per cent of the UK's population by 2023.

Thirdly, Benevolent AI, the healthcare artificial intelligence (AI) company, is also making excellent progress. In April 2018, it completed one of the largest funding rounds ever within the AI pharmaceutical sector at a pre-money valuation of US\$2 billion. The funds will be used to scale its drug development activities, broaden the disease areas on which it focuses and to extend its AI capabilities to other science-based industries like advanced materials, agriculture and energy storage.

Meanwhile, Baroness Joanna Shields, the former UK Minister for Internet Security and Safety and special advisor to the government on the digital economy, joined as the group's CEO. Such a high-profile appointment reflects the rapid growth of this exciting and highly disruptive technology business, and it enables the company to strengthen its position as a market leader in developing and applying artificial intelligence for scientific discovery.

Clearly not all investments we've made have developed as positively as the examples provided above. That is the nature of investing in earlier-stage, higher-risk businesses.

One example of a business that suffered a setback during the first half of 2018 is the US biotechnology business Prothena. In April 2018, the company announced that its Pronto trial, investigating NEOD001 in AL amyloidosis, was unsuccessful. As I said at the time, and in the annual report, this was a disappointing outcome, due to a much bigger and more significant placebo effect being observed than anything seen in prior trials would have suggested.

We continue to work with Prothena and its management team on its strategy beyond NEOD001. The initial share price reaction, which took the market capitalisation of Prothena to below the value of the cash on its balance sheet, implies that there is no future value to be expected from the business. We believe this is wrong. The company still has an early and mid-stage clinical pipeline. It has a technology platform and a world-leading specialism in misfolding proteins, which are implicated in a number of different neurological disorders. This research platform has been validated by two major pharmaceutical companies – Roche (which is partnering Prothena in PRX002 in Parkinson's disease, currently in phase II trials) and Celgene (which has recently collaborated with Prothena on three earlier stage pre-clinical assets). The company also has its own, unpartnered assets about to enter the clinic and, with around US\$500 million on its balance sheet, it is very well funded. We therefore remain positive on Prothena's ability to contribute to the Company's future performance.

The Company has faced some challenges, but the portfolio is in extremely good shape, as evidenced by the positive progress being delivered by several of the larger holdings, which are maturing rapidly. The investment case for investing in early-stage science is as strong as ever and we look forward to more positive outcomes like Autolus in the months and years ahead, as our portfolio of young businesses continues to mature and fulfil its potential.

Neil Woodford
Head of Investment
19 September 2018

**SHOWCASING SOME OF THE
OUTSTANDING YOUNG LIFE
SCIENCE AND TECHNOLOGY
BUSINESSES THAT WE HAVE
BACKED IN THE WPCT
PORTFOLIO.**



"We have a very sophisticated technology and our goal is to disrupt the entire world of biological analysis – perhaps one day even bring it into the home."

Zoe McDougall, VP, Oxford Nanopore

"Patient capital is the only model that would have worked. There is no other model that would have created the technology we have, or the opportunity we have."

Iyad Tarazi, CEO, Federated Wireless

"There's nothing there at all, but you can see it, you can feel it, you can touch it and you can use it."

Steve Cliffe, CEO, Ultrahaptics

"You're putting the power in the hands of the consumer to use their phone in a dramatically new way."

Davor Sutija, CEO, Thin Film

"Artificial intelligence is meant to augment human intelligence, to make our smart scientists even smarter. This type of technology is going to change the way that drug development happens – it has to."

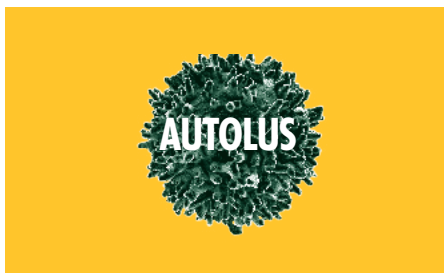
Ken Mulvany, founder BenevolentAI

"We want to have a cancer centre with proton beam therapy at its heart within 90 minutes of over 80 per cent of the UK's population and that would be a significant influence on reducing the impact of cancer in the UK."

Mike Moran, CEO, Proton Partners

THE RATE OF PROGRESS OF MANY HOLDINGS IN THE PORTFOLIO HAS BEEN RAPID. SEVERAL HAVE REACHED SIGNIFICANT OPERATIONAL MILESTONES IN RECENT MONTHS. ON THE FOLLOWING PAGES, WE HIGHLIGHT THE KEY EVENTS WHILE YOU CAN READ MORE DETAIL ON EACH COMPANY BY CLICKING THE LINKS.

FOR FULL PORTFOLIO COMPOSITION PLEASE GO TO WOODFORDFUNDS.COM



Autolus is at the forefront of a revolutionary immuno-oncology treatment, dubbed the 'living medicine', that is offering new hope to patients suffering from blood-related cancers such as lymphoma and myeloma. In June 2018, it successfully transitioned from a private business to a public one via a successful IPO on the NASDAQ.

[Read more](#)



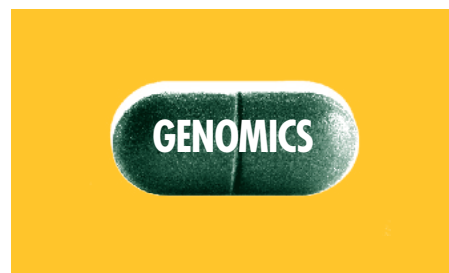
Cequir is developing simple-to-use insulin-based treatments, including an injection-free device that lasts longer than insulin patches used today. In July 2018, the company acquired an approved type 2 diabetes product called One Touch Via from Johnson & Johnson, which it is planning to commercialise next year.

[Read more](#)



In July 2018, the Federal Communications Commission in the US issued a public notice that signals the start of commercial developments in shared spectrum. This has formalised the path for commercialisation and Federated Wireless, founded by Allied Minds, is now well positioned to see its large customers offering commercial services in the 4th quarter.

[Read more](#)



Genomics brings together vast swathes of genomic data to improve the drug discovery process – making it faster, more cost-efficient and increasing the likelihood of success. In August 2018, the company successfully completed a funding round and secured a collaboration with global pharmaceutical company Vertex.

[Read more](#)



IMMUNOCORE

Spun out of Oxford University in 2008, Immunocore is at the forefront of the fast-growing field of immuno-oncology (treatments that use the immune system to kill cancers). In July 2018 it announced the start of a phase I study for its second ImmTAC molecule (IMCnyseso) in patients with solid tumours – as part of an ongoing collaboration with GlaxoSmithKline.

[Read more](#)



KYMAB

Kymab, which is also backed by the Wellcome Trust and the Bill & Melinda Gates Foundation, is developing monoclonal antibody treatments – a type of therapeutic drug – to counter illnesses such as atopic dermatitis and cancer. In July 2018, it announced that its potential atopic dermatitis treatment called KY1005 was moving to a phase II trial following positive results from the phase I study in healthy volunteers.

[Read more](#)



OXFORD NANOPORE

Oxford Nanopore is developing a new generation of DNA sequencers, some of which are small, portable and affordable. These are also the world's only sequencers that can deliver DNA analysis in real-time. In June 2018, full-year results highlighted that its revenues tripled in 2017.

[Read more](#)



PROTON PARTNERS

The UK's first high energy proton beam therapy provider announced in June 2018 that it had treated its first patient with proton beam therapy at its Newport centre – also a first for the UK. In August 2018, the company announced the opening of its second cancer centre in Northumberland.

[Read more](#)



SEEDRS

In August 2018, Seedrs, the crowdfunding platform, announced that it had invested more than £400m into campaigns funded on the platform since launch and had signed a partnership with US platform Republic. The company has also launched its auto-invest product – another operational milestone for the business.

[Read more](#)



SENSYNE HEALTH

The company analyses NHS patient data using artificial intelligence algorithms to help healthcare companies discover new medicines. Founded by Lord Drayson, the former science minister, the company (formerly known as Drayson Health) signed exclusive partnerships with three NHS trusts in July 2018, and in August 2018, successfully listed on the London Stock Exchange.

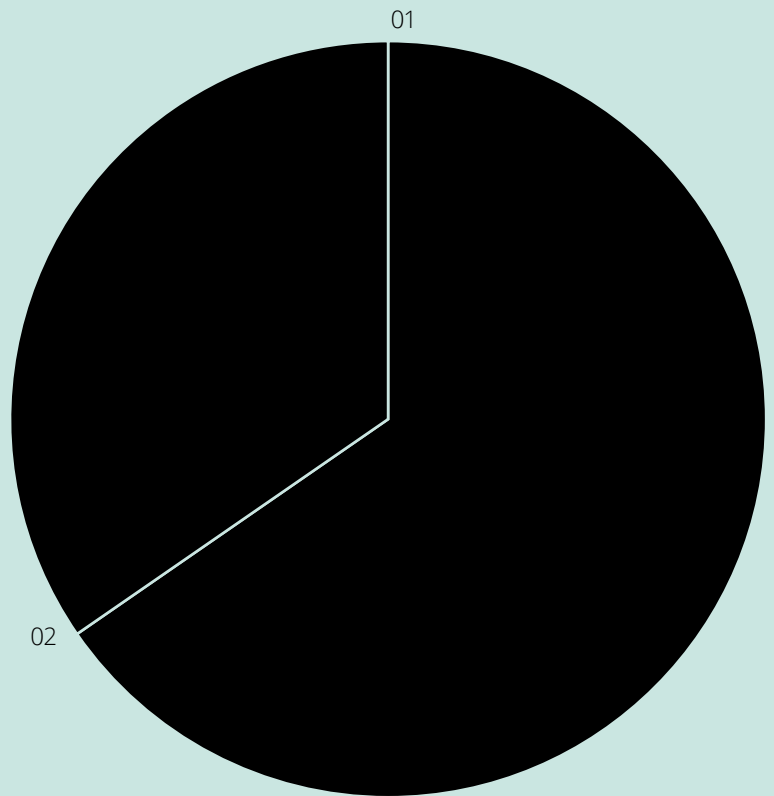
[Read more](#)

PORTFOLIO COMPOSITION

Please find below the composition of the WPCT portfolio by listing status.

Listing status	%
01 Quoted	34.62
02 Unquoted	65.38

*Source: Woodford
based on gross asset value*



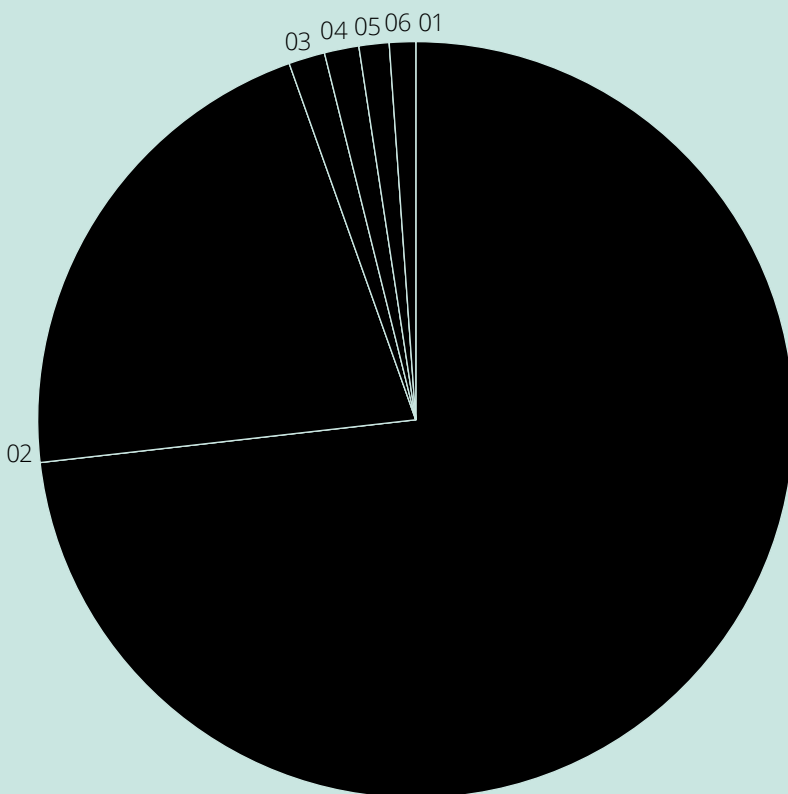
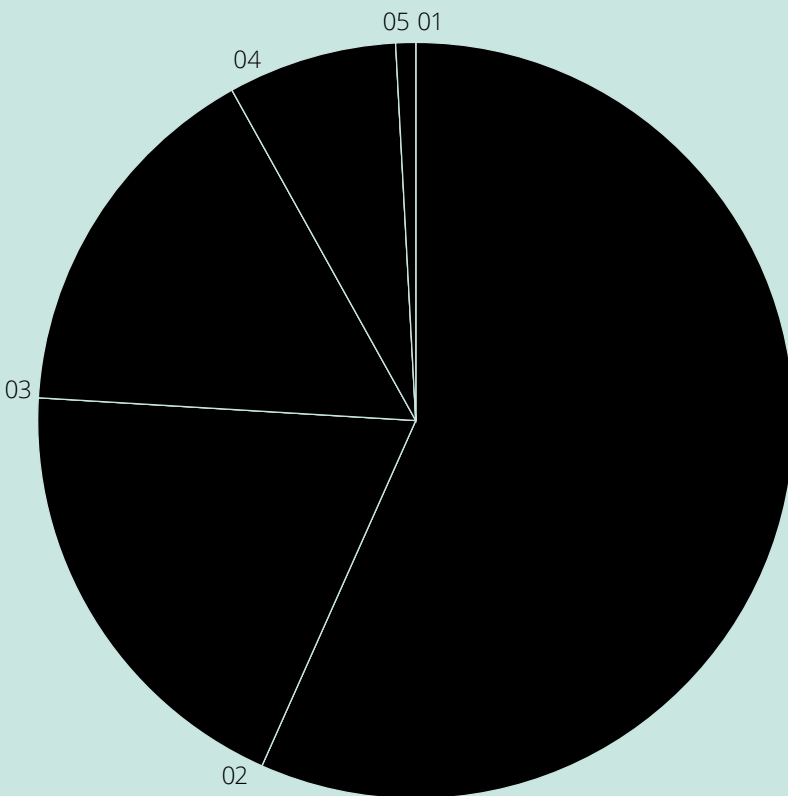
PORTFOLIO COMPOSITION

And by industry and geography.

Industry		%
01	Health Care	56.67
02	Financials	19.29
03	Technology	15.96
04	Industrials	7.23
05	Consumer Goods	0.85

Geographical allocation		%
01	United Kingdom	73.19
02	United States	21.37
03	Norway	1.55
04	Luxembourg	1.48
05	Switzerland	1.29
06	Ireland	1.12

Source: Woodford
based on gross asset value



Interim Management Report

The important events that have occurred during the period under review and the key factors influencing the financial statements are set out in the Chairman's Statement on page 5 and the Portfolio Manager's Review on pages 6 to 7.

The principal risks and uncertainties facing the Company are unchanged since the date of the annual report and accounts for the year ended 31 December 2017 and continue to be as set out in that report on pages 35 and 36.

Risks faced by the Company include, but are not limited to: portfolio concentration risk, Portfolio Manager and key man risk, outsourced service provider model risk, market risk, currency risk, interest rate risk, other price risk, liquidity risk and credit risk.

Directors' Responsibility Statement

In accordance with the Disclosure Guidance and Transparency Rules, the Directors confirm to the best of their knowledge:

- a) The condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with Financial Reporting Standard ("FRS") 104 'Interim Financial Reporting' issued by the Financial Reporting Council and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- b) The Interim Management Report, together with the Chairman's Statement and Portfolio Manager's Review, includes a fair review, as required by Disclosure Guidance and Transparency Rule 4.2.7R, of important events that have occurred during the first six months of the financial year, their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- c) The Interim Management Report includes a fair review of the information concerning related parties' transactions as required by Disclosure Guidance and Transparency Rule 4.2.8R.

Signed on behalf of the Board of Directors by:

Susan Searle

Chairman
19 September 2018

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of Woodford Patient Capital Trust plc (the Company) for the six months ended 30 June 2018 which comprises the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and the notes to the financial statements. We have read the other information contained in the half-yearly financial report which comprises only the Financial highlights, the Chairman's statement, the Portfolio Manager's review, the interim management report & Directors' responsibility statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting'.

Our responsibility

Our responsibility is to express a conclusion to the Company on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, 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 (UK) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

GRANT THORNTON UK LLP
Statutory Auditor, Chartered Accountants
30 Finsbury Square
London
EC2P 2YU

19 September 2018

INCOME STATEMENT

for the six months ended 30 June 2018 (Unaudited)

		(Unaudited) Six months to 30 June 2018			(Unaudited) Six months to 30 June 2017			(Audited) Year ended 31 December 2017		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments and derivatives measured at fair value through profit or loss	9	0	6,864	6,864	0	63,664	63,664	0	(12,357)	(12,357)
Income	3	40	0	40	188	0	188	404	0	404
Portfolio management fee	4	0	0	0	0	0	0	0	0	0
Other expenses	5	(603)	0	(603)	(787)	0	(787)	(1,486)	0	(1,486)
Return before finance costs and taxation		(563)	6,864	6,301	(599)	63,664	63,065	(1,082)	(12,357)	(13,439)
Finance costs	6	(1,249)	0	(1,249)	(1,082)	0	(1,082)	(2,359)	0	(2,359)
Return before taxation		(1,812)	6,864	5,052	(1,681)	63,664	61,983	(3,441)	(12,357)	(15,798)
Taxation	7	0	0	0	0	0	0	0	0	0
Return for the period		(1,812)	6,864	5,052	(1,681)	63,664	61,983	(3,441)	(12,357)	(15,798)
Return per ordinary share (pence)		(0.22)p	0.83p	0.61p	(0.20)p	7.70p	7.50p	(0.42)p	(1.49)p	(1.91)p

The notes on pages 20 to 26 form part of these accounts.

The total column of this statement is the profit and loss account of the Company.

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

There is no other comprehensive income.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2018 (Unaudited)

	Notes	(Unaudited) 30 June 2018 £'000	(Unaudited) 30 June 2017 £'000	(Audited) 31 Dec 2017 £'000
Fixed assets				
Investments at fair value through profit or loss	9	907,787	975,816	905,284
Current assets				
Derivative financial instruments at fair value through profit or loss	12	106	2,458	0
Debtors	10	6	19	4
		112	2,477	4
Creditors – amounts falling due within one year				
Derivative financial instruments at fair value through profit or loss	12	(10,890)	(963)	0
Other creditors	11	(382)	(2,120)	(582)
Bank overdraft	11	(136,280)	(142,134)	(149,411)
		(147,552)	(145,217)	(149,993)
Net current liabilities		(147,440)	(142,740)	(149,989)
Net assets		760,347	833,076	755,295
Capital and reserves				
Share capital	13	8,270	8,270	8,270
Share premium	14	813,099	813,099	813,099
Capital reserve	15	(55,273)	13,884	(62,137)
Revenue reserve	16	(5,749)	(2,177)	(3,937)
Total shareholders' funds		760,347	833,076	755,295
Net asset value per share – ordinary shares (pence)		91.94p	100.73p	91.33p

The notes on pages 20 to 26 form part of these accounts.

STATEMENT OF CHANGES IN EQUITY

Movement for the six months ended 30 June 2018 (Unaudited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Beginning of year	8,270	813,099	(62,137)	(3,937)	755,295
Total comprehensive income for the financial period	0	0	6,864	(1,812)	5,052
Balance at 30 June 2018	8,270	813,099	(55,273)	(5,749)	760,347

Movement for the six months ended 30 June 2017 (Unaudited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Beginning of year	8,270	813,099	(49,780)	(496)	771,093
Total comprehensive income for the financial period	0	0	63,664	(1,681)	61,983
Balance at 30 June 2017	8,270	813,099	13,884	(2,177)	833,076

Movement for the year to 31 December 2017 (Audited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Beginning of year	8,270	813,043	(49,780)	(496)	771,093
Total comprehensive income for the financial year	0	0	(12,357)	(3,441)	(15,798)
Balance at 31 December 2017	8,270	813,099	(62,137)	(3,937)	755,295

Distributable reserves comprise the revenue reserve and capital reserves attributable to realised profits.

Share capital represents the nominal value of shares that have been issued. The share premium account includes any premiums received on issue of share capital. Any direct transaction costs associated with the issuing of shares are deducted from share premium.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve.

CASH FLOW STATEMENT

For the six months ended 30 June 2018 (Unaudited)

	(Unaudited) Six months to 30 June 2018 £'000	(Unaudited) Six months to 30 June 2017 £'000	(Audited) Year to 31 Dec 2017 £'000
Cash flow from operating activities			
Profit/(loss) before finance costs and taxation	6,301	63,065	(13,439)
Adjustments for:			
Movement in investments held at fair value through profit or loss	(6,864)	(63,664)	12,357
(Increase)/decrease in debtors	(2)	19	34
(Decrease)/increase in creditors	(200)	1,923	240
Net cash (used)/generated from operating activities	(765)	1,343	(808)
Cash flows from investing activities			
Purchase of investments	(80,866)	(87,949)	(285,503)
Proceeds from sales of investments	99,270	8,452	194,658
Cash outflows from derivative financial instruments	(7,476)	(5,432)	(15,624)
Cash inflows from derivative financial instruments	4,217	17,174	34,865
Net cash generated/(used) in investing activities	15,145	(67,755)	(71,604)
Cash flows from financing activities			
Finance costs	(1,249)	(1,082)	(2,359)
Net cash used in financing activities	(1,249)	(1,082)	(2,359)
Net increase/(decrease) in cash and cash equivalents	13,131	(67,494)	(74,771)
Cash and cash equivalents at the beginning of the period	(149,411)	(74,640)	(74,640)
Cash and cash equivalents at end of period	(136,280)	(142,134)	(149,411)

1. General information

The Company was incorporated in England and Wales on 26 January 2015 with registered number 09405653 as a closed-ended investment company. The Company commenced its operations on 21 April 2015. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company's investment objective is to achieve long-term capital growth through investing in a diversified portfolio consisting predominantly of UK companies, both quoted and unquoted. The Company will aim to deliver a return in excess of 10 per cent per annum over the longer term.

The Company's shares were admitted to the Official List of the UK Listing Authority with a premium listing on 21 April 2015. On the same day, trading of the ordinary shares commenced on the London Stock Exchange.

2. Accounting policies

Basis of preparation

The Company has adopted applicable UK Accounting Standards, being FRS 102 – The Financial Reporting Standard – and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in November 2014 (and updated in January 2017)). The half-year accounts are prepared in accordance with Financial Reporting Standards 104 – Interim Financial Reporting. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies (see note 9 below for details). They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The Directors consider that the Company has adequate resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to adopt the going concern basis in preparing the Company's financial statements.

The results for the half year ended 30 June 2018 constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. These have not been audited but have been reviewed by the Company's auditors and their report can be found on page 15 in the published accounts. The latest published accounts which have been delivered to the Registrar of companies are for the year ended 31 December 2017; the report of the Auditor thereon was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The comparative figures for the year ended 31 December 2017 have been extracted from those accounts.

The interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

3. Income	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Income from investments			
UK franked dividends	0	188	404
Overseas interest	40	0	0
	40	188	404

4. Portfolio management fee	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Performance fee accrual: 100 per cent charged to capital	0	0	0
	0	0	0

The Portfolio Manager has agreed not to receive a management fee from the Company in respect of its services provided under the Portfolio Management Services Agreement. The Portfolio Manager is entitled to receive a performance fee equal to 15 per cent of any excess returns over a cumulative 10 per cent per annum hurdle rate, subject to a high watermark.

5. Other expenses	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Secretarial services	32	28	61
Administration expenses	453	639	1,190
Auditor's remuneration:			
– Fees payable to the Company's auditors for the audit of the Company's annual accounts	18	20	45
– Fees payable to the Company's auditors for audit-related assurance services: interim review	10	10	10
Directors' fees	90	90	180
	603	787	1,486

6. Finance costs	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Fee paid for credit facility and interest paid	1,249	1,082	2,359
	1,249	1,082	2,359

7. Taxation	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Taxation	0	0	0
	0	0	0

8. Dividends	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Final dividend	0 0	0 0	0 0

No dividends have been proposed or paid in respect of the year to 31 December 2017 or for the six months to 30 June 2018.

9. Investments	(Unaudited) 30 June 2018 £'000	(Unaudited) 30 June 2017 £'000	(Audited) 31 Dec 2017 £'000
Level 1			
Quoted investments	163,589	530,273	286,018
Level 2			
Investments at fair value through profit or loss	123,574	–	–
Level 3			
Investments at fair value through profit or loss	620,624 907,787	445,543 975,816	619,266 905,284

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value, which accounts for 40 per cent of the value. Where such a basis is no longer considered appropriate, the following factors will be considered:

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to an earnings multiple basis or, if appropriate, other valuation methods may be used. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Adviser compared to the sector including, inter alia, a lack of marketability).

Where an earnings multiple basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied. As at the period end, of the unquoted holdings 0 per cent is valued using the process explained in (i) above and the remaining 60 per cent is valued using the valuation technique described in (ii) above.

For financial reporting purposes, fair value measurements are categorised into a fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The ordinary shares of Autolus, following the recent IPO, are not, at the period end, listed on NASDAQ but are fungible into the ADRs which are listed on NASDAQ. Given the nature of the ordinary shares, these are valued by direct reference to the quoted NASDAQ ADR price. Subsequent to the period end, the shares were converted in September 2018 to the listed shares. For portfolio composition, Autolus, as its fungible to the ADRs, has been treated as a quoted investment.

Unquoted investments are a significant accounting judgement which is stated at fair value by the Directors in accordance with Amendments to FRS 102: Fair value hierarchy disclosure, which are consistent with the International Private Equity and Venture Capital Valuation ('IPEVCV') guidelines:

(b) Movements

			(Unaudited) Six months to 30 June 2018 Total £'000			(Audited) Year ended 31 December 2017 Total £'000
	Quoted £'000	Unquoted £'000		Quoted £'000	Unquoted £'000	
Book cost at beginning of year	327,631	568,151	895,782	529,841	345,529	875,370
(Losses)/gains on investments held at beginning of year	(41,613)	51,115	9,502	(56,958)	22,747	(34,211)
Valuation at beginning of year	286,018	619,266	905,284	472,883	368,276	841,159
Movements in year:						
Purchases at cost	19,429	61,344	80,773	57,321	228,623	285,944
Sales:						
– proceeds	(59,883)	(39,387)	(92,270)	(194,861)	(0)	(194,861)
– gains/(losses) on investment holdings sold in the year	10,607	18,082	28,689	(70,670)	0	(70,670)
Transfer between unquoted and listed investments at valuation	49,467	(49,467)	0	6,000	(6,000)	0
Movements in (losses)/gains on investment holdings held at end of year	(113,220)	105,531	(7,689)	15,345	28,367	43,712
Valuation at end of year	192,418	715,369	907,787	286,018	619,266	905,284

(c) Gains/(losses) on financial instruments

	(Unaudited) Six months to 30 June 2018 £'000
Losses on investment holdings held during the period	(7,689)
Gains on investment holdings sold in the period	28,689
Total losses on foreign currency contracts	(14,136)
	6,864

10. Debtors

	(Unaudited) 30 June 2018 £'000	(Unaudited) 30 June 2017 £'000	(Audited) 31 December 2017 £'000
Accrued income and prepayments	6	19	4
	6	19	4

11. Creditors	(Unaudited) 30 June 2018 £'000	(Unaudited) 30 June 2017 £'000	(Audited) 31 Dec 2017 £'000
Amounts falling due within one year:			
Bank overdraft	136,280	142,134	149,411
Purchases for future settlement	0	1,800	144
Other creditors	382	320	438
	136,662	144,254	149,993

The Company has a bank overdraft credit facility provided by the Northern Trust Company, London Branch of £150,000,000. The amount outstanding in relation to this facility at 30 June 2018 was £136 million. The bank overdraft facility was extended by 364 days to 17 January 2019. The interest payable on the credit facility is based on LIBOR +1.35 per cent margin on amounts drawn down. The assets of the Company are held as security for this facility.

12. Derivative financial instruments	(Unaudited) 30 June 2018 Net			(Unaudited) 30 June 2017 Net			(Audited) 31 December 2017 Net		
	Current assets £'000	Current liabilities £'000	current liabilities £'000	Current assets £'000	Current liabilities £'000	current assets £'000	Current assets £'000	Current liabilities £'000	current assets £'000
Forward foreign exchange contracts	106	(10,890)	(10,784)	2,458	(963)	1,495	0	0	0
Total derivative instruments	106	(10,890)	(10,784)	2,458	(963)	1,495	0	0	0

The above derivatives are classified as Level 2 as defined in note 9.

13. Share capital

The table below details the issued share capital of the Company as at the date of the accounts:

	(Unaudited)		(Unaudited)		(Audited)	
	30 June 2018 No. of shares	30 June 2018 £'000	30 June 2017 No. of shares	30 June 2017 £'000	31 Dec 2017 No. of shares	31 Dec 2017 £'000
Allotted, issued and fully paid:						
Ordinary shares of 1p	827,000,000	8,270	827,000,000	8,270	827,000,000	8,270
	827,000,000	8,270	827,000,000	8,270	827,000,000	8,270

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no shares which carry specific rights with regard to the control of the Company. The shares are freely transferable. There are no restrictions or agreements between shareholders on the voting rights of any of the ordinary shares or the transfer of shares.

14. Share premium	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Beginning of year	813,099	813,043	813,043
Share issue costs written back	0	56	56
Closing balance	813,099	813,099	813,099

15. Capital reserve	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Beginning of year	(62,137)	(49,780)	(49,780)
Gains/(losses) on investments – held at fair value through profit or loss	6,864	63,664	(12,357)
Closing balance	(55,273)	13,884	(62,137)

16. Revenue reserve	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 Dec 2017 £'000
Beginning of year	(3,937)	(496)	(496)
Retained losses for the period	(1,812)	(1,681)	(3,441)
Closing balance	(5,749)	(2,177)	(3,937)

17. Financial commitments

At 30 June 2018, there were no commitments in respect of unpaid calls or underwriting.

18. Return per ordinary share

Total return per ordinary share is based on the return on ordinary activities after taxation of £5,052,000. This calculation is based on 827,000,000 ordinary shares in issue during the six-month period to 30 June 2018. The total return per ordinary share for the year ended 31 December 2017 is based on the return on ordinary activities after taxation of £(15,798,000). This calculation is based on 827,000,000 ordinary shares in issue during the year to 31 December 2017. The total return per ordinary share for the six months period ended 30 June 2017 is based on the return on ordinary activities after taxation of £61,983,000. This calculation is based on 827,000,000 ordinary shares in issue during the six months period to 30 June 2017.

19. Net asset value per share

Total shareholders' funds and the NAV per share attributable to the ordinary shareholders at the period-end calculated in accordance with the Articles of Association were as follows:

	(Unaudited) Net asset value per share 30 June 2018 pence	(Unaudited) Net assets available 30 June 2018 £'000	(Unaudited) Net asset value per share 30 June 2017 pence	(Unaudited) Net assets available 30 June 2017 £'000	(Audited) Net asset value per share 31 Dec 2017 pence	(Audited) Net assets available 31 Dec 2017 £'000
Ordinary shares	91.94	760,347	100.73	833,076	91.33	755,295

The NAV per share as at 30 June 2018, 30 June 2017 and 31 December 2017 are based on 827,000,000 ordinary shares in issue.

20. Transactions with the Portfolio Manager and the Alternative Investment Fund Manager (AIFM)

The Company provides additional information below concerning its relationship with the Portfolio Manager, Woodford Investment Management Ltd ('Woodford'). The amount of the accrual established as a provision for the performance fee due to Woodford is nil as set out in note 4. At 30 June 2018, no amount was payable in respect of the fee as it only crystallises at the end of a performance period, although it would accrue if over the hurdle.

Link Fund Solutions Limited, as the AIFM of the Company, has a fee payable for the period ended 30 June 2018 of £6,250. Link Company Matters Limited, which provides the Company with company secretarial services, was paid £31,604 during the six months ended 30 June 2018 (31 December 2017: £60,560 paid during the year).

Woodford has subcontracted to Northern Trust Global Services Plc the provision of the middle office function on behalf of the Company, which they recharge the Company at cost. From time to time Woodford instructs various third parties to undertake various functions on behalf of the Company which they recharge the Company at cost. During the six-month period under review, charges relating to middle office services amounted to £55,633 (31 December 2017: £133,961).

21. Related party transactions

The amounts paid and payable to the Portfolio Manager and the AIFM pursuant to their agreements are disclosed in note 20. There were no other identifiable related parties at the half-year end.

22. Post balance sheet events

1. On 17 August 2018, following a restructuring of Drayson into Fereevolt and Sensyne Health, Sensyne Health listed on the Alternative Investment Market.
2. Between 13 July and 27 July 2018, the Company disposed of 2,050,500 shares in Autolus for a combined value of US\$48.2 million.

DIRECTORS, PORTFOLIO MANAGER AND ADVISERS

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Alan Hodson (Senior Independent Director)
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