

**UK Select Trust Limited  
(the "Company")**

**Registered No: 475**

**Announcement of Results**

The financial information set out in this announcement is the full unedited Half-Yearly Report and Condensed Unaudited Financial Statements for the period 1 January 2011 to 30 June 2011 ("Statements") of the Company, as approved by the Board of Directors on 17 August 2011. The Statements will be delivered to shareholders during August 2011.

**Enquiries:**

Kleinwort Benson (Channel Islands) Fund Services Limited  
Company Secretary

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17 August 2011

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**UK Select Trust Limited**

**Half-Yearly Report and Condensed Unaudited Financial Statements  
for the period 1 January 2011 to 30 June 2011**

## UK Select Trust Limited

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### Trust information

UK Select Trust Limited's ordinary shares are listed on the London Stock Exchange. They can be bought or sold by investors through a stockbroker or by asking a professional adviser e.g. lawyer, accountant or bank manager to do so on their behalf.

UK Select Trust Limited's share price is published daily under Investment Companies in the Share Information Service in the Financial Times. In addition it is published every Monday on the business pages of The Guernsey Press and Star and Jersey Evening Post.

### Objectives UK Select Trust Limited

UK Select Trust Limited (the "Company") is registered in Guernsey and complies with the definition of a UK Investment Trust Company. The Company invests over 80% of its gross assets by value in companies listed or quoted on the London Stock Exchange and the investment policy aims to provide a total return to shareholders in excess of the net total return on the FTSE All-Share Index and a progressive dividend policy.

## Financial Highlights

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
Net asset value per share	<b>167.46p</b>	137.63p	161.75p
Equity Shareholders' interest <sup>(1)</sup>	<b>£34.82m</b>	£28.45m	£33.46m
Revenue return on ordinary activities for the financial period/year after taxation	<b>£0.33m</b>	£0.32m	£ 0.69m
Capital (deficit)/ return on ordinary activities for the financial period/ year after taxation	<b>£1.50m</b>	£(2.25)m	£2.57m
Revenue return per ordinary share	<b>1.60p</b>	1.53p	3.36p
Capital (deficit)/ return per ordinary share	<b>7.25p</b>	(10.87)p	12.47p
Dividend per ordinary share <sup>(2)</sup>	<b>0.95p</b>	0.90p	3.90p
Share Price	<b>137.50p</b>	120.25p	136.75p
Net asset value total return <sup>(3)</sup>	<b>5.39%<sup>(6)</sup></b>	(5.17)% <sup>(5)</sup>	11.26% <sup>(4)</sup>
FTSE All-Share total return	<b>2.96%</b>	(6.15)%	14.51%

<sup>(1)</sup> During the period the Company purchased 90,000 ordinary shares of 10p from the market to be held in Treasury. 195,645 ordinary shares of 10p each from the shares held in Treasury were reissued during the period. 37,999 shares remain in Treasury at 30 June 2011. These are held for reissue and the Company does not intend to cancel these.

<sup>(2)</sup> The dividend figures include the proposed dividend for the relevant financial period.

<sup>(3)</sup> Source: Datastream. Basis: Income reinvested and net of expenses.

<sup>(4)</sup> Based on the audited Annual Financial Reports for the years ended 31 December 2009 and 31 December 2010.

<sup>(5)</sup> Based on the audited Annual Financial Report for the year ended 31 December 2009 and the unaudited Net Asset Value as at 30 June 2010 released to market.

<sup>(6)</sup> Based on the audited Annual Financial Report for the year ended 31 December 2010 and the unaudited Net Asset Value as at 30 June 2011 released to market.

## Dividends

An interim dividend of 0.95p per share will be paid on 4 November 2011 to shareholders on the register at 17 August 2011 (Six months ended 30 June 2010: 0.90p). The Company intends to continue with the policy of paying a second interim dividend each year to shareholders in May of the following year in place of a final dividend.

## Cautionary Note and Forward Looking Statements

The Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the UK Select Trust Limited's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

## Directors and Advisors

**JM Le Pelley, (Born 1949)**, Non-executive Chairman. He joined the board in 1983. Other Directorships include Acencia Debt Strategies Limited.

**DR Maltwood, (Born 1938)**, Non-executive Director. He joined the board in 1997 after a career in stockbroking in Jersey. He has held a number of positions including the Chairman and Director of a number of quoted companies.

**G Ross Russell, (Born 1933)**, Non-executive Director. He joined the board in 1995. He is a Director of Forsight 3 Venture Capital Trust Plc and former Chairman of the Chartered Institute of Securities and Investment and Deputy Chairman of the London Stock Exchange.

**JG West FCA, (Born 1947)**, Non-executive Director. He joined the board in 1997. He is the Chairman of Henderson Fledgling Trust Plc (formerly Gartmore Fledgling Trust Plc), Canaccord Genuity Limited, New City High Yield Fund Limited, and a Director of a number of public and private companies including British Assets Trust Plc and JP Morgan Income and Capital Trust Plc. He is a former chief executive of Lazard Asset Management Limited.

**D Warr, (Born 1953)**, Non-executive Director and Audit Committee Chairman. He is a fellow of the Institute of Chartered Accountants in England and Wales and joined the Board in 2006. He is also Non-executive Chairman of FRM Diversified Alpha Limited and a Non-executive Director of Breedon Aggregates Limited (formerly Marwyn Materials Limited), Invista Foundation Property Trust Limited and Unigestion (Guernsey) Limited.

## Advisors

### Secretary and Registered Office

Kleinwort Benson (Channel Islands)  
Fund Services Limited  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey GY1 3BG  
01481 727111

### Investment Manager

Scottish Widows Investment Partnership Limited  
Edinburgh One  
Morrison Street  
Edinburgh EH3 8BE  
0131 655 8500

### Recognised Auditor

Deloitte LLP  
Regency Court  
Gategny Esplanade  
St Peter Port  
Guernsey GY1 3HW  
01481 724011

### Registrars

Capita Registrars (Guernsey) Limited  
Longue Hougue Road  
St Sampson  
Guernsey GY2 4JN  
0870 162 3100  
(calls cost 10p per minute plus network extras,  
lines are open 8:30am to 5:30pm Monday-Friday)

### Stockbrokers

Canaccord Genuity Limited  
Cardinal Place  
7<sup>th</sup> Floor  
80 Victoria Street  
London SW1E 5JL  
0207 050 6500

### Bankers and Custodian

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

## **Chairman's Statement**

### **Review of Performance**

I am pleased to present your Company's interim report for the six months to 30 June 2011. The Company produced a strong first half result with the net asset value rising by 5.39% on a total return basis. This compared very favourably with the 2.96% total return from the FTSE All-Share Index. Strong stock selection was the driver of this performance and the key contributors are discussed in the Interim Management Report.

### **Share Price and discount**

The share price nudged 0.5% higher over the period while the discount at which your shares trade relative to their net asset widened to 17.9%.

### **Gearing**

The Company continued to employ no borrowings during the interim period under review.

### **Dividend**

The board is pleased to announce an interim dividend of 0.95p.

### **Prospects**

The first half of 2011 has been characterised by slowing growth rates at both the macroeconomic and corporate earnings levels. The European sovereign debt crisis and concerns over the deteriorating fiscal position in the US are currently dominating the news headlines and impacting investor sentiment accordingly.

The problems facing some of the key emerging markets are very different. In economies such as China, Russia and India the authorities are implementing policy action designed to moderate unsustainably high economic growth and inflation rates.

The UK stock market, however, continues to offer excellent value in both an historic context and relative to other asset classes such as bonds and cash. The Company's portfolio will continue to be managed actively to maximise returns for shareholders.

**J M Le Pelley**  
**Chairman**  
**17 August 2011**

## **Interim Management Report**

### **Introduction**

The UK stock market continued to grind higher through the first half of the year, though the upward trend was interrupted by periodic bouts of nervousness as fears resurfaced over global economic growth. While the global economy continued to recover, growth rates varied significantly across the major economies. Emerging markets such as China and India continued to grow rapidly, with the main challenge in these economies being to dampen inflationary pressures through a series of interest rate hikes. At the other end of the spectrum the recovery in the UK stalled, with the economy standing still if the fourth quarter of 2010 and first quarter of 2011 are viewed together. In the US, the second round of quantitative easing, announced in November 2010, helped support the recovery, though growth also slowed into the first quarter of 2011, with unemployment remaining stubbornly high.

The period under review was dominated by several macroeconomic and geopolitical issues. Persistent fears over the rising rate of inflation in emerging and some developed markets became a key theme, with monetary authorities desperate to balance the need to control inflation while still providing adequate stimulus to maintain the momentum behind economic recovery. The European sovereign debt crisis remained firmly in the spotlight during the period, with Portugal the latest eurozone member to seek financial aid from the EU. In addition to the economic problems, equity markets also had to contend with the tragic earthquake in Japan as well as the escalating political crisis in the Middle East, which triggered a spike in the oil price.

Market leadership shifted considerably during the period, with the more economically sensitive sectors driving the market higher into the early part of 2011. Thereafter, renewed fears over the strength of the global economic recovery prompted a marked rotation in market leadership towards the more defensive sectors, such as tobacco and pharmaceuticals. The constant throughout the period was the lacklustre performance of the banks sector as fears over regulation and the escalating sovereign debt crisis in Europe continued to dominate investor sentiment.

### **Performance**

Over the six months under review, the net asset value of the Company rose 5.39%, which compares favourably to the 2.96% rise in the FTSE All-Share Index over the same period.

Key contributors to performance included Resolution, an acquisition vehicle within the UK life assurance sector. During the period, the company reassured investors that no further acquisitions would be undertaken with management fully focused on running the existing portfolio of businesses. The company also announced a major capital return programme.

The Company's performance also benefitted from Berkeley Group's announcement that it planned to return £13 per share in cash to shareholders over the next ten years. This capital return reinforces our view that the London based house-builder remains significantly undervalued by the equity market. The holding in Indus Gas, an India-focused energy company, also performed very strongly following the announcement of a dramatic increase in its gas reserves base following the completion of an independent audit in December 2010.

## **Interim Management Report (continued)**

### **Portfolio activity**

Towards the end of the review period the portfolio's exposure to some of the more defensive sectors such as pharmaceuticals, tobacco and telecommunications, was reduced following a sustained period of very strong performance. Proceeds were reinvested in the mining sector which had been very weak on concerns over slowing global economic growth. This provided an excellent buying opportunity with very attractive valuations. The Company also participated in the initial public offering of Glencore International.

Construction of the Company's portfolio continues to be shaped by rigorous fundamental analysis at the stock-specific level. At this stage of the economic recovery, we prefer companies that are exposed to business-to-business spending rather than consumer discretionary spending. Fiscal austerity measures announced in the last year are only just starting to bite on household disposable incomes.

### **Outlook**

It is not difficult to find reasons to be nervous about the outlook for the global economy. Chinese authorities continue to try to engineer a soft landing for their economy while a lasting solution to the European sovereign debt crisis appears some way off. In the UK, economic growth remains anaemic while inflation is proving to be more persistent than forecast.

Equity valuations, however, remain undemanding, particularly when viewed against other asset classes, and we remain cautiously optimistic for the prospects for the UK equity market as we move into the second half of 2011.

### **Risks and uncertainties**

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls.

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2010.

### **Financial risk profile**

The Company's financial instruments comprise investments, cash and various items such as debtors, creditors etc that arise directly from the Company's operations. The main purpose of these instruments is the investment of shareholders' funds.

### **Market price risk**

The main risk arising from the Company's financial instruments is market price risk.

In accordance with the Company's investment objectives, the Company does not hedge against its exposure to market price risk.

The investment strategy of the Company has been delegated to the Company's Investment Manager, Scottish Widows Investment Partnership Limited under an agreement dated 25 April 2002. The Investment Manager operates under agreed parameters and the Board monitors their performance on a regular basis.

## Interim Management Report (continued)

### Liquidity risk

The Company's assets comprise securities that can be readily realised to meet its obligations. As a result the Company is able to quickly liquidate its investments in these instruments at an amount close to its fair value in order to meet its liquidity requirements.

The Company has entered into a revolving 5-year loan facility explained in note 6.

### Interest rate risk

The Company's interest rate sensitive assets and liabilities mainly comprise of cash at bank and a bank loan. The cash at bank and bank loan facility are subject to floating rates and the loan facility is considered to be part of the investment strategy of the Company. No other hedging is undertaken in respect of this interest rate risk. The bank loan facility, which is undrawn at the year end is due to expire on 23 September 2012.

### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's foreign currency risk for the period arose from the investment portfolio including cash and was minimal as it was principally Sterling denominated. No hedging was undertaken in respect of this foreign currency exposure. The Company had no significant exposure to foreign currencies as at 30 June 2011.

## Scottish Widows Investment Partnership

20 July 2011

Scottish Widows Investment Partnership – SWIP – is one of the largest asset management companies in Europe. Our teams are recognised as high fliers within the industry. Our performance is based on their skills, backed by thorough research, and the ability to uncover and capitalise on opportunities as soon as they arise. These market-leading capabilities are further supported by a global presence that spans the UK, the US and Asia.

We invest across all asset classes, including equities, property, bonds and cash. We also offer specialist expertise in multi-manager, multi-asset solutions and socially responsible investing.

Our goal: to provide superior risk-adjusted returns and quality service for our clients, which include individuals, pension funds, charities and financial institutions from around the world.

Whatever your investment requirements, our teams have the innovation, drive and skill to deliver investment solutions that perform.

**Scottish Widows Investment Partnership is part of the Lloyds Banking Group.  
As of 30 June 2011, we manage funds worth £147 billion.**

## **Responsibility Statement**

We confirm that to the best of our knowledge:

- the half-yearly report has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- the interim management report includes a fair review of the important events during the first six months of 2011 and provides a fair review of the risks and uncertainties faced by the Company in the remaining six months of the year, as required by Disclosure and Transparency Rules ("DTR") 4.2.7R; and
- the interim management report includes a fair review of related party transactions and changes therein, as required by DTR 4.2.8R.

**By order of the Board**

**JM Le Pelley**

**D Warr**  
*Directors*

**17 August 2011**

## The Portfolio as at 30 June 2011

<b>Company</b>	<b>Market Value £'000</b>	<b>Activity</b>
1 Resolution Ltd	2,426	Offer a broad spectrum of funds to cater for the differing investment needs.
2 Lloyds Banking Group Plc	2,287	Financial services group providing a range of banking and financial services, primarily in the United Kingdom, to personal and corporate customers.
3 Rio Tinto Plc	2,264	One of the global leaders in the extraction and processing of the earth's mineral resources.
4 Xstrata Plc	2,243	A diversified Swiss mining company operating a number of production sites in all continents of the world.
5 Indus Gas Ltd	1,927	Oil and gas exploration and development company based in India.
6 BP Plc	1,903	One of the world's largest energy companies, providing fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items.
7 Reed Elsevier Plc	1,799	Publisher and information provider, publishing information for the scientific and medical professions, legal, and business-to-business sector.
8 Berkeley Group Holdings Plc	1,565	UK-based housebuilder and developer.
9 BG Group Plc	1,530	Involved in oil and gas transmission and distribution, as well as power generation.
10 Glencore International Plc	1,508	A leading integrated producer and marketer of commodities.
11 Smiths Group Plc	1,465	A world leader in the practical application of advanced technologies, Smiths Group delivers products and services for the threat & contraband, medical devices, energy, communications and engineered components markets worldwide.
12 KSK Power Ventur Plc	1,167	Engaged in emerging opportunities in the power development market.
13 Essar Energy Plc	1,016	Indian-focused energy company with assets in the existing power and oil and gas businesses.
14 Legal & General Group Plc	911	A leading provider of risk, savings and investment management products in the UK.
15 Ryanair Holdings Plc	907	Irish-based budget airline
16 RSA Insurance Group Plc	891	Worldwide commercial insurer providing property, automobile, liability, and speciality insurance products.
17 Great Eastern Energy Corporation Plc	889	Indian-based energy provider.
18 AngloAmerican Plc	796	One of the world's largest mining companies.
19 Cairn Energy Plc	709	One of Europe's largest independent oil and gas exploration and production companies.
20 HSBC Holdings Plc	683	Large UK – based financial services group.
21 DS Smith Plc	632	International group focused on packaging and office products.
22 iEnergizer	607	Engaged in providing third-party integrated business process outsourcing solutions to clients throughout the world in three primary sectors: banking, financial services and insurance, and entertainment and telecommunications.
23 Vallares Plc	601	Investment vehicle aiming to purchase emerging markets oil and gas businesses.
24 Close Brothers Group Plc	518	Banking, securities and asset management group.

## The Portfolio as at 30 June 2011 (continued)

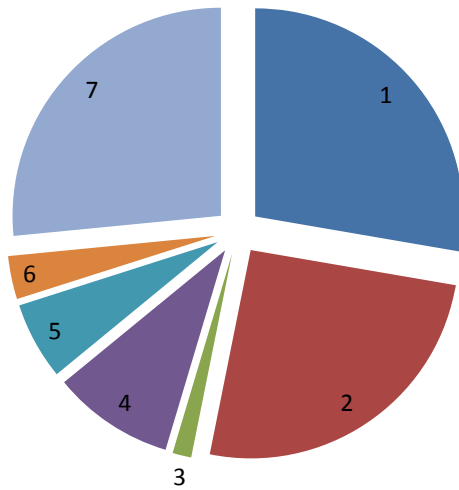
25	Tate & Lyle Plc	502	Engaged in the manufacture and sale of ingredients and solutions to the food, beverage, industrial, animal feed, pharmaceutical, and personal care markets.
26	Dolphin Capital Investors Ltd	498	Real estate investment company focused on early-stage, large-scale, leisure-integrated residential resorts primarily in southeast Europe.
27	Hardy Oil & Gas Plc	428	AIM-listed oil and gas exploration company.
27	Cadogan Petroleum Plc	424	An independent oil and gas exploration, development and production company.
28	Tullett Prebon Plc	336	As intermediary in the wholesale financial markets industry facilitating the trading activities of its clients.
29	LXB Retail Properties Plc	307	Jersey based investment company investing in out-of-town and edge-of-town retail assets.
30	Breedon Aggregates Ltd	273	Acquires and manages companies and businesses in the UK and international building materials industry.
31	Petra Diamonds Ltd	245	The group's principal activity is exploring for and mining diamonds in Africa.
32	Aurora Russia Ltd	244	Investment vehicle established to make investments in small and mid-sized Russian companies.
33	Petroceltic International Plc	191	Oil and gas exploration and production company focused on the Gulf of Mexico.
34	Arden Partners Plc	75	Institutional stockbroker specialising in small, midcap and AIM companies.
35	Ingenious Media Active Capital Ltd	56	Media investment and advisory company in the UK.
36	Resaca Exploitation Inc (DI)	52	US-based independent oil and gas exploration company.
37	Newfound N.V.	10	Developer and operator of up-market holiday resorts.
38	Leed Petroleum Plc	-	Oil and gas exploration and production company focussed on the Gulf of Mexico.
39	Eatonfield Group Plc	-	Commercial and residential property developer with a focus on Wales and the North of England.
	<b>Total Valuation</b>	<b>34,885</b>	<b>These holdings represent 100% of the total valuation.</b>

## Sector Distribution as at 30 June 2011

Sector Classification	Total 30 June 2011 %	Total 30 June 2010 %
<b>Resources</b>		
Oil and Gas	27.7	26.2
	<b>27.7</b>	<b>26.2</b>
<b>Basic industrials</b>		
Construction and building materials	5.3	2.1
Mining	20.2	6.7
	<b>25.5</b>	<b>8.8</b>
<b>Non-cyclical consumer goods</b>		
Tobacco	-	6.5
Pharmaceuticals and biotechnology	-	10.3
Food Producers	1.4	-
	<b>1.4</b>	<b>16.8</b>
<b>Cyclical services</b>		
Support services	1.7	-
Leisure, entertainment and hotels	2.6	3.7
Media and entertainment	5.2	-
	<b>9.5</b>	<b>3.7</b>
<b>Non-cyclical services</b>		
Telecommunication services	-	6.3
	<b>-</b>	<b>6.3</b>
<b>Utilities</b>		
Utilitiles other	3.4	17.5
	<b>3.4</b>	<b>17.5</b>
<b>General Industries</b>		
Packaging	1.8	-
Advanced Technologies	4.2	-
	<b>6.0</b>	<b>-</b>
<b>Financials</b>		
Banks	8.5	9.5
Specialty and other finance	2.6	4.5
Real Estate	1.4	1.4
Investment companies	1.8	0.2
Non life insurance	2.6	3.1
Life assurance	9.6	-
	<b>26.5</b>	<b>18.7</b>
<b>Net current assets</b>	<b>-</b>	<b>2.0</b>
<b>Net assets</b>	<b>100.0</b>	<b>100.0</b>

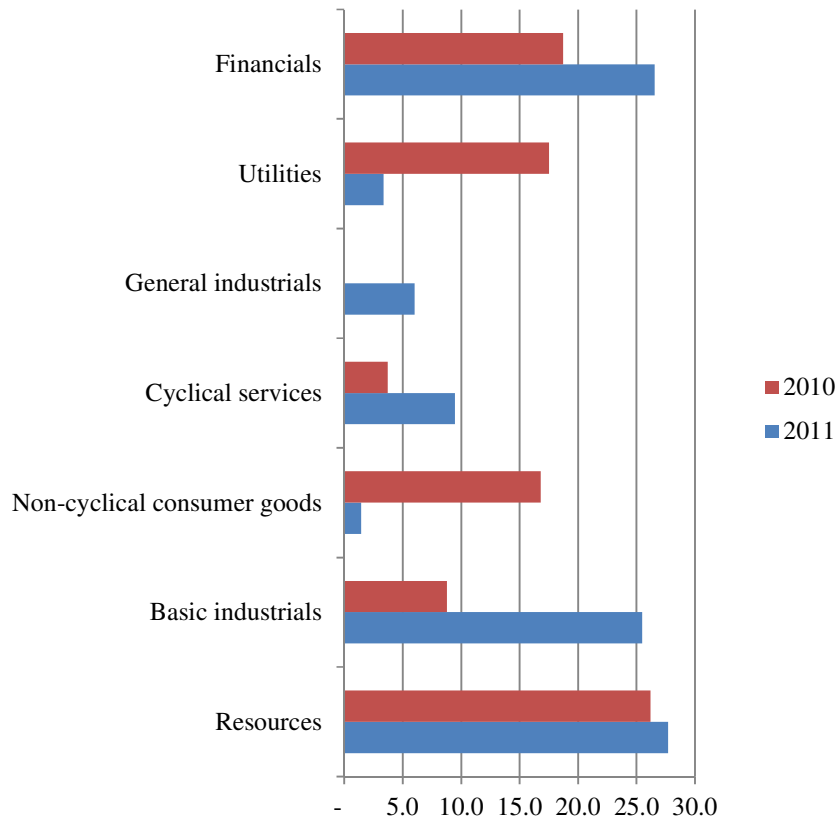
Note: The distribution of investments is based on the valuations at 30 June 2011 and 30 June 2010. All of the investments above are listed or quoted on the London Stock Exchange, with the exception of Newfoundland N.V. which is an unlisted trading entity.

**Sector Distribution as at 30 June 2011 (continued)**



<b>1</b>	Resources	<b>27.7%</b>
<b>2</b>	Basic industrials	<b>25.5%</b>
<b>3</b>	Non-cyclical consumer goods	<b>1.4%</b>
<b>4</b>	Cyclical services	<b>9.5%</b>
<b>5</b>	General industrials	<b>6.0%</b>
<b>6</b>	Utilities	<b>3.4%</b>
<b>7</b>	Financials	<b>26.5%</b>

**By sector as a percentage**



**Condensed Statement of Comprehensive Income  
for the six months ended 30 June 2011 (unaudited)**

	Notes	Six months ended 30 June 2011			Six months ended 30 June 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Income</b>							
Dividend revenue	3	553	-	553	511	-	511
Other revenue	3	-	-	-	-	-	-
Net gains on financial assets at fair value through profit or loss	5	-	1,571	1,571	-	(2,187)	(2,187)
Net foreign exchange (loss)/gain		-	(1)	(1)	-	(1)	(1)
		<b>553</b>	<b>1,570</b>	<b>2,123</b>	511	(2,188)	(1,677)
<b>Expenses</b>							
Investment management fees	10	22	65	87	19	57	76
Performance fee	10	1	4	5	-	-	-
Administration fees	10	49	-	49	50	-	50
Registrars' fees		10	-	10	14	-	14
Auditors' fees		9	-	9	7	-	7
Directors' fees and expenses	10	55	-	55	42	-	42
Other expenses		76	-	76	61	-	61
<b>Total operating expenses before finance costs</b>		<b>222</b>	<b>69</b>	<b>291</b>	193	57	250
<b>Operating profit/(loss) before finance costs</b>		<b>331</b>	<b>1,501</b>	<b>1,832</b>	318	(2,245)	(1,927)
<b>Finance costs</b>							
Interest payable		1	4	5	1	3	4
<b>Profit for the period</b>		<b>330</b>	<b>1,497</b>	<b>1,827</b>	317	(2,248)	(1,931)
Basic return/(deficit) per ordinary share	4	<b>1.60p</b>	<b>7.25p</b>	<b>8.85p</b>	1.53p	(10.87)p	(9.34)p

The total column of this statement is the condensed statement of comprehensive income of the Company, with the revenue and capital columns representing supplementary information.

All revenue and capital items in the above statement derive from continuing operations. All income is attributable to the ordinary shareholders of the Company.

The Notes on Pages 19 to 23 are an integral part of these condensed financial statements.

**Condensed Statement of Comprehensive Income (continued)**  
**for the six months ended 30 June 2011 (unaudited)**

	Notes	Year ended 31 December 2010		Total £'000
		Revenue £'000	Capital £'000	
<b>Income</b>				
Dividend revenue	3	1,031	-	1,031
Other revenue	3	12	-	12
Net gains on financial assets at fair value through profit or loss	5	-	2,714	2,714
Net foreign exchange (loss)/gain		-	(20)	(20)
		<b>1,043</b>	<b>2,694</b>	<b>3,737</b>
<b>Expenses</b>				
Investment management fees	10	40	118	158
Performance fee	10	-	-	-
Administration fees	10	89	-	89
Registrars' fees		26	-	26
Auditors' fees		18	-	18
Directors' fees and expenses	10	97	-	97
Other expenses		79	-	79
<b>Total operating expenses before finance costs</b>		<b>349</b>	<b>118</b>	<b>467</b>
<b>Operating profit/(loss) before finance costs</b>		<b>694</b>	<b>2,576</b>	<b>3,270</b>
<b>Finance costs</b>				
Interest payable		2	6	8
<b>Profit for the year</b>		<b>692</b>	<b>2,570</b>	<b>3,262</b>
Basic return/(deficit) per ordinary share	4	<b>3.36p</b>	<b>12.47p</b>	<b>15.83p</b>

The total column of this statement is the condensed statement of comprehensive income of the Company, with the revenue and capital columns representing supplementary information.

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The Notes on Pages 19 to 23 are an integral part of these condensed financial statements.

**Condensed Statement of Financial Position  
as at 30 June 2011(unaudited)**

	Notes	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
<b>Assets</b>				
Cash and cash equivalents		346	537	3,841
Due from brokers		-	-	900
Other receivables and accrued income		122	180	229
Financial assets at fair value through profit or loss	5	34,885	27,865	28,607
<b>Total assets</b>		<u>35,353</u>	<u>28,582</u>	<u>33,577</u>
<b>Liabilities</b>				
Due to brokers		366	-	-
Other payables and accrued expenses		167	136	117
<b>Total liabilities</b>		<u>533</u>	<u>136</u>	<u>117</u>
<b>Net assets attributable to shareholders</b>		<u>34,820</u>	<u>28,446</u>	<u>33,460</u>
<b>Represented by</b>				
Share capital	7	2,083	2,083	2,083
Treasury share reserve	7	(94)	(269)	(245)
Reserves		32,831	26,632	31,622
<b>Net assets attributable to shareholders</b>		<u>34,820</u>	<u>28,446</u>	<u>33,460</u>
Number of ordinary shares in issue (net of Treasury shares)	7	20,792,485	20,667,819	20,686,840
<b>Net asset value per share</b>	8	<u>167.46p</u>	<u>137.63p</u>	<u>161.75p</u>

These financial statements were approved by the Board of Directors on 17 August 2011 and signed on behalf of the Board by:

**JM Le Pelley**  
*Director*

**D Warr**  
*Director*

The Notes on Pages 19 to 23 are an integral part of these condensed financial statements.

**Condensed Statement of Net Assets Attributable to Shareholders  
for the six months ended 30 June 2011 (unaudited)**

	Equity share capital £'000	Treasury share reserve £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve- realised £'000	Capital reserve- unrealised £'000	Revenue reserve £'000	Total £'000
At 1 January 2011	2,083	(245)	5,401	4,308	14,214	3,718	3,981	33,460
Shares repurchased during the period	-	(124)	-	-	-	-	-	(124)
Cash dividends: -2010 2 <sup>nd</sup> interim dividend	-	-	-	-	-	-	(343)	(343)
Scrip dividends	-	275	-	-	-	-	(275)	-
Net profit	-	-	-	-	1,091	406	330	1,827
<b>At 30 June 2011</b>	<b>2,083</b>	<b>(94)</b>	<b>5,401</b>	<b>4,308</b>	<b>15,305</b>	<b>4,124</b>	<b>3,693</b>	<b>34,820</b>

There are no other recognised income and expenses for the six months ended 30 June 2011

**For the six months ended 30 June 2010 (unaudited)**

	Equity share capital £'000	Treasury share reserve £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve- realised £'000	Capital reserve- unrealised £'000	Revenue reserve £'000	Total £'000
At 1 January 2010	2,083	(380)	5,411	4,308	10,788	4,574	4,048	30,832
Shares repurchased during the period	-	(123)	-	-	-	-	-	(123)
Cash dividends: -2009 second interim dividend	-	-	-	-	-	-	(331)	(331)
Scrip dividends	-	234	-	-	-	-	(234)	-
Net profit	-	-	-	-	1,978	(4,227)	317	(1,932)
<b>At 30 June 2010</b>	<b>2,083</b>	<b>(269)</b>	<b>5,411</b>	<b>4,308</b>	<b>12,766</b>	<b>347</b>	<b>3,800</b>	<b>28,446</b>

There are no other recognised income and expenses for the six months ended 30 June 2010

The Notes on Pages 19 to 23 are an integral part of these condensed financial statements.

**Condensed Statement of Cash Flows**  
**for the six months ended 30 June 2011(unaudited)**

	Notes	Six months ended		Year ended
		30 June 2011	30 June 2010	31 December
		£'000	£'000	2010
				£'000
<b>Cash flows from operating activities</b>				
Payment on purchase of financial investments		(23,891)	(34,673)	(61,505)
Proceeds from sale of financial investments		20,450	33,916	63,894
Cash received from investments		602	781	1,232
Other income		-	-	12
Investment management fee paid		(42)	(79)	(154)
Other cash payments		(142)	(17)	(53)
		<u>(3,023)</u>	<u>(72)</u>	<u>3,426</u>
<b>Cash flows from financing activities</b>				
Interest paid		(5)	(4)	(8)
Share repurchase		(124)	(123)	(189)
Equity dividends paid		(343)	(331)	(435)
		<u>(472)</u>	<u>(458)</u>	<u>(632)</u>
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(3,023)</b>	<b>(72)</b>	<b>3,426</b>
<b>Net cash outflow from financing activities</b>		<b>(472)</b>	<b>(458)</b>	<b>(632)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,495)</b>	<b>(530)</b>	<b>2,794</b>
Effect of exchange rate changes on cash and cash equivalents		-	-	(20)
<b>Cash and cash equivalents at the beginning of the period/year</b>		<b>3,841</b>	<b>1,067</b>	<b>1,067</b>
<b>Cash and cash equivalents at the end of the period/year</b>		<b><u>346</u></b>	<b><u>537</u></b>	<b><u>3,841</u></b>

The Notes on Pages 19 to 23 are an integral part of these condensed financial statements.

## **Notes to the Condensed Financial Statements (unaudited)**

### **1. General information**

UK Select Trust Limited is a UK Investment Trust Company incorporated under The Companies (Guernsey) Law, 2008, with its registered office at Dorey Court, Admiral Park, St Peter Port, Guernsey. UK Select Trust Limited's shares are listed on the London Stock Exchange.

The objective of the Company is to invest over 80% of its gross assets by value in companies listed or quoted on the London Stock Exchange and the investment policy aims to provide a total return to shareholders in excess of the net total return on the FTSE-All Share Index and a progressive dividend policy.

The Company has no employees.

The half-yearly report has not been audited or reviewed by the auditors Deloitte LLP pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'.

The information presented for the year ended 31 December 2010 does not constitute the statutory financial statements of the Company. A copy of the annual financial report and audited financial statements for that year have been delivered to the Guernsey Financial Services Commission. The auditors' report on those financial statements was unqualified and did not contain a statement under Section 263(2) of The Companies (Guernsey) Law, 2008.

### **2. Accounting Policies**

#### **a. Basis of presentation**

The half-yearly report for the six months ended 30 June 2011 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The half-yearly report should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards.

#### **b. Standards and interpretations**

The accounting policies applied in the half-yearly report are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those financial statements.

#### **c. Going Concern**

In the opinion of the Directors, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the condensed financial statements have been prepared using the going concern basis.

The Directors have arrived at this opinion by considering, inter-alia, the following factors:

- the Company has sufficient liquidity to meet all on-going expenses;
- the portfolio of investments held by the Company consists of listed investments which are readily realisable and therefore the Company will have sufficient resources to meet its liquidity requirements; and
- the Company currently has no external borrowings and therefore is under no obligation to repay any borrowing facilities for the foreseeable future.

## Notes to the Condensed Financial Statements (unaudited) (continued)

### 3. Dividend and other revenue

	Six months ended		Year ended
	30 June	30 June	31 December
	2011	2010	2010
	£'000	£'000	£'000
<b>Dividend revenue from investments designated at fair value through profit or loss:</b>			
Dividends	553	511	1,031
	<u>553</u>	<u>511</u>	<u>1,031</u>
<b>Other revenue from financial assets not at fair value through profit or loss:</b>			
Unclaimed dividends 2003/2004		-	12
	<u>553</u>	<u>511</u>	<u>1,043</u>
<b>Total revenue</b>	<b>553</b>	<b>511</b>	<b>1,043</b>

### 4. Basic return/(deficit) per ordinary share

	Six months ended			Six months ended			Year ended		
	30 June 2011			30 June 2010			31 December 2010		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	pence	pence	pence	pence	pence	pence	pence	pence	pence
Return/(deficit)	<u>1.60</u>	<u>7.25</u>	<u>8.85</u>	1.53	(10.87)	(9.34)	3.36	12.47	15.83

Revenue return per ordinary share is based on the net revenue on ordinary activities of £330,000 (Six months ended 30 June 2010: £317,000. Year ended 31 December 2010: £692,000.) and on 20,645,138 ordinary shares, being the weighted average number of ordinary shares in issue during the period (Six months ended 30 June 2010: 20,684,456 . Year ended 31 December 2010: 20,608,335).

Capital return per ordinary share is based on a net capital return for the financial period of £1,497,000 (Six months ended 30 June 2010: capital deficit £2,248,000. Year ended 31 December 2010: capital return £2,570,000) and on 20,645,138 ordinary shares, being the weighted average number of ordinary shares in issue during the period (Six months ended 30 June 2010: 20,684,456. Year ended 31 December 2010: 20,608,335).

## Notes to the Condensed Financial Statements (unaudited) (continued)

### 5. Investments

	Six months ended 30 June 2011		Six months ended 30 June 2010		Year ended 31 December 2010	
	Fair Value £'000	% of net assets	Fair Value £'000	% of net assets	Fair Value £'000	% of net assets
	<b>Financial assets at fair value through profit or loss</b>					
- Listed equity securities	34,875	100.23	27,855	97.92	28,597	85.47
- De-listed trading entities	10	0.03	10	0.04	10	0.03
	<b>34,885</b>	<b>100.26</b>	<b>27,865</b>	<b>97.96</b>	<b>28,607</b>	<b>86.50</b>

	Six months ended		Year ended
	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
<b>Net gains/(losses) on financial assets at fair value through profit or loss</b>			
Realised gains	1,165	2,040	3,570
Unrealised gains/(losses)	406	(4,227)	(856)
	<b>1,571</b>	<b>(2,187)</b>	<b>2,714</b>

### 6. Loan facility

The Company has a revolving 5 year loan facility, secured on the assets of the Company, which is due to expire on 23 September 2012 with an aggregate principal amount of £2,000,000, for the purposes of future investment. During the half-year ended 30 June 2011, the loan facility was not utilised. Interest is payable at a rate of six month sterling LIBOR plus 0.6% and the borrowing is held at amortised cost. During the period, interest of £nil (Six months ended 30 June 2010: £nil. Year ended 31 December 2010: £nil) was paid. A fee of 0.30% per annum is payable on the undrawn amount of this facility, resulting in £3,000 being paid for the period ended 30 June 2011<sup>(1)</sup>. Further, the Company is required to comply with the following financial covenants imposed by the bank:

- the Company is required to ensure that the borrowing does not at any time exceed 45% of the Adjusted Gross Asset Value;
- the Company is required to maintain the Net Worth at not less than £20,000,000; and
- the Company is required to ensure that the investment portfolio includes holdings in not less than 30 separate businesses.

<sup>(1)</sup> The loan is secured on the assets of the Company.

## Notes to the Condensed Financial Statements (unaudited) (continued)

### 7. Share capital

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
<i>Authorised</i>			
100,000,000 ordinary shares of 10p each	10,000	10,000	10,000
250,000 5% cumulative preference restrictive voting shares of £1 each	250	250	250
	<u>10,250</u>	<u>10,250</u>	<u>10,250</u>

The holders of the five per cent cumulative preference restrictive voting shares shall be entitled, out of profits for dividend, to a fixed cumulative preferential dividend at the rate of five per cent per annum and in a winding-up or on a return of capital shall be entitled to repayment of capital in priority to the ordinary shareholders. At 30 June 2011, no five per cent cumulative preference restrictive voting shares had been issued (30 June 2010: none, 31 December 2010: none). The ordinary shareholders carry the right to receive any surplus income and in winding-up any surplus assets, after repayment of the preference capital and dividends as above.

	30 June 2011 £'000	31 December 2010 £'000
<i>Issued, called up and fully paid:</i>		
20,830,484 ordinary shares of 10p each (2010: 20,830,484)	<u>2,083</u>	<u>2,083</u>

#### 30 June 2011

	Treasury share reserve		Shares in issue	
	Shares Nominal	Cost £'000	Shares Nominal	Cost £'000
Balance at 1 January 2011	143,644	245	20,830,484	2,083
Shares purchased and held in Treasury	90,000	124	-	-
Shares issued in lieu of dividends from Treasury	(195,645)	(275)	-	-
Balance at 30 June 2011	<u>37,999</u>	<u>94</u>	<u>20,830,484</u>	<u>2,083</u>

#### 31 December 2010

	Treasury share reserve		Shares in issue	
	Shares Nominal	Cost £'000	Shares Nominal	Cost £'000
Balance at 1 January 2010	254,402	380	20,830,484	2,083
Shares purchased and held in Treasury	150,000	189	-	-
Shares issued in lieu of dividends from Treasury	(260,758)	(324)	-	-
Balance at 31 December 2010	<u>143,644</u>	<u>245</u>	<u>20,830,484</u>	<u>2,083</u>

During the period no shares were purchased for cancellation (year ended 31 December 2010: none).

## **Notes to the Condensed Financial Statements (unaudited) (continued)**

### **7. Share capital (continued)**

On 17 January 2011, 50,000 shares were purchased for Treasury at a total cost including expenses of £68,834 and on 31 January 2011, 40,000 shares were purchased for Treasury at a total cost including expenses of £55,067.

On 27 May 2011, 195,645 shares were issued to shareholders who elected to receive them in lieu of a second interim cash dividend for 2010. Ordinary shares of 10p each, fully paid were issued to shareholders from the Treasury reserves account held by the Company.

### **8. Net asset value per share**

Net asset value per ordinary share is based on net assets attributable to the ordinary shareholders of £34,820,000 (Six months ended 30 June 2010: £28,446,000. Year ended 31 December 2010: £33,460,000) and on 20,792,485 (Six months ended 30 June 2010: £20,667,819. Year ended 31 December 2010: 20,686,840) ordinary shares, being the number of ordinary shares in issue at the end of the period.

### **9. Related party transactions**

The members of the Board of Directors are listed on page 4 of the half-yearly report. Fees earned by the Directors of the Company during the period were £53,750 (Six months ended 30 June 2010: £41,000. Year ended 31 December 2010: £94,750) of which £nil (Six months ended 30 June 2010: £11,250. Year ended 31 December 2010: £nil) was outstanding at the period end. Allowable expenses claimed by Directors in the course of their duties amounted to £1,067 for the six months ended 30 June 2011 (Six months ended 30 June 2010: £514. Year ended 31 December 2010: £2,344).

D Warr is a Non-Executive Director of Breedon Aggregates Limited of which the Company holds 1,583,270 shares as at 30 June 2011.

The Investment Manager, Scottish Widows Investment Partnership Limited (“SWIP”) exercises discretion over 28.50% (Six months ended 30 June 2010: 28.91%. Year ended 31 December 2010: 28.42%) of shares in the Company, on behalf of their clients, and earned investment management fees of £87,254 (Six months ended 30 June 2010: £76,237. Year ended 31 December 2010: £157,732) during the period of which £87,254 (Six months ended 30 June 2010: £35,664. Year ended 31 December 2010: £42,090) was outstanding at the period end. During 2011 SWIP earned a performance fee of £5,232 (Six months ended 30 June 2010: £Nil. Year ended 31 December 2010: £Nil) which was outstanding at the period end. The basis of calculation of these fees is detailed in note 4 of the annual financial statements.

The Company has appointed Kleinwort Benson (Channel Islands) Funds Services Limited to provide administrative and accounting services. Administrative fees (including the accounting fee) for the period ended 30 June 2011 totalled £49,330 (Six months ended 30 June 2010: £50,000. Year ended 31 December 2010: £95,000) of which £49,330 (Six months ended 30 June 2010: £50,000. Year ended 31 December 2010: £45,000) was outstanding at the period end.

### **10. Events after the reporting date**

There have been no significant events after the reporting date which in the opinion of the Board of Directors require disclosure in the financial statements.