BLACKROCK COMMODITIES INCOME INVESTMENT TRUST PLC

HALF YEARLY FINANCIAL REPORT
31 MAY 2016

BLACKROCK®

Contents

BlackRock Commodities Income Investment Trust plc

The Company's objectives are to achieve an annual dividend target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors.

The Association of Investment Companies

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

Details about the Company are available at blackrock.co.uk/brci

Performance record

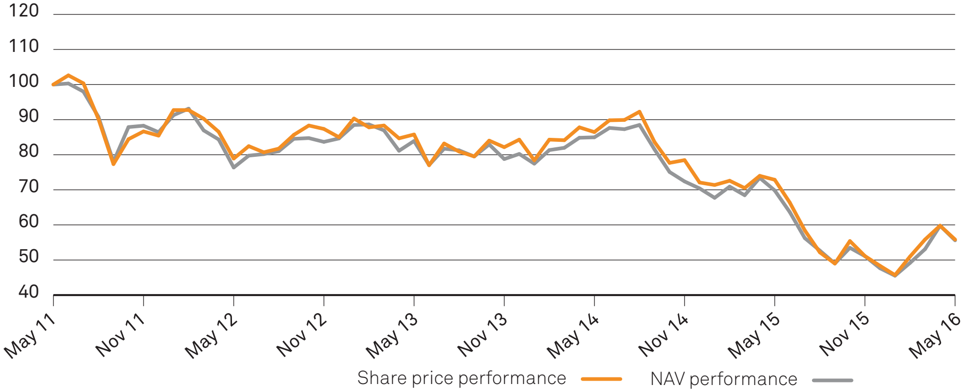
FINANCIAL HIGHLIGHTS

Attributable to ordinary shareholders	31 May 2016 (unaudited)	30 November 2015 (audited)	Change %
Assets			
Net assets (£'000)[(i)]	73,215	69,430	5.5
Net asset value per ordinary share	62.06p	60.08p	3.3
– with income reinvested			8.8
Ordinary share price (mid-market)	62.00p	59.75p	3.8
– with income reinvested			9.2

	For the six months ended 31 May 2016 (unaudited)	For the six months ended 31 May 2015 (unaudited)	Change %
Revenue			
Net revenue after taxation (£'000)	2,478	3,301	-24.9
Revenue return per ordinary share	2.12p	3.10p	-31.6
Interim dividends			
1st interim	1.50p	1.50p	–
2nd interim[(ii)]	1.50p	1.50p	–

(i) The change in net assets reflects market movements and the issue of 2,400,000 shares during the period.
(ii) Paid on 22 July 2016.

PERFORMANCE FROM 31 MAY 2011 TO 31 MAY 2016



Sources: BlackRock and Datastream.
Performance figures are calculated in sterling terms, with income reinvested.
Share price and NAV at 31 May 2011, rebased to 100.

PERFORMANCE TO 31 MAY 2016

	Six months	One year	Five years
Net asset value per ordinary share (with income reinvested)	8.8%	-20.4%	-44.4%
Ordinary share price (mid-market) (with income reinvested)	9.2%	-23.4%	-44.2%

Source: BlackRock.

Chairman's statement

MARKET OVERVIEW

Against a backdrop of volatility in global markets in the first half of 2016, commodity prices benefited from stimulus measures in China, delivering a turnaround in the natural resources sector which outperformed equity markets in general. The oil price rose over the period, driven by a tightening of supply as many producers cut back on capital expenditure awaiting a more significant recovery in oil prices over the longer term. Despite this strong performance, the Investment Manager's optimism at the resurgence of the natural resources sector is tempered by the challenges that continue to exist across broader markets. The high profile dividend cuts made by some of the Company's key portfolio holdings have created challenges for income generation.

PERFORMANCE

During the six month period ended 31 May 2016 the Company's net asset value ("NAV") per share returned 8.8% and the share price returned 9.2% (both percentages in sterling terms with income reinvested). Further information on investment performance is given in the Investment Manager's Report.

Since the period end and up until close of business on 22 July 2016 the Company's NAV has increased by 21.8% and the share price has risen by 13.2% (with income reinvested). The disparity between the NAV and share price performance, which has seen the Company's share rating move from a premium to a discount over recent weeks, has been driven by a number of factors. These include the fall in sterling against the dollar post the referendum, which has been beneficial for the Company's NAV performance given the large proportion of US dollar based assets, a rise in precious metal prices as a hedge against risk and reduced market liquidity as investors wait for clarity over the future direction of the UK economy. The Board notes that recently the discount has narrowed as confidence returns and demand for the Company's shares increases.

REVENUE RETURN AND DIVIDENDS

Revenue return per share for the six month period was 2.12 pence (six months to 31 May 2015: 3.10 pence).

The Board announced on 14 March 2016 that as falling commodity prices had forced many companies to reduce or cancel their dividend payments it had decided to revise its 2016 dividend target. The Board now intends to target a first and second quarterly interim dividend of 1.50 pence, followed by third and fourth quarterly interim dividend payments of 1.00 pence, making a total of 5.00 pence per ordinary share for the year as a whole[1]

1. This is a target and should not be interpreted as a profit or dividend forecast.

(2015: target of 6.00 pence). The Board intends to use revenue reserves to support this target if portfolio income alone is insufficient. Thereafter, the Board's intention is to maintain the quarterly dividend and grow this as market conditions allow.

The first quarterly dividend of 1.50 pence per share was paid on 21 April 2016 and the second quarterly dividend of 1.50 pence per share was paid on 22 July 2016 to shareholders on the register on 24 June 2016 (2015: four quarterly interim dividends each of 1.50 pence per share were paid).

TENDER OFFER

The Directors of the Company have the discretion to make semi-annual tender offers in February and August of each year at the prevailing NAV, less 2%, for up to 20% of the Company's issued share capital.

The Directors announced on 14 June 2016 that over the six month period to 31 May 2016 the Company's shares had traded at an average premium to NAV of 1.4% (on a cum-income basis) and it was not therefore in the interests of shareholders to implement the August 2016 tender offer.

GEARING

The Company operates a flexible gearing policy which depends on prevailing market conditions. It is not intended that gearing will exceed 20% of the gross assets of the Company. The maximum gearing used during the period was 4.2%, and at 31 May 2016 gearing was 2.8%.

SHARE CAPITAL

The Company has continued to issue shares in response to investor demand and, during the period, issued 2,400,000 ordinary shares at an average price of 55.77 pence per share for a total consideration of £1,338,000, before the deduction of issue costs. The shares were issued at an average premium of 3.4% to the cum income NAV at the close of business on the business day prior to each issue and at a premium to the estimated cum income NAV at the time of each transaction.

Since 31 May 2016, no further shares have been issued.

Chairman's statement continued

OUTLOOK

The outlook for the natural resources sector has improved over the period under review. However, there remain a number of threats to the wider global economic recovery, including the impact of potential rate hikes in the US, the forthcoming US general election and concerns around the depreciation of the Chinese yuan. The result of the UK's 'Brexit' referendum has created shock waves across global markets and brings additional uncertainty over the future economic outlook. The Company's precious metals exposure and currency exposure (the majority of the Company's assets and income are denominated in US Dollars) has seen the net asset value of the portfolio perform well since the Brexit decision. The Investment Manager has focused on maintaining a defensively positioned, high quality portfolio.

Over the longer term, the Manager believes that the outlook for energy equities is positive as the current low level of oil prices is unsustainable. In the mining sector, many commodity markets remain oversupplied and, in the absence of increased demand, there will be pressure for additional price cuts to rebalance markets. Against this backdrop, dividends remain under pressure. However, the portfolio's defensive positioning and bias towards quality companies should help performance as markets move to a risk averse stance, and there are signs that the natural resources sector has weathered the worst of the economic turmoil.

Ed Warner
29 July 2016

Interim management report and responsibility statement

The Chairman's Statement on pages 4 to 6 and the Investment Manager's Report on pages 10 to 18 give details of the important events which have occurred during the period and their impact on the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks faced by the Company can be divided into various areas as follows:

- Performance;
- Income/dividend;
- Gearing;
- Regulatory;
- Operational;
- Market; and
- Financial.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 30 November 2015. A detailed explanation can be found in the Strategic Report on pages 7 to 10 and in note 17 on pages 53 to 62 of the Annual Report and Financial Statements which are available on the website at blackrock.co.uk/brci.

In the Board's opinion, an additional uncertainty to those outlined in the Annual Report and Financial Statements now exists. In a referendum held on 23 June 2016, the United Kingdom resolved to leave the European Union (EU). The referendum result may affect the Company's risk profile through introducing potentially significant new uncertainties and instability in financial markets as the United Kingdom negotiates its exit from the EU. These uncertainties could have a material effect on the Company's business, financial condition and operations. The process of a major country leaving the EU has no precedent, so we expect an ongoing period of market uncertainty as implications are digested.

Interim management report and responsibility statement continued

In the view of the Board, there have not been any other changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

GOING CONCERN

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Company has a portfolio of investments which are considered to be readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Ongoing charges (excluding interest costs and taxation) for the year ended 30 November 2015 were approximately 1.4% of net assets.

RELATED PARTY DISCLOSURE TRANSACTIONS WITH THE INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has, with the Company's consent, delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the management fee payable are set out in note 4 on pages 32 and 33 and note 10 on page 39. The related party transactions with the Directors are set out in note 11 on page 40.

DIRECTORS' RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting"; and

- the Interim Management Report together with the Chairman's Statement and Investment Manager's Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure and Transparency Rules.

This half yearly report has not been audited or reviewed by the Company's Auditor. The half yearly financial report was approved by the Board on 29 July 2016 and the above responsibility statement was signed on its behalf by the Chairman.

Ed Warner
For and on behalf of the Board
29 July 2016

Investment manager's report

MARKET OVERVIEW

The first half of 2016 ended up being one of the best periods for performance since 2010 for the natural resources sector with natural resources equities delivering positive double digit returns and many underlying commodities bouncing sharply off multi-year lows. This has been a welcome relief to investors, bucking a multi-year trend of negative share price performance. The period, however, did not get off to a good start, with China related fear gripping the sector in January, which resulted in many mining companies trading at share prices below those experienced during the 2008 financial crisis. However, a significant liquidity injection into the Chinese economy drove a dramatic turnaround with the natural resources sector materially outperforming general equity markets during the period under review.

The unexpectedly large stimulus measures in China kick-started the housing market and, by the end of March, house prices had begun to rise in the majority of tier one and tier two cities. In addition, a step up in infrastructure spend gave traders and consumers the confidence to begin restocking, having gone through a period of significant destocking in the latter part of 2015. The bulk commodities of iron ore and coking coal, used in the steel making process, were the key beneficiaries of this, ending the period up by 17.4% and 10.6% respectively. Towards the end of the period some of the momentum came out of the market as the effect of the liquidity injection began to fade and a number of measures implemented in China to curb commodity market speculation started to take effect.

The oil sector finished the period strongly with the oil price rising to almost US$50 per barrel ('bbl'). This was driven in part by robust demand, however, the key driver was a tightening on the supply side of the industry – a function of declines in US production, as well as short term supply disruptions from, for example, militant attacks on pipelines in Nigeria. Many of the US shale producers have referenced US$50/bbl as the point at which bringing back production makes economic sense. However, they will probably need to see a reasonable period of time at such a price level before having the confidence to commit capital, thus limiting the near-term supply impact.

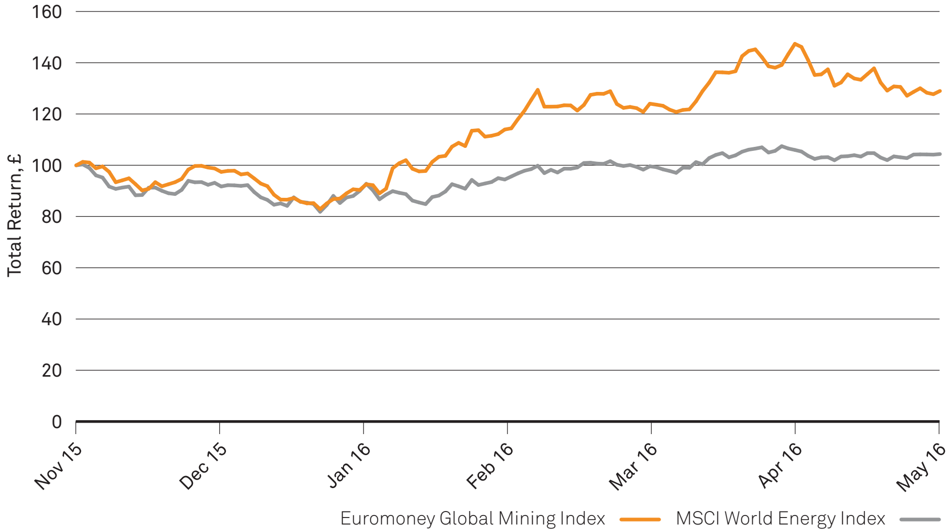
Despite the improving fundamentals in many areas of the natural resources market and the strong performance over the period under review, we remain cognisant of the risks to broader markets and the knock-on effect this may have on the natural resources sector. The market volatility around changing probabilities of rate hikes in the US, the forthcoming US general election and the concerns around the Chinese yuan depreciating to a new five year low at the start of June, all contribute a degree of caution to our more optimistic outlook. Given the high level of uncertainty in markets today the Company has increased its exposure to gold, with gold equities outperforming all other asset classes year-to-date.

Commodity	30 November 2015	31 May 2016	Change %
Base Metals (US$/tonne)			
Aluminium	1,446	1,544	6.8
Copper	4,586	4,697	2.4
Lead	1,647	1,696	3.0
Nickel	8,900	8,389	-5.7
Tin	14,900	16,324	9.6
Zinc	1,563	1,922	23.0
Precious Metals (US$/oz)			
Gold	1,065	1,214	14.0
Silver (USc/oz)	14.1	16.0	13.5
Platinum	831	971	16.8
Palladium	544	540	-0.7
Energy			
Oil (WTI) (US$/Bbl)	41.70	49.10	17.7
Oil (Brent) (US$/Bbl)	44.60	49.05	10.0
Natural Gas (US$/MMBTU)	2.23	2.28	2.2
Uranium (US$/lb)	36.10	27.25	-24.5
Bulk Commodities (US$/tonne)			
Iron ore	43.0	50.5	17.4
Coking coal	75.4	83.4	10.6
Thermal coal	53.6	52.6	-1.9
Equity Indices			
Euromoney Global Mining Index (US$)	193.6	238.0	22.9
Euromoney Global Mining Index (£)	128.7	164.0	27.4
MSCI World Energy Index (US$)	197.5	195.8	-0.9
MSCI World Energy Index (£)	131.4	134.9	2.7

Sources: Datastream, Citi Research and Macquarie

Investment manager's report continued

EUROMONEY GLOBAL MINING INDEX AND MSCI WORLD ENERGY INDEX



Source: Datastream.

INCOME

During the interim period the Company generated £3.1 million of gross income. This enabled dividend payments of 1.50 pence per share for the first and second quarter, a total of 3.00 pence per share for the interim period. As noted in March, since the publication of our 2015 Annual Report the sector has experienced further challenges with falling commodity prices (particularly towards the end of 2015 and early in 2016) forcing many companies to reduce or cancel dividends. In light of this the Board revised its 2016 dividend target from 6.00 pence per share to 5.00 pence per share for the year as a whole. Following a 1.50 pence dividend payment per share for each of the first and second quarters, the Board is targeting a third and fourth quarterly dividend payment of 1.00 pence. The Board intends to use revenue reserves to support this target if portfolio income alone is insufficient. Thereafter, the Board's intention is to maintain the quarterly dividend and grow this as market conditions allow.

As we highlighted in the 2015 Annual Report, the risk as we moved into 2016 was that more companies would be forced to cut and even cancel dividends as balance sheets came under pressure. To that end, we saw high-profile dividend cuts from some of the

Company's key holdings - BHP Billiton, ConocoPhillips and Rio Tinto, who cut dividends by 75%, 66% and 50% respectively. During the period, BHP Billiton and Rio Tinto stepped away from their long established progressive dividend policies, instead adopting a dividend payout policy, which will see future dividend payments more closely linked to underlying commodity prices and earnings.

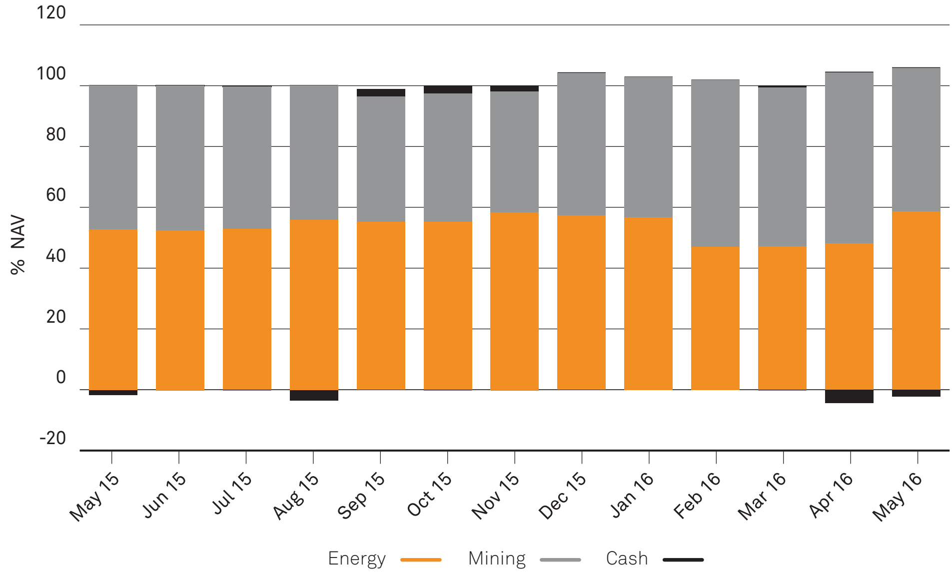
The environment for option writing remained favourable throughout the first half of the year. One of the key determinants of the amount of premium received for writing options is the implied volatility of the underlying shares – given the uncertainty in the natural resources sector this volatility was high in both absolute terms and relative to broader equity markets. During the period we maintained a fairly equal stance between call and put option writing. However as we reached the end of the period, we increased our call writing activity, particularly among the mining companies as we felt that valuations had run ahead of the underlying fundamentals. During the first half of the year approximately 60% of income was derived from option writing. The Company also increased its fixed income exposure, which accounted for 9.6% of income during the period. Following a significant sell-off in the value of First Quantum Minerals bonds (7.25% coupon, 2022 maturity) we increased our holding to 4.7% of the portfolio (at 31 May 2016) given our expectation that the company would be able to weather near-term balance sheet pressure via asset sales which would allow them to renegotiate covenants with its lending banks.

PORTFOLIO POSITIONING

At the beginning of the period the portfolio was more biased towards energy companies given their greater balance sheet strength, particularly among the large integrated producers and less direct exposure to China, relative to mining companies. However, following the significant injection of liquidity into the Chinese economy towards the end of January, we rotated the portfolio's exposure into an overweight position in mining, with mining equities seeing a material relief rally through to the end of April. Towards the end of the period, we took profits in a number of mining companies that had performed strongly over the last three months, moving back to an overweight energy position, with energy equities bolstered by a tightening in the oil market with the Brent Oil price approaching US$50/bbl towards the end of May.

Investment manager's report continued

TWELVE MONTH PORTFOLIO POSITIONING



Similar to 2015, we deployed a minimal amount of gearing given the high degree of volatility during the period. Gearing was principally used to match our fixed income exposure, to ensure that the Company maintains a full equity exposure to the market.

From a stock specific perspective, the portfolio maintained a quality bias focusing on those companies that had sufficient balance sheet strength and low cost assets to survive in the current low commodity price environment. Following the significant sell-off in share prices, largely on balance sheet concerns, at the beginning of January, we increased exposure to those companies with "balance sheet turnaround" and "restructuring" catalysts. For example, we increased our holding in Glencore and First Quantum (both the equity and the debt) on an expectation that both companies had sufficient levers (i.e. asset sales, capital expenditure cuts) to reduce near-term balance sheet pressure and so induce a material re-rating of their equity. During the period Glencore increased in value by 35%, and First Quantum Minerals increased by 86% following actions taken to alleviate balance sheet pressure.

We also sold those companies that had performed strongly and where the investment catalyst had largely played out. This was a key driver behind our rotation out of a number of mining companies into energy companies towards the end of the period. Relative valuation was also the key driver behind the increase in Royal Dutch Shell, the largest position in the portfolio, at 6.6% (at 31 May 2016). Confirming our conviction in the holding, at its Capital Markets Day in June, Royal Dutch Shell outlined a clear strategy on how it intends to restructure the business post the BG acquisition enabling it to grow cash flow per share, returns and dividends in a lower oil price environment. This was viewed positively by the market.

ENERGY

The energy sector began the period on a downward trajectory as oil prices continued to decline, with Brent reaching a low of US$28/bbl in January. In the face of significantly lower prices, global oil production was more resilient than had been expected, with total oil production rising by 2.8% year-on-year in 2015. Meanwhile, concerns mounted over the strength of global economic growth and the implications for global oil demand. In addition, at the December OPEC meeting, the oil cartel announced that it would not be cutting production, which had been widely expected; however, the level of discord evident within the organisation surprised the market which began to question if there would be any price at which there would be a cut.

BRENT OIL PRICE

Investment manager's report continued

From mid-January to the end of May, oil prices and energy shares rebounded strongly. Oil prices were supported by what seemed to be a more open dialogue between major oil producers Saudi Arabia, Venezuela, Qatar and Russia as they announced a coordinated oil output freeze, subject to the agreement of other oil producing nations. However, when OPEC and key non-OPEC producers met in Doha in April to discuss a potential freeze, the talks failed with the key obstacle appearing to be Saudi Arabia's insistence that Iran participates. Iran was unwilling to do so, given its production remained meaningfully below pre-sanctions levels.

The market appeared to 'shake off' the news, however, as at the margin improvements in the oil market's supply-demand fundamentals were starting to become increasingly evident. Development spending has been slashed across the energy sector and drilling activity has plunged, with the US rig count (the number of rigs actively drilling for oil in the US) down by approximately 80% since the November 2014 peak. This translated into non-OPEC supply beginning to decline, with data for Q1 2016 showing a ~300kbpd year-on-year decline. Falls in US production accounted for the majority of this and appeared to be gathering pace. At the end of the period under review, general expectations were for the oil market to return to balance at some point within the next 12 months, with global economic growth the key risk to this thesis.

Towards the end of the period, we looked to add to the Company's oil exposure as the oil market appears to be getting tighter. This has primarily been through our favoured E&P (exploration & production) names which offer greater leverage to the oil price than the larger integrated oil & gas majors.

MINING

It was an extremely volatile period for the mining sector, with a 78% peak to trough difference in the performance of the Euromoney Global Mining Index (in sterling terms), which finished the period up by 27%. These are significant moves in the context of the underlying moves in the commodity prices, with share prices reflecting the markets improved view on balance sheet strength and liquidity. As noted earlier, the mining sector started the period on the back foot. A combination of slow global growth, commodity over supply and weakening data from China put downward pressure on the mined commodities and the associated equities. During December 2015 and early January 2016 we saw extreme negative moves in share prices, with credit default spreads rising above the level seen during the financial crisis. This was largely driven by concerns around commodity prices and the strength of balance sheets across the sector.

However, as we progressed through January the short-term outlook for China improved as the Chinese government significantly increased liquidity into the market and provided support to the economy via increased infrastructure investment. This fed through into some improved economic data points from China such as an uptick in housing starts and bank lending as well as a manufacturing PMI statistic above 50 in March. These data points somewhat eased the market's concerns around the potential for a hard landing in the country and resulted in strong share price performance from the mining equities.

Against this backdrop, commodity price performance was broadly positive with copper, aluminium and zinc prices up by 2.4%, 6.8% and 23.0% respectively. Iron ore prices also rose, finishing the period 17.4% higher reflecting seasonal demand strength, restocking in China, supply disruption as a consequence of the Samarco Brazilian dam disaster, as well as the major iron ore producers revising down 2017 production guidance.

The mining sector was also buoyed by a better-than expected reporting season as mining companies reaffirmed strategies to bolster balance sheets and reduce debt. The period saw high-profile dividend cuts from BHP Billiton and Rio Tinto, who brought an end to their progressive dividend policies, cutting by 75% and 50% respectively. During the period we looked to take advantage of a number of 'turnaround' opportunities in the market. For example, Glencore (up by 35% over the period) who increased its asset sale target by US$1 billion and is now looking to reduce net debt to US$17-18 billion by end 2016, versus, US$25.9 billion at end 2015.

The gold price performed strongly during the period, rising by 14.0%, reflecting increased 'safe-haven' demand amidst equity market weakness, currency volatility and rising geopolitical uncertainty. The Company looked to take advantage of this by increasing its gold exposure, as well as writing puts in a number of gold equities. As at the end of the interim period the Company's precious metals (gold and silver) exposure was 16.8%, versus 6.8% at November 2015. Encouragingly the gold equities exhibited meaningful leverage to the rise in the gold price, with the gold sector (as measured by the FTSE Gold Mines Index, sterling terms) up by 80% over the period.

OUTLOOK

Following a very challenging period for the Natural Resources sector, underlying fundamentals for the sector are beginning to improve with our outlook turning more optimistic. We believe that the actions taken by companies to reduce debt over the last 12 months means that we are likely to have seen the low point for the sector in January 2016. However, despite the improving fundamentals in many areas of the natural

Investment manager's report continued

resources market and the strong performance in the first half of the year, we remain cognisant of the risks to broader markets and the knock-on effect this may have on the sector. Given this high level of uncertainty we continue to maintain a high quality portfolio, have increased the Company's gold exposure and are deploying minimal gearing.

We remain positive on the long-term outlook for energy equities as we see current oil prices as unsustainable. Today's oil prices are too low for companies to make the investment that will be required for future supply to meet growing global oil demand. Returns in the energy space will have to improve before companies become incentivized to make this investment and energy equities have historically performed very strongly during periods when returns have improved. While we are becoming increasingly more positive about mining equities, many commodity markets remain oversupplied today and we will need to see further production cuts to rebalance markets. Absent an improvement in demand, commodity prices will need to move lower to balance markets, putting pressure on the mining sector.

Olivia Markham and Tom Holl
BlackRock Investment Management (UK) Limited
29 July 2016

Ten largest investments

as at 31 May 2016

First Quantum Minerals: 7.6%* (2015:5.6%) is an established and rapidly growing mining company operating seven mines and developing five projects worldwide. The company is a significant copper producer and also produces nickel, gold, zinc and platinum group elements.

Royal Dutch Shell 'B': 6.6% (2015: 5.0%) is one of the world's leading energy companies. The Anglo-Dutch company is active in every area of the oil and gas industry within exploration and production, refining and marketing, power generation and energy trading. The company also has renewable energy interests in biofuels.

Exxon Mobil: 4.5% (2015: 6.3%) is the world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products.

BHP Billiton: 4.4% (2015: 5.5%) is the world's largest diversified natural resources company. The company is a major producer of aluminium, iron ore, copper, thermal and metallurgical coal, manganese, uranium, nickel, silver, titanium minerals and diamonds. The company also has significant interests in oil, gas and liquefied natural gas.

Rio Tinto: 4.4% (2015: 5.4%) is one of the world's leading mining companies. The company's primary production is iron ore, but it also produces aluminium, copper, diamonds, gold, industrial minerals and energy products.

BP (formerly British Petroleum): 3.5% (2015: 4.1%) is one of the world's leading international oil and gas companies. The company explores for and produces oil and natural gas, refines, markets and supplies petroleum products. It also generates solar energy and manufactures chemicals.

Occidental Petroleum: 3.4% (2015: 1.9%) is a US, Houston-based oil and gas exploration and production company with operations in the US, the Middle East region, and South America.

ConocoPhillips: 3.2% (2015: 4.9%) is the world's largest independent exploration and production company (based on proved reserves and production of liquids and natural gas). It has producing assets in North America, Europe, Asia and Australia in conventional oil and gas and a growing portfolio of North American shale and oil sands businesses.

* 4.7% relates to a holding in First Quantum Minerals 7.25% 15 May 2022 Bond.

Ten largest investments continued

as at 31 May 2016

Newcrest Mining: 3.1% (2015: nil) is an Australian-based corporation which engages in the exploration, development, mining and sale of gold and gold-copper concentrate. It is Australia's leading gold mining company with international operations in locations including Indonesia and South America.

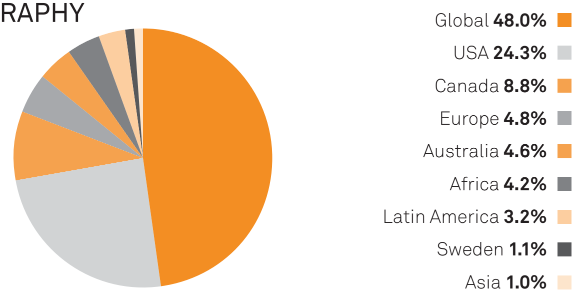
Enbridge Income Fund Trust: 3.1% (2015: 4.7%) is a Canadian listed company that is focused on energy infrastructure assets in North America. It has a strong commitment to paying cash flow out to shareholders, with a long term target of paying out approximately 80% of cash generated and available for distribution on a monthly basis.

All percentages reflect the value of the holding as a percentage of total investments. For this purpose where more than one class of securities is held, these have been aggregated. The percentages in brackets represent the value of the holding as at 30 November 2015. Together, the ten largest investments represents 43.8% of total investments (ten largest investments as at 30 November 2015: 51.2%).

Distribution of investments

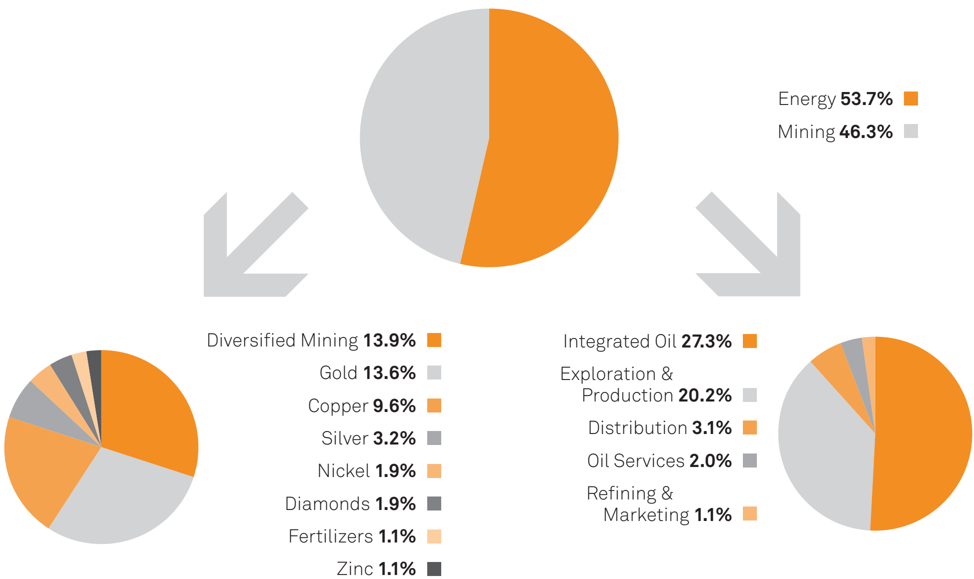
as at 31 May 2016

ASSET ALLOCATION – GEOGRAPHY



Source: BlackRock.

ASSET ALLOCATION – COMMODITY



Source: BlackRock.

Investments

as at 31 May 2016

	Main geographic exposure	Market value	% of investments
		£'000	
Integrated Oil			
Royal Dutch Shell 'B'	Global	4,982	6.6
Exxon Mobil	Global	3,362	4.5
BP	Global	2,608	3.5
Occidental Petroleum	USA	2,534	3.4
ConocoPhillips	USA	2,407	3.2
Eni	Europe	2,053	2.7
Chevron	Global	1,387	1.8
Total	Global	724	1.0
Statoil	Europe	460	0.6
		20,517	**27.3**
Exploration & Production			
Hess	Global	2,311	3.1
Cimarex Energy	USA	1,996	2.7
Laredo Petroleum	USA	2,069	2.7
Laredo Petroleum Call Option 17/06/16	USA	(80)	(0.1)
Anadarko Petroleum	USA	1,977	2.6
Pioneer Natural Resources	USA	1,542	2.0
EOG Resources	USA	1,398	1.9
Crescent Point Energy	Canada	1,213	1.6
Marathon Oil	Global	1,166	1.5
Encana	Canada	1,092	1.5
Cabot Oil & Gas	USA	478	0.6
Southwestern Energy	USA	94	0.1
		15,256	**20.2**
Diversified Mining			
BHP Billiton	Global	3,292	4.4
Rio Tinto	Global	3,302	4.4
Rio Tinto Call Option 17/06/16	Global	(25)	–
Glencore	Global	1,544	2.0
Glencore Call Option 17/06/16	Global	(33)	–
Lundin Mining	Europe	1,222	1.5

	Main geographic exposure	Market value	% of investments
		£'000	
Diversified Mining continued			
Teck Resources	Canada	662	0.9
Teck Resources Call Option 17/06/16	Canada	(31)	–
Vale	Global	540	0.7
Vedanta Resources Put Option 17/06/16	Global	(21)	–
		10,452	**13.9**
Gold			
Newcrest Mining	Australia	2,373	3.1
Newcrest Mining Call Option 17/06/16	Australia	(11)	–
Barrick Gold	Global	1,602	2.1
Newmont Mining	Global	1,564	2.1
Nevsun Resources	Africa	1,012	1.3
Detour Gold	Canada	803	1.1
Franco-Nevada	Global	740	1.0
Gold Fields	Africa	734	1.0
Gold Fields Call Option 17/06/16	Africa	(10)	–
Eldorado Gold	Asia	524	0.7
Agnico Eagle Mines	Canada	463	0.6
AngloGold Ashanti	Global	461	0.6
		10,255	**13.6**
Copper			
First Quantum Minerals 7.25% 15/05/22	Global	3,521	4.7
First Quantum Minerals	Global	2,258	3.0
First Quantum Minerals Call Option 17/06/16	Global	(40)	(0.1)
Avanco Resources	Latin America	594	0.8
Southern Copper	Latin America	537	0.7
Southern Copper Call Option 17/06/16	Latin America	(8)	–
Freeport-McMoRan Copper & Gold	Asia	206	0.3
Southern Peru Copper	Latin America	178	0.2
		7,246	**9.6**

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Investments continued

as at 31 May 2016

	Main geographic exposure	Market value	% of investments
		£'000	
Silver			
Tahoe Resources	USA	1,272	1.7
Tahoe Resources Call Option 17/06/16	USA	(17)	–
Fresnillo	Latin America	764	1.0
Silver Wheaton	Latin America	355	0.5
		2,374	**3.2**
Distribution			
Enbridge Income Fund Trust	Canada	2,338	3.1
		2,338	**3.1**
Oil Services			
Baker Hughes	USA	985	1.3
Schlumberger	USA	550	0.7
Schlumberger Put Option 17/06/16	USA	(5)	–
		1,530	**2.0**
Nickel			
Norilsk Nickel	USA	1,124	1.5
Western Areas	Australia	344	0.4
		1,468	**1.9**
Diamonds			
Petra Diamonds 8.25% 31/05/20	Africa	1,099	1.5
Petra Diamonds	Africa	330	0.4
		1,429	**1.9**
Refining & Marketing			
Phillips 66	Global	828	1.1
		828	**1.1**
Fertilizers			
Iluka Resources	Australia	803	1.1
		803	**1.1**

	Main geographic exposure	Market value	% of investments
		£'000	
Zinc			
Boliden	Sweden	801	1.1
		801	**1.1**
Agriculture Science			
Monsanto Put Option 17/06/16	Global	(11)	–
		(11)	**–**
Total investments		**75,286**	**100.0**

All investments are ordinary shares unless otherwised stated. The total number of holdings (including options) at 31 May 2016 was 67 (30 November 2015: 62).

The total number of open options as at 31 May 2016 was 12 (30 November 2015:12).

The negative valuations of £292,000 respect of options held represent the notional cost of repurchasing the contracts at market value prices as at 31 May 2016.

As at 31 May 2016, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

Consolidated statement of comprehensive income
for the six months ended 31 May 2016

		Revenue £'000			Capital £'000			Total £'000		
		Six months ended		Year ended	Six months ended		Year ended	Six months ended		Year ended
	Notes	31.05.16 (unaudited)	31.05.15 (unaudited)	30.11.15 (audited)	31.05.16 (unaudited)	31.05.15 (unaudited)	30.11.15 (audited)	31.05.16 (unaudited)	31.05.15 (unaudited)	30.11.15 (audited)
Income from investments held at fair value through profit or loss	3	1,476	2,072	4,027	–	–	–	1,476	2,072	4,027
Other income	3	1,610	1,989	4,541	–	–	–	1,610	1,989	4,541
		3,086	4,061	8,568	–	–	–	3,086	4,061	8,568
Profit/(loss) on investments held at fair value through profit or loss		–	–	–	3,709	(6,291)	(34,867)	3,709	(6,291)	(34,867)
Profit/(loss) on foreign exchange		–	–	–	92	(48)	–	92	(48)	–
Total revenue		3,086	4,061	8,568	3,801	(6,339)	(34,867)	6,887	(2,278)	(26,299)
Expenses										
Investment management fee	4	(84)	(126)	(220)	(252)	(378)	(661)	(336)	(504)	(881)
Operating expenses	5	(137)	(174)	(333)	(2)	(2)	(3)	(139)	(176)	(336)
Total operating expenses		(221)	(300)	(553)	(254)	(380)	(664)	(475)	(680)	(1,217)
Net profit/(loss) on ordinary activities before finance costs and taxation		2,865	3,761	8,015	3,547	(6,719)	(35,531)	6,412	(2,958)	(27,516)
Finance costs		(9)	(7)	(24)	(26)	(15)	(33)	(35)	(22)	(57)
Net profit/(loss) on ordinary activities before taxation		2,856	3,754	7,991	3,521	(6,734)	(35,564)	6,377	(2,980)	(27,573)
Taxation		(378)	(453)	(1,051)	(57)	–	–	(435)	(453)	(1,051)
Profit/(loss) for the period	7	2,478	3,301	6,940	3,464	(6,734)	(35,564)	5,942	(3,433)	(28,624)
Earnings/(loss) per ordinary share	7	2.12p	3.10p	6.32p	2.96p	(6.33p)	(32.37p)	5.08p	(3.23p)	(26.05p)

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period. The Group does not have any other recognised gains or losses. The net profit/(loss) disclosed above represents the Group's total comprehensive income.

Consolidated statement of changes in equity

for the six months ended 31 May 2016

	Note	Called-up share capital	Share premium account	Special reserve	Capital reserves	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000
For the six months ended 31 May 2016 (unaudited)							
At 30 November 2015		1,156	44,837	71,223	(51,545)	3,759	69,430
Total comprehensive income:							
Net profit for the period		–	–	–	3,464	2,478	5,942
Transactions with owners, recorded directly to equity:							
Shares issued		24	1,314	–	–	–	1,338
Share issue costs and fees		–	1	–	–	–	1
Dividends paid	6	–	–	–	–	(3,496)	(3,496)
At 31 May 2016		1,180	46,152	71,223	(48,081)	2,741	73,215
For the six months ended 31 May 2015 (unaudited)							
At 30 November 2014		1,052	37,003	71,223	(15,981)	3,399	96,696
Total comprehensive income:							
Net (loss)/profit for the period		–	–	–	(6,734)	3,301	(3,433)
Transactions with owners, recorded directly to equity:							
Shares issued		35	3,087	–	–	–	3,122
Share issue costs		–	(12)	–	–	–	(12)
Dividends paid	6	–	–	–	–	(3,220)	(3,220)
At 31 May 2015		1,087	40,078	71,223	(22,715)	3,480	93,153
For the year ended 30 November 2015 (audited)							
At 30 November 2014		1,052	37,003	71,223	(15,981)	3,399	96,696
Total comprehensive income:							
Net (loss)/profit for the year		–	–	–	(35,564)	6,940	(28,624)
Transactions with owners, recorded directly to equity:							
Shares issued		104	7,982	–	–	–	8,086
Share issue costs and fees		–	(148)	–	–	–	(148)
Dividends paid	6	–	–	–	–	(6,580)	(6,580)
At 30 November 2015		1,156	44,837	71,223	(51,545)	3,759	69,430

The transaction costs incurred on the acquisition and disposal of investments are included within the capital reserve. Purchase and sale costs amounted to £67,000 and £28,000 respectively for the six months ended 31 May 2016 (six months ended 31 May 2015: £106,000 and £51,000; year ended 30 November 2015: £195,000 and £99,000).

Consolidated statement of financial position

as at 31 May 2016

	Notes	31 May 2016 £'000 (unaudited)	31 May 2015 £'000 (unaudited)	30 November 2015 £'000 (audited)
Non current assets				
Investments held at fair value through profit or loss		75,578	92,991	69,610
Current assets				
Other receivables		1,199	714	455
Collateral held on margin deposit with brokers		1,556	2,053	1,312
Cash and cash equivalents		4,125	1,277	2,935
		6,880	4,044	4,702
Total assets		82,458	97,035	74,312
Current liabilities				
Other payables		(3,449)	(1,242)	(1,170)
Derivative financial liabilities held at fair value through profit or loss		(292)	(528)	(623)
Bank overdraft		(5,502)	(2,112)	(3,089)
		(9,243)	(3,882)	(4,882)
Net current (liabilities)/assets		(2,363)	162	(180)
Net assets		73,215	93,153	69,430
Equity attributable to equity holders				
Called up share capital	8	1,180	1,087	1,156
Share premium account		46,152	40,078	44,837
Special reserve		71,223	71,223	71,223
Capital reserves		(48,081)	(22,715)	(51,545)
Revenue reserve		2,741	3,480	3,759
Total equity shareholders' funds		73,215	93,153	69,430
Net asset value per ordinary share	7	62.06p	85.73p	60.08p

Consolidated cash flow statement

for the six months ended 31 May 2016

	Note	Six months ended 31 May 2016 £'000 (unaudited)	Six months ended 31 May 2015 £'000 (unaudited)	Year ended 30 November 2015 £'000 (audited)
Net cash inflow from operating activities		877	2,245	1,406
Financing activities				
Interest paid		(35)	(22)	(57)
Share issue costs paid		1	(12)	(116)
Proceeds from shares issued		1,338	3,122	8,086
Dividends paid	6	(3,496)	(3,220)	(6,580)
Net cash (outflow)/inflow from financing activities		(2,192)	(132)	1,333
(Decrease)/increase in cash and cash equivalents		(1,315)	2,113	2,739
Effect of foreign exchange rate changes		92	(48)	7
Change in cash and cash equivalents		(1,223)	2,065	2,746
Cash and cash equivalents at start of the period		(154)	(2,900)	(2,900)
Cash and cash equivalents at the end of the period		(1,377)	(835)	(154)
Comprised of:				
Cash at bank		4,125	1,277	2,935
Bank overdraft		(5,502)	(2,112)	(3,089)
		(1,377)	(835)	(154)

Reconciliation of net profit before taxation to net cash flow from operating activities

for the six months ended 31 May 2016

	Six months ended 31 May 2016 £'000 (unaudited)	Six months ended 31 May 2015 £'000 (unaudited)	Year ended 30 November 2015 £'000 (audited)
Operating activities:			
Profit/(loss) before taxation*	6,377	(2,980)	(27,573)
Add back interest paid	35	22	57
(Profits)/losses on investments held at fair value through profit or loss	(3,709)	6,291	34,867
(Profits)/losses on foreign exchange	(92)	48	–
Purchases of investments held at fair value through profit or loss	(36,537)	(30,516)	(57,742)
Sales of investments held at fair value through profit or loss	33,946	30,335	52,455
Decrease/(increase) in other receivables	23	(228)	(69)
(Decrease)/increase in other payables	(247)	(147)	(3)
(Increase)/decrease in amounts due from brokers	(767)	641	741
Increase /(decrease) in amounts due to brokers	2,589	(806)	(806)
Net movement in cash held on margin deposit with brokers	(244)	(249)	492
Taxation paid	(416)	–	(701)
Taxation on investment income included within gross income	(81)	(166)	(312)
Net cash inflow from operating activities	877	2,245	1,406

* Includes dividends and interest received during the period of £1,213,000 and £3,000 (six months ended 31 May 2015: £1,714,000 and £1,000; year ended 30 November 2015: £3,618,000 and £3,000) respectively.

Notes to the financial statements

for the six months ended 31 May 2016

1. PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment trust company within the meaning of sections 1158-1165 of the Corporation Tax Act 2010.

The principal activity of the subsidiary, BlackRock Commodities Securities Income Company Limited, is investment dealing and options writing.

2. BASIS OF PREPARATION

The half yearly financial statements have been prepared using the same accounting policies as set out in the Company's Annual Report and Financial Statements for the year ended 30 November 2015 (which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006) and in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. These comprise standards and interpretations of International Accounting Standards and Standard Interpretations Committee as approved by the International Accounting Standards Committee that remain in effect, to the extent that IFRS has been adopted by the European Union.

Insofar as the Statement of Recommended Practice ("SORP") for investment trust companies and venture capital trusts issued by the Association of Investment Companies ("AIC"), revised in November 2014 is compatible with IFRS, the financial statements have been prepared in accordance with guidance set out in the SORP. The taxation charge has been calculated by applying an estimate of the annual effective tax rate to any profit for the period.

Notes to the financial statements continued

for the six months ended 31 May 2016

3. INCOME

	Six months ended 31 May 2016 £'000 (unaudited)	Six months ended 31 May 2015 £'000 (unaudited)	Year ended 30 November 2015 £'000 (audited)
Investment income:			
Overseas listed dividends	697	1,465	2,422
UK listed dividends	482	485	1,230
Fixed interest income	297	122	375
	1,476	2,072	4,027
Other operating income:			
Deposit interest	3	1	3
Option premium income	1,607	1,988	4,538
	1,610	1,989	4,541
Total	3,086	4,061	8,568

4. INVESTMENT MANAGEMENT FEE

	Six months ended 31 May 2016 £'000 (unaudited)	Six months ended 31 May 2015 £'000 (unaudited)	Year ended 30 November 2015 £'000 (audited)
Revenue:			
Investment management fee	84	126	220
Capital:			
Investment management fee	252	378	661
Total	336	504	881

Until 30 November 2015, the investment management fee was levied at a rate of 1.10% of gross assets per annum based on the gross assets on the last day of each quarter.
In December 2015, the Board announced that the Company and the Manager had agreed a reduction to the fees payable to the Manager under the Investment Manager Agreement. Effective 1 December 2015, the existing management fee of 1.10% of gross assets per annum was replaced with a management fee of 0.95% per annum on the first £250 million of the Company's gross assets reducing to 0.90% thereafter. The fee is allocated 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income.

5. OPERATING EXPENSES

	Six months ended 31 May 2016 £'000 (unaudited)	Six months ended 31 May 2015 £'000 (unaudited)	Year ended 30 November 2015 £'000 (audited)
Allocated to revenue:			
Custody fee	2	3	5
Auditor's remuneration – audit services	12	12	25
Directors' emoluments	39	59	89
Registrar's fee	11	11	22
Broker fees	13	–	21
Depositary fees	4	5	10
Marketing fees	2	14	22
Other administrative costs	54	70	139
	137	174	333
Allocated to capital:			
Transaction charges – capital	2	2	3
	139	176	336

Notes to the financial statements continued

for the six months ended 31 May 2016

6. DIVIDENDS

A first interim dividend for the period ended 29 February 2016 of £1,762,000 (1.50p per share) was paid on 21 April 2016 to shareholders on the register at 29 March 2016. The Directors have declared a second interim dividend for the period ended 31 May 2016 of £1,770,000 (1.50p per ordinary share) which was paid on 22 July 2016 to shareholders on the register at 23 June 2016. This dividend has not been accrued in the financial statements for the six months ended 31 May 2016, as under IFRS, interim dividends are not recognised until paid. Dividends are debited directly to reserves.

The third and fourth interim dividends will be declared in September 2016 and December 2016 respectively.

Under IFRS final dividends, if any, are not recognised until approved by the shareholders. Interim dividends are debited directly to reserves. The dividends disclosed in the table below have been considered in view of the requirements of section 1158 Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts declared meet the relevant requirements. Amounts recognised as distributions to ordinary shareholders were as follows:

	Six months ended 31 May 2016	Six months ended 31 May 2015	Year ended 30 November 2015
	£'000 (unaudited)	£'000 (unaudited)	£'000 (audited)
Fourth interim dividend for the year ended 30 November 2015 of 1.50p (2014: 1.5375p)	1,734	1,617	1,617
First interim dividend for the year ending 30 November 2016 of 1.50p (2015: 1.50p)	1,762	1,603	1,603
Second interim dividend for the year ended 30 November 2015 of 1.50p (2014: 1.4875p)	–	–	1,641
Third interim dividend for the year ended 30 November 2015 of 1.50p (2014: 1.4875p)	–	–	1,719
	3,496	3,220	6,580

7. CONSOLIDATED EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

Net revenue and capital returns per share and net asset value per share are shown below and have been calculated using the following:

	Six months ended 31 May 2016 (unaudited)	Six months ended 31 May 2015 (unaudited)	Year ended 30 November 2015 (audited)
Net revenue profit attributable to ordinary shareholders (£'000)	2,478	3,301	6,940
Net capital profit/(loss) attributable to ordinary shareholders (£'000)	3,464	(6,734)	(35,564)
Total profit/(loss) attributable to ordinary shareholders (£'000)	5,942	(3,433)	(28,624)
Equity shareholders funds (£'000)	73,215	93,153	69,430
The weighted average number of ordinary shares in issue during each period on which the return per ordinary share was calculated was:	116,880,024	106,363,494	109,870,544
The actual number of ordinary shares in issue (excluding treasury shares) at the period end on which the net asset value was calculated was:	117,968,000	108,658,000	115,568,000
Return per share			
Revenue earnings per share	2.12p	3.10p	6.32p
Capital earnings/(loss) per share	2.96p	(6.33p)	(32.37p)
Total earnings/(loss) per share	5.08p	(3.23p)	(26.05p)

	As at 31 May 2016 (unaudited)	As at 31 May 2015 (unaudited)	As at 30 November 2015 (audited)
Net asset value per share	62.06p	85.73p	60.08p
Share price	62.00p	88.88p	59.75p

Basic and diluted earnings per share and net asset value per share are the same as the Company does not have any dilutive securities outstanding. The Company did not have any treasury shares at the period end, or at the date of this report.

Notes to the financial statements continued

for the six months ended 31 May 2016

8. CALLED UP SHARE CAPITAL

	Ordinary shares number	Total shares number	Nominal value £'000
Allotted, issued and fully paid share capital comprised: Ordinary shares of 1pence each			
At 30 November 2015	115,568,000	115,568,000	1,156
Shares issued	2,400,000	2,400,000	24
At 31 May 2016	117,968,000	117,968,000	1,180

The number of ordinary shares in issue at the period end was 117,968,000 (six months ended 2015: 108,658,000; year ended 30 November 2015: 115,568,000). There were no shares held in treasury at 31 May 2016, 31 May 2015, 30 November 2015, or as at the date of this report.

During the period 2,400,000 shares were issued (six month ended 31 May 2015: 3,500,000; year ended 30 November 2015: 10,410,000) for a total consideration of £1,338,000 (six months ended 31 May 2014: £3,122,000; year ended 30 November 2015: £8,086,000) before the deduction of issue costs. Since 31 May 2016, no further shares have been issued.

9. VALUATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are either carried in the Consolidated Statement of Financial Position at their fair value (investment and derivatives) or at an amount which is a reasonable approximation of fair value (other receivables and payables, collateral held with brokers and cash and cash equivalents). IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2(h) and 2(i) as set out in the Company's Annual Report and Financial Statements for the year ended 30 November 2015.

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

The fair value hierarchy has the following levels:

Level 1 – Quoted market price in an active market for an identical instrument. These include exchange traded derivative option contracts. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using quoted prices in active markets for identical instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. At the period end over-the-counter derivative options contracts were valued based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Group.

Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Notes to the financial statements continued

for the six months ended 31 May 2016

9. VALUATION OF FINANCIAL INSTRUMENTS continued

The determination of what constitutes “observable” requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There has been no change to the valuation techniques during the period under review or as at the date of this report.

Over-the-counter derivative option contracts have been classified as level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Company.

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

Financial assets/(liabilities) at fair value through profit or loss at 31 May 2016	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Assets:				
Equity and debt investments	75,578	–	–	75,578
Liabilities:				
Derivative financial instruments – written options	–	(292)	–	(292)
	75,578	(292)	–	75,286

Financial assets/(liabilities) at fair value through profit or loss at 31 May 2015	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Assets:				
Equity and debt investments	92,991	–	–	92,991
Liabilities:				
Derivative financial instruments – written options	–	(528)	–	(528)
	92,991	(528)	–	92,463

Financial assets/(liabilities) at fair value through profit or loss at 30 November 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity and debt investments	69,610	–	–	69,610
Liabilities:				
Derivative financial instruments – written options	–	(623)	–	(623)
	69,610	(623)	–	68,987

There were no transfers between levels for financial assets and financial liabilities during the period recorded at fair value as at 31 May 2016, 31 May 2015 and 30 November 2015. The Company did not hold any level 3 securities throughout the financial period under review or as at 31 May 2015 and 30 November 2015.

10. TRANSACTIONS WITH THE AIFM AND THE INVESTMENT MANAGER

BlackRock Fund Managers Limited ('BFM') was appointed as the Company's Alternative Investment Fund Manager ('AIFM') with effect from 2 July 2014. BFM provides management and administration services to the Company under a contract which is terminable on six months' notice in writing. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)).

The investment management fee due to BFM for the six months ended 31 May 2016 amounted to £336,000 (six months ended 31 May 2015: £504,000; year ended 30 November 2015: £881,000). At the period end £283,000 was outstanding in respect of these fees (six months ended 31 May 2015: £425,000; year ended 30 November 2015: £547,000).

In addition to the above services, BlackRock has provided the Company with marketing services. The total fees paid or payable for these services for the period ended 31 May 2016 amounted to £2,000 excluding VAT (six months ended 31 May 2015: £14,000; year ended 30 November 2015:£22,000). Marketing fees of £27,000 (31 May 2015: £48,000; 30 November 2015: £25,000) was outstanding at 31 May 2016.

Notes to the financial statements continued

for the six months ended 31 May 2016

11. RELATED PARTY DISCLOSURE

The Board consists of four non-executive Directors all of whom, with the exception of Mr Ruck Keene, are considered to be independent by the Board. Mr Ruck Keene who is an employee of the Manager, is deemed to be interested in the Company's management agreement.

None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £33,000, the Chairman of the Audit and Management Engagement Committee receives an annual fee of £27,000 and each other Director receives an annual fee of £22,000, with the exception of Mr Ruck Keene who has waived his entitlement to fees.

All four members of the Board hold ordinary shares in the Company as set out in the table below.

	31 May 2016	31 May 2015	30 November 2015
E Warner[1]	32,000	32,000	32,000
C Bell	33,500	–	33,500
M R Merton	17,000	17,000	17,000
J G Ruck Keene	14,000	14,000	14,000

1 Subsequent to the period end, Mr Warner acquired 20,000 shares on 9 June 2016 at a price of 65.788 pence per share, and 42,000 shares on 10 June 2016 at a price of 66.125 pence per share.

12. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 May 2016, 31 May 2015 or 30 November 2015.

13. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this half yearly financial report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 31 May 2016 and 31 May 2015 has not been audited.

The information for the year ended 30 November 2015 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the Auditors on those accounts contained no qualification or statement under sections 498(2) or 498(3) of the Companies Act 2006.

14. ANNUAL RESULTS

The Board expects to announce the annual results for the year ended 30 November 2016, as prepared under IFRS, in January 2017. Copies of the annual results announcement will be available from the Secretary on 020 7743 3000. The Annual Report and Financial Statements should be available at the beginning of February 2017, with the Annual General Meeting being held in March 2017.

Directors, management and other service providers

Directors
Ed Warner (Chairman)
Carol Bell
Michael Merton (Chairman of the Audit and Management Engagement Committee)
Jonathan Ruck Keene

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(Registered in England, No. 5612963)
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager
BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Investment Manager and Company Secretary
BlackRock Investment Management (UK) Limited*
12 Throgmorton Avenue
London EC2N 2DL

Depositary
BNY Mellon Trust & Depositary (UK) Limited*
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Registrar
Computershare Investor Services PLC*
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1476

Auditor
Ernst & Young LLP
25 Churchill Place
London E14 5EY

Custodian and Banker
The Bank of New York Mellon (International) Limited*
One Canada Square
London E14 5AL

Stockbroker**
Winterflood Securities Limited*
The Atrium Building
25 Dowgate Hill
London EC4R 2GA

Solicitor
Gowling WLG
4 More London Riverside
London SE1 2AU

Savings Plan and NISA Administrator
Freepost RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited*
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 445522

* Authorised and regulated by the Financial Conduct Authority.
** Winterflood Securities Limited was appointed as the Company's corporate broker with effect from 2 February 2015. J.P. Morgan Cazenove Limited had previously provided corporate broking services to the Company.

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