Tufton Oceanic Assets Limited

Interim Report and Condensed Interim Financial Statements

For the period ended 31 December 2020

Contents

Highlights

- During the financial period, Tufton Oceanic Assets Limited (the "Company") had a profit of US$21.9m, or US$0.086 per Share.
- Encouraged by the resilient performance in 2020 and newly increased charter coverage, in January 2021 the Company raised its target annual dividend to $0.075 per Share from $0.07 per Share. The Company therefore paid a 3Q20 dividend of $0.0175 and a 4Q20 dividend of $0.01875 per Share.
- The NAV per Share increased from US$0.931 as at 30 June 2020 to US$0.982 as at 31 December 2020. The NAV total return for the financial period was 9.3%.
- As at 26 February 2021, the Company's Shares traded at a premium of 1.7% to ex-dividend 31 December 2020 NAV.
- The Company divested Bear, a crude oil tanker. This was the fourth vessel divested by the Company. The return greatly exceeded the Company's target.
- During the financial period, the Company agreed to acquire five vessels of which two were delivered during the financial period and three were delivered after the period.
- As at 31 December 2020, all delivered vessels were employed on fixed rate charters. Vessels expected to come off charter in the first half of 2021 represent circa ("c.") 3.5% of NAV, so the portfolio remains largely insulated from geopolitical and macroeconomic shocks.
- EBITDA-weighted average length of charter was c. 2.8 years based on expected charter duration as at 31 December 2021.
- The Company's fleet had no commercial idle time (voids) across the fleet during the financial period.
- The Company agreed to acquire a chemical tanker after the financial period. With the acquisitions announced in January 2021, the Company is fully invested but nonetheless the Investment Manager continues to identify an attractive pipeline of opportunities across a range of the Company's target sectors.
- The Investment Manager took active measures to expedite crew relief on the Company's vessels. As a result, only c.6% of the crew on board the Company's vessels were overdue for rotation at the end of December 2020 compared to c.40% in July 2020. The International Maritime Organization ("IMO") estimates that globally 400,000 seafarers (c.40%) were overdue for rotation as at December 2020.
- The average energy efficiency of the Company's fleet in 2020, as measured by the Energy Efficiency Operational Indicator ("EEOI"), improved by c.2% compared to 2019.
- On 5 January 2021, the Company announced that the long-planned ownership change at the Investment Manager, where senior management took a larger stake and a family office bought out most other shareholders, was completed.

Chairman's Statement

Introduction

On behalf of the Board, I present the Interim Financial Statements of the Company for the period ended 31 December 2020.

Since I last communicated with you in September 2020 there has been a great deal of change in the global economic markets which have largely had a positive impact on shipping, although this has varied between individual sectors which is discussed in the Investment Manager's Report on pages 14 to 16.

It has been an active second half of 2020 and that activity has continued into 2021 with the Company now fully invested as of early February 2021. During the financial period, the Company agreed to acquire five vessels of which two were delivered during the period and three were delivered after the period. The fleet as at the end of the financial period consisted of three handysize bulkers, seven containerships and seven tankers, and one handysize bulker and two containerships pending delivery. There is a further breakdown of the portfolio in the Investment Manager's Report starting on page 13. After the financial period, the Company agreed to acquire a chemical tanker in January 2021 which will be delivered in April, bringing the total number of vessels to twenty-one.

The NAV per Share increased from US$0.931 as at 30 June 2020 to US$0.982 as at 31 December 2020. The NAV total return for the financial period was 9.3%.

Covid-19

The global economy started recovering from the impacts of Covid-19 from the end of 1H20. The market for containerships and bulkers has recovered but capacity in floating storage returning to the market remains an overhang for tankers.

The Company benefited from diversification between different segments of shipping. The tanker market was strong in the first half of 2020 while the containership market was weak. The roles were reversed in the second half of 2020.

The Investment Manager has mitigated the impact of the global humanitarian crisis of crew members stranded on board commercial vessels due to Covid-19 related travel restrictions. The Investment Manager took active measures to expedite crew relief on the Company's vessels. As a result, only c.6% of the crew on board the Company's fleet were overdue for rotation at the end of December 2020 compared to c.40% in July 2020. The IMO estimates that globally 400,000 seafarers (c.40%) were overdue for rotation as at December 2020.

Performance

As at 31 December 2020, the Company's NAV was US$250.43m being US$0.982 per Share (US$0.931 per Share as at 30 June 2020). The NAV total return over the period was 9.3%. The Company declared a profit of US$21.9m or US$0.086 per Share for the period.

The Investment Manager forecasts that the dividend cover[1] over the next 12-18 months will average c.1.5x. The EBITDA-weighted average charter length is c.2.8 years.

1 EBITDA less capex less debt service, divided by dividends for the period

Chairman's Statement (continued)

Performance (continued)

Encouraged by the Company's performance in 2020 and newly increased charter coverage, we approved that the Company raise its target annual dividend to $0.075 per Share from $0.07 per Share in January 2021.

During the period, the Company's share price increased from US$0.915 per Share as at the close of business 30 June 2020 to US$0.925 per Share as at the close of business 31 December 2020.

In terms of performance drivers, containership values in particular rebounded strongly as the market benefitted from pent-up demand and inventory re-stocking after the 1H20 lockdowns, as well as shifts in consumer activity towards goods. Along with strong portfolio operating profit and cash flows, the Company benefitted from non-cash fair value gains as asset values recovered.

Discount Management

During the financial period, the Company's Shares traded at a discount to NAV. The discount to NAV, although initially narrow, widened to more than 10% at the end of August. In August and September 2020, the Company (in accordance with the authority granted to it by Shareholders) repurchased 300,000 shares at a cost of US$247,125. Refer to note 6 for more details. There are currently 300,000 Shares held in Treasury and 255,037,638 Shares outstanding as at the date of approval of these accounts. The discount to NAV narrowed significantly to 2.3% at the end of the financial period and as at 26 February 2021, the Company's Shares traded at a premium of 1.7% to ex-dividend 31 December 2020 NAV.

Dividends

During the period the Company declared and paid dividends to shareholders as follows:

Period end	Dividend per share (US$)	Announce date	Ex div date	Record date	Paid date
Ordinary shareholders					
30.06.20	0.0175	06.08.20	06.08.20	07.08.20	21.08.20
30.09.20	0.0175	05.11.20	05.11.20	06.11.20	20.11.20

A further dividend was declared on 21 January 2021 for US$0.01875 per Share for the quarter ending 31 December 2020. The dividend was paid on 12 February 2021 to holders of Shares on record date 29 January 2021 with an ex-dividend date of 28 January 2021.

Corporate Governance

The Company is a member of the Association of Investment Companies (AIC) and has therefore elected to comply with the provisions of the current AIC Code of Corporate Governance which sets out a framework of best practice in respect of governance of investment companies (the "AIC Code"). The AIC Code has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission (the "GFSC") as an alternative means for AIC members to meet their obligations in relation to the UK Corporate Governance Code.

Where the Company's stakeholders, including shareholders and their appointed agents, have matters they wish to raise with the Board in respect to the Company, I would encourage them to contact us at SHIP@tuftonoceanicassets.com.

Chairman's Statement (continued)

Annual General Meeting

The Annual General Meeting ("AGM") of the Company was held on 21 October 2020. I am pleased to report that the resolutions were all duly passed, although there were significant votes (16.9% of the votes cast at the meeting) against the resolution to approve the authority to issue and allot Shares as if the pre-emption rights in the Articles of Association of the Company are disapplied. The Directors believe that it is in the best interest of the Company to have the ability to issue additional Shares, as required and at the appropriate time.

Environmental, Social, Governance ("ESG")

ESG matters have taken an increasing prominence in both the content of the Company's financial and regulatory reporting and more importantly in the operation of our fleet. As you will see in the Investment Manager's report on P20-22 there is significant focus given to the ESG aspects of the Company's operations. Our Investment Manager is a signatory to the United Nations Principles of Responsible Investment ("UN PRI") which has become an industry standard and is a further step in embedding responsible investment in the Company.

One element impacting the Company's fleet during the period was a direct result of Covid-19, being the social well-being and health of the crew members, who were significantly restricted in their movements and required to remain on board for extended periods. This process was closely monitored by our Investment Manager, who has engaged with each vessel's technical manager to address crew issues and facilitate rotations as necessary.

The increasing challenges for the shipping sector, with fuel efficiency and the move to reduce emissions in line with IMO's proposals, may present an opportunity for a well-capitalised fleet with a proactive Investment Manager. The Board in consultation with the Investment Manager will continue to monitor the impact of ESG issues on the Company and Shareholders can view our current approach on these issues at http://www.tufton.com.

Outlook

At the end of the financial period, the Company had increased charter cover to c.2.8 years and strong dividend cover is forecast of c.1.5x over the next 12-18 months. I am encouraged by the Company's performance over the financial period and believe the strategy of diversification, strong charter cover and low leverage will enable the Company to grow profitably in the coming years.

I would like to thank my fellow Directors for their commitment and support during these difficult times, the Investment Manager and their team for their diligence in dealing with complex and challenging operational matters which were greatly increased due to the impact of Covid-19. I would also like to take this opportunity to thank our Shareholders for their support and continued belief in our strategy.

Rob King
Non-executive Chairman

Board Members

The Company's Board of Directors comprises four independent non-executive Directors. The Board's role is to manage and monitor the Company in accordance with its objectives. The Board monitors the Company's adherence to its investment policy, its operational and financial performance and its underlying assets, as well as the performance of the Investment Manager and other key service providers. In addition, the Board has overall responsibility for the review and approval of the Company's NAV valuations and financial statements. It also maintains the Company's risk register, which it monitors and updates on a regular basis.

The Directors of the Company who served during the period are:

Robert King, Chairman

A non-executive director for a number of open and closed-ended investment funds including two AIM listed funds, Weiss Korea Opportunities Fund Limited and CIP Merchant Capital Limited and two International Stock Exchange listed funds Pembroke Heritage Fund Limited and Golden Prospect Precious Metals Limited (which also has a trading listing on the LSE). Before becoming an independent non-executive director in 2011 he was a director of Cannon Asset Management Limited and their associated companies. Prior to this he was a director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and structuring of offshore open and closed ended investment funds. Rob is British and resident in Guernsey.

Stephen Le Page

A chartered accountant and chartered tax adviser. He was a partner in PricewaterhouseCoopers CI LLP in the Channel Islands from 1994 until his retirement in September 2013. He led that firm's audit and advisory businesses for approximately ten years and for five of those years was the Senior Partner (equivalent to Executive Chairman) for the Channel Islands firm. Mr Le Page serves on a number of boards as a non-executive director, including acting as Chairman of the Audit Committee for three premium London listed funds, Highbridge Tactical Credit Fund Limited, Volta Finance Limited and Princess Private Equity Holding Limited and one International Stock Exchange listed company, Channel Islands Property Fund Limited. Stephen Le Page is British and resident in Guernsey.

Paul Barnes

An investment banker experienced in asset backed, structured and project financing with wide geographic exposure including Asia, Central/Eastern Europe, North and Latin America and Scandinavia. Mr Barnes was managing director at BNP Paribas and co-head of its EMEA Shipping and Offshore business between 2010 and 2015. He was also head of risk monitoring for Global Shipping at BNP Paribas. Prior to that, Mr Barnes had served as head of shipping (London) at Fortis Bank, head of specialised industries at Nomura International and as a corporate finance Director of Barclays Bank and as a Director of its Shipping Industry Unit. Paul Barnes is British and resident in the United Kingdom.

Board Members (continued)

Christine Rødsaether

Christine is a partner in law firm Simonsen Vogt Wiig, with more than 30 years' experience working in the international shipping sector and offshore related transactions, design, vessel construction, offshore installations, restructurings, international banking and finance. Previously, she was a partner in Andersen Legal ANS and a lawyer at Wikborg, Rein & Co. Christine has extensive board experience, and currently serves on the boards of OSE listed Odfjell SE and Norwegian Finans Holding ASA as well as Bank Norwegian AS. Christine is Norwegian and is resident in Norway.

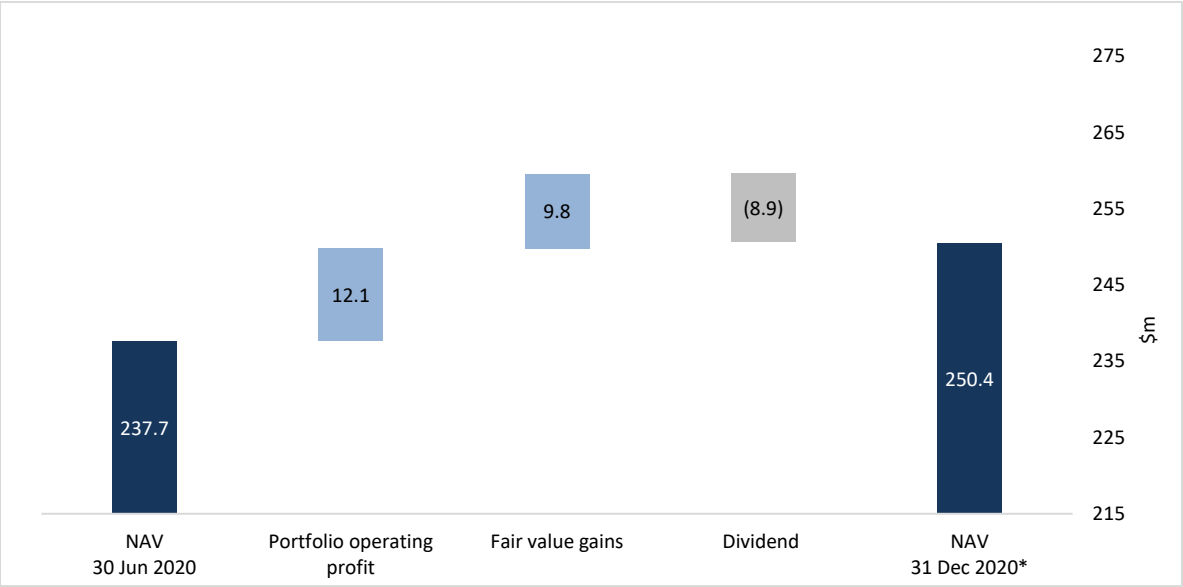
Investment Manager's Report

Highlights of the Financial Period

The portfolio operating profit[2] was strong at US$12.1m and there was a gain in fair value of US$9.8m. Containership values in particular rebounded strongly as the market benefited from pent-up demand and inventory re-stocking after the 1H20 lockdowns as well as shifts in consumer activity towards goods.

Encouraged by the resilient performance in 2020 and newly increased charter coverage, in January 2021 the Company raised its target annual dividend to $0.075 per Share from $0.07 per Share. The Company therefore paid a 3Q20 dividend of $0.0175 and a 4Q20 dividend of $0.01875 per Share.

The Investment Manager believes the Company's strong portfolio operating profit and performance during the Covid-19 crisis in 2020, both on an absolute basis and relative to other asset classes, demonstrates that it can be an attractive high income and low correlation investment. The Investment Manager's analysis of historic data shows that shipping generally performs well during periods of inflation. In addition, Stifel research (31 Jan 2021) showed similar results.



*31 Dec 2020 NAV is after $0.25m of share buyback

- As at 31 December 2020, the EBITDA-weighted average length of charter was 2.8 years, insulating the portfolio from short-term volatility and offering strong cash flow visibility.
- The Company's fleet had no unplanned commercial idle time (voids) during 2H20.
- During the period, the Company agreed to acquire five vessels of which two (Cocoa and Daffodil) were delivered during the period and three were delivered after the period.
- Bear, a crude oil tanker, was divested in December 2020 just before a major capex event. The return greatly exceeded the Company's target. This divestment eliminated the Company's exposure to the crude oil tanker market, which is expected to be weak for most or all of 2021.

[2] Portfolio operating profit = Gross operating profit less loan interest & fees *less* fund level fees & expenses (please see page 12)

Investment Manager's Report (continued)

- In parallel with the acquisitions of Cocoa and Daffodil, a subsidiary of the Company completed a non-recourse debt financing of $24.0m with an all-in cost below 5.0%. The loan is secured on four of the Company's product tankers: Cocoa, Daffodil, Pollock and Dachshund.
- The containership market rebounded strongly from a weak 1H20. Riposte was recently chartered at a much higher rate compared to the Company's forecast for the vessel.
- The long-term charters on all of the Company's product tankers largely insulate the Company from a weak tanker market.
- During the period the handysize bulkers Aglow, Antler and Dragon were fixed on new charters at a higher average rate than previous charters.
- With the three acquisitions announced in January 2021, the Company is fully invested but nonetheless the Investment Manager continues to identify an attractive pipeline of opportunities across a range of the Company's target sectors.
- The dividend cover[3] for the financial period was c.0.9x. The main reasons for cover being below 1.0x during the period were capex and off-hire for scheduled special surveys on three vessels and the Company not being fully invested during the period. However, with the recent charters and lower planned capex outflows the Company forecasts that the dividend cover over the next 12-18 months will average c.1.5x.
- The Investment Manager took active measures to expedite crew relief on the Company's vessels. As a result only c.6% of the crew on board the Company's fleet were overdue for rotation at the end of December 2020 compared to c.40% in July 2020. The IMO estimates that globally 400,000 seafarers (c.40%) were overdue for rotation as at December 2020.

The Assets

As at 31 December 2020, the Company owned seventeen vessels. Neon operates on a bareboat charter, under which the Company provides only the vessel to the charterer, who is responsible for crewing, maintaining, insuring and operating it. All other vessels operate on time charter contracts, under which the Company provides fully operational and insured vessels for use by the charterers.

Containerships

- Kale, Patience, Riposte and Vicuna are chartered to a major investment grade container shipping group.
- Parrot is chartered to another leading, global container shipping group.
- Citra is chartered to a leading private operator of containerships specialising in fresh fruit transportation. Citra's charter was extended for 12-13 months from December 2020.
- Swordfish is chartered to a listed company based in Asia following its previous short-term charter that ended in December 2020.
- The Company agreed to acquire Echidna and Candy, which were delivered to the Company after the end of the financial period and are chartered to a major investment grade container shipping group. Echidna has a fixed rate charter and Candy has a floating rate time charter, subject to a floor and a ceiling. Both charters are for at least three years. Both vessels are fitted with exhaust gas scrubbers.

[3] EBITDA less capex less debt service, divided by dividends for the period

Investment Manager's Report (continued)

Tankers

- The Company divested Bear, a crude oil tanker, for US$19.0m just before the vessel's next major capex event. The return greatly exceeded the Company's target. This was the fourth vessel divested by the Company. The crude oil tanker market was very strong in 1H20 as a result of high demand for floating storage but weakened in 2H20 following OPEC production cuts and the negative impact from Covid-19 on oil demand.
- Cocoa and Daffodil were acquired during the period for US$23.0m. In parallel with the acquisitions, a subsidiary of the Company completed a non-recourse debt financing of $24.0m with an all-in cost below 5.0%. The loan is secured on Pollock, Dachshund, Cocoa and Daffodil.
- The charters with a major commodity trading and logistics company on Octane and Sierra were extended until mid-2021, after which the vessels will be on new charters to an investment grade oil major for at least 36 months.
- The gas carrier Neon operates on a bareboat charter, under which the Company provides only the vessel to the charterer, who is responsible for crewing, maintaining, insuring and operating it.

Bulkers

- During the period Aglow, Antler and Dragon were fixed on new charters at a higher average rate than previous charters.
- The Company agreed to acquire Lavender during the period for US$10.6m and the vessel was delivered to the Company in January 2021. The vessel is on a 10-13 month time charter.

The vessels in the fleet are well maintained and have performed to expectations. Octane, Sierra and Aglow had their scheduled special surveys during the period.

After the end of the financial period, the Company agreed to acquire a chemical tanker (Golding) in January 2021, Golding will be employed in a leading chemical tanker pool which has significant contract coverage. Golding will be delivered to the Company in April and will earn a monthly floating charter rate based on the overall performance of the pool of vessels.

With the acquisitions announced in January 2021, the Company is now fully invested but nonetheless the Investment Manager continues to identify an attractive pipeline of opportunities across a range of the Company's target sectors. While the Investment Manager aims to hold investments over the longer term, it will continue to consider sale opportunities that generate additional value for shareholders.

As at 31 December 2020

SPV+	**Vessel Type and Year of Build**	**Acquisition Date**	**Earliest end of charter period**	**Latest end of charter period**	**Expected end of charter period****
Swordfish	1700-TEU containership built 2008	February 2018	May 2021	May 2021	May 2021

Investment Manager's Report (continued)

Kale^	1700-TEU containership built 2008	February 2018	March 2021	October 2021	October 2021
Patience	2500-TEU containership built 2006	March 2018	April 2021	October 2022	October 2022
Riposte^	2500-TEU containership built 2009	March 2018	February 2021	March 2021	March 2021
Neon	Mid-sized LPG carrier built 2009	July 2018	August 2025	August 2025	August 2025
Aglow	Handysize bulker built 2011	July 2018	July 2021	November 2021	November 2021
Dragon	Handysize bulker built 2010	September 2018	October 2021	February 2022	February 2022
Citra	2500-TEU containership built 2006	November 2018	December 2021	January 2022	January 2022
Sierra^^	Medium-range product tanker built 2010	December 2018	May 2021	August 2021	August 2021
Octane^^	Medium-range product tanker built 2010	December 2018	May 2021	August 2021	August 2021
Pollock	Handysize product tanker built 2008	December 2018	February 2023	February 2024	February 2023
Parrot	8200-TEU containership built 2006	July 2019	May 2025	May 2025	May 2025
Vicuna	2500-TEU containership built 2006	October 2019	October 2022	October 2024	October 2024
Dachshund	Handysize product tanker built 2008	February 2020	March 2023	March 2024	March 2023
Antler	Handysize bulker built 2012	March 2020	September 2021	December 2021	December 2021
Cocoa	Handysize product tanker built 2008	October 2020	October 2023	October 2024	October 2023
Daffodil	Handysize product tanker built 2008	October 2020	October 2023	October 2024	October 2023
Lavender++	Handysize bulker built 2010	October 2020	November 2021	February 2022	February 2022
Echidna++	2500-TEU containership built 2003	December 2020	November 2023	February 2025	February 2025
Candy++	2500-TEU containership built 2004	December 2020	November 2023	February 2025	February 2025

Notes:

+ SPV that owns the vessel

** Based on assessment of the prevailing market conditions (as at 31 December 2020) by the Investment Manager

^ The charterer on Kale has declared its optional period of 5-7 months which will commence in March 2021. Riposte has a new 23-28 month charter commencing in March 2021

^^ After the current charters, Sierra and Octane will commence new charters to an oil major for at least 36 months

++Pending delivery as at the end of the financial period

Investment Manager's Report (continued)

Operating and Investment Highlights

During the period the Company agreed to acquire five vessels of which two were delivered in the period and three were delivered after the period.

Investment Performance

NAV per Share was US$0.982 at 31 December 2020. Portfolio operating profit[4] contributed US$0.047 per Share and there was a gain in fair value of US$0.039 per Share. Containership values in particular rebounded strongly as the market benefited from pent-up demand and inventory re-stocking after the 1H20 lockdowns as well as shifts in consumer activity towards goods. NAV total return over 2H20 was 9.3%.

Key figures:

Figures below are in US$ millions unless otherwise stated	From 1 Jul 2020 to 31 Dec 2020	From 1 Jul 2019 to 31 Dec 2019
Total ship-days [1]	*3,091*	*2,908*
Revenue[2]	33.8	29.2
Operating expense[3]	(19.7)	(14.5)
Gross operating profit[4]	**14.1**	**14.7**
Gross operating profit / time-weighted capital employed [5]	***11.3%***	***13.5%***
Loan interest and fees	(0.6)	-
Gain/(loss) in capital values[6]	9.8	(7.8)
Portfolio profit	**23.3**	**6.8**
Interest income	0.0	0.1
Fund level fees and expenses[7]	(1.4)	(1.4)
Profit for the period	**21.9**	**5.5**

Notes

1 Ship-days: Total number of days owned in the Company's fleet for all the ships over the financial period

2 Revenue refers to charter income net of broker commissions and related costs

3 Operating expense refers to expenses incurred during vessel operations

4 Gross operating profit measures operating income before gain/(loss) of capital values, loan interest, fees and all other fund level expenses

5 Gross operating profit divided by the time weighted capital invested in vessels (incl. working capital and reserves)

6 Non-cash fair value gains and losses from marking assets to market in accordance with the valuation policy of the Company

7 Fund level fees include investment management fee and other professional fees and expenses

Encouraged by the resilient performance in 2020 and newly increased charter coverage, the Company in January 2021 raised its target annual dividend to $0.075 per Share from $0.07 per Share. The Company therefore paid a 3Q20 dividend of $0.0175 and a 4Q20 dividend of $0.01875 per Share.

4 Portfolio operating profit = Gross operating profit less loan interest & fees less fund level fees & expenses

Investment Manager's Report (continued)

The dividend cover for the financial period was c.0.9x. The main reasons for cover being below 1.0x during the period were capex and off-hire for scheduled special surveys on three vessels and the Company not being fully invested during the period. With the recent charters secured, and now being fully invested, the Company forecasts that the dividend cover over the next 12-18 months will average c.1.5x.

Portfolio performance by segment

Containership time charter rates rose to the highest levels since 2009 and asset values followed resulting in a gain in capital value of $10.9m. Product tankers had strong operating profit as the long-term charters on all of the Company's product tankers largely insulate the Company from a weak tanker market. The performance of the crude tanker (Bear) in the financial period was negative but after a very strong first half of 2020. The bulkers in the fleet completed their short-term charters at relatively low rates and commenced new charters during the period at a higher average rate compared to their previous charters. Please see the Shipping Market section for further information.

Segment Performance 2H20	Crude Tanker	Product & Chemical Tankers	Gas Tanker	Containerships	Bulkers	Total
$m unless otherwise stated						
Gross operating profit	2.2	4.4	2.1	4.8	0.5	14.1
Loan interest & fees	-	(0.3)	-	(0.3)	-	(0.6)
Gain/(loss) in capital values	(4.4)	3.8	(0.4)	10.9	(0.0)	9.8
Portfolio profit	**(2.2)**	**7.9**	**1.7**	**15.4**	**0.4**	**23.3**

Segment Exposure and Forecast Yields	Product & Chemical Tankers	Gas Tanker	Containerships	Bulkers	Total
% of NAV	27.2%	11.0%	36.8%	13.5%	**88.5%**
Forecast Net Yields*	11.1%	13.9%	16.3%	6.1%	**13.5%**

*Inclusive of Golding and as at 28 February 2021

As at 31 December 2020, vessels corresponding to more than 70%, by value, of the portfolio have charter coverage greater than one year. The vessels in the portfolio were chartered to nine different counterparties. Exposure to tankers totalled c.38%, containerships represented c.37% and bulkers c.13.5% of the portfolio.

Portfolio breakdowns as at 31 December 2020

Vessel Type

Charter Length

Vessel Age

Charterer

Across nine charterers

Investment Manager's Report (continued)

The Shipping Market

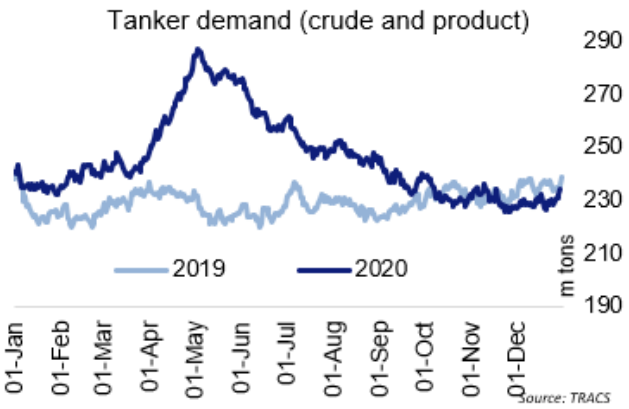
The shipping market demonstrated resilience in 2020 amidst the global pandemic. The Clarksea Index, an indicator of earnings from Clarksons Research across the main commercial vessel types, ended the year down only c.2% YoY despite the uncertainties associated with Covid-19. Some notable highlights of the shipping market (based on Clarksons Research) include:

- Global seaborne trade contracted by 2.8% (ton-miles) in 2020 after a slowdown to c.1% growth in 2019. Global seaborne trade grew by 3.3% CAGR in the two decades leading up to 2019.
- Fleet growth decelerated to 3.1% in 2020 and is expected to slow further as the global orderbook is at its lowest level in more than three decades, at only c.7.5% of the fleet compared to over 50% in 2008.
- Over the full year 2020, compared to 2019:
  - Average 12-month time charter rates for handysize bulkers fell c.5.7% YoY.
  - The average Clarksons containership time charter rate index rose c.3.9% YoY.
  - Average 12-month time charter rates for handysize tankers fell c.3.5% YoY, while Suezmax 12-month time charter rates rose c.4% YoY.

World GDP growth recovered in 2H20, supported by unprecedented fiscal and monetary stimulus measures. For the full year 2020, the IMF estimates that world GDP contracted by c.3.5% compared to its previous forecast of a 4.9% contraction. This section includes data from the Investment Manager's Tufton Real Time Activity Capture System ("TRACS") which analyses satellite data to track the international shipping fleet by segment. By monitoring the overall levels of cargo on water, TRACS enables the Investment Manager to have a close to real-time measure of shipping demand. Other statistics on demand and supply are from Clarksons Research.

Tankers

The tanker market was strong in 1H20, supported by demand for floating storage. As expected, the market weakened over 2H20 as capacity in floating storage was gradually released back into the market. The weakness in the tanker market in 2H20 was exacerbated by the decline in oil demand from the impact of Covid-19. Global oil demand is estimated to have fallen by c.9% YoY in 2020 led by declines in Europe and the United States. TRACS data show that tanker demand peaked in early May 2020. Capacity tied up in floating storage (c.4.5% of fleet in early February 2021 according to TRACS) and renewed travel restrictions to contain Covid-19 in 1Q21 suggest that the tanker market recovery may be delayed to 2H21.

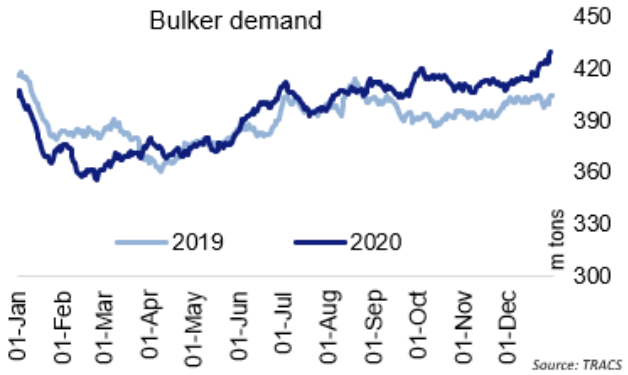


Investment Manager's Report (continued)

The Shipping Market (continued)

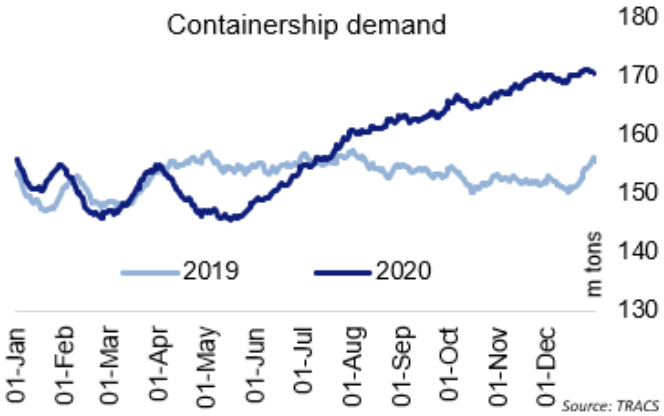
Dry Bulk

In contrast, the dry bulk shipping market was weak in 1H20 but recovered in 2H20 as Covid-19 related restrictions were relaxed and demand for seaborne iron ore imports into China grew with the restart of the steel industry. While the iron ore trade weakened slightly over 4Q20, handysize bulker rates were supported by strong demand for grain and minor bulk commodities. TRACS data show that iron ore imports into China started growing again towards the end of the year.



Containerships

The containership market benefited from pent-up demand and inventory re-stocking after the 1H20 lockdowns as well as shifts in consumer activity towards goods. Idle containership capacity fell from c.11% at its peak in May to less than 4% by end of the year. The strong demand continued into early 2021. The sudden increase in demand also brought with it logistical disruptions. Supply side limitations on container availability in Asia and regional port congestion enhanced the effects of the increase in demand, sending benchmark time charter rates to the highest levels since 2009. Many Chinese factories have indicated that they will work over the Chinese New Year holidays to address the backlog of orders, suggesting that the market will remain firm beyond 1Q21.



Investment Manager's Report (continued)

The Shipping Market (continued)

The uncertainties associated with Covid-19 amplified existing concerns over changes in environmental regulations and the lack of capital from traditional sources, leading to a fall in new orders. The fall in new orders in 1H20 was c.40% compared to 1H19 but a few large containership orders were placed in 4Q20, resulting in orders for the full year 2020 being lower by c.29% YoY. The shipping orderbook dropped to c.7.5% of fleet at the end of the year, the lowest in more than three decades. Fleet growth decelerated to 3.1% in 2020 and will slow further in coming years, based on the shrinking orderbook. A contributing factor to the slowdown in new ship orders has been the uncertainty associated with the appropriate vessel design to meet emerging ~~new~~ emissions regulations. Containership industry leader Maersk recently stated that it would order carbon-neutral ships within the next three years, starting off slowly with smaller ships aimed at regional trade, before taking the knowledge and experience from this landmark first generation of new ships to order larger vessels.

The continued reduction in new orders has resulted in the closure of yard capacity and industry consolidation. According to Maersk Broker, global yard capacity has fallen by c.30% since peaking in 2011. The capacity reduction will enable the surviving yards to command better pricing power and protect margins, pushing up newbuild prices. According to Clarksons Research, an increasing array of energy saving technologies are being added to newbuild designs to meet new emissions reduction regulations from the IMO. This will also serve to increase newbuild prices.

The Investment Manager believes the ongoing supply side adjustment and increase in newbuild prices will serve to increase the values of secondhand vessels. Based on in-house research, the Investment Manager believes that shipping performs well during periods of inflation. According to Stifel Research, the past eighty years of data show that periods of increasing inflation/ a weaker US dollar has coincided with higher commodity prices and price appreciation for dollar denominated assets like secondhand ships.

Environment, Social and Governance

The Investment Manager emphasises the principles of Responsible Investment in the management of clients' assets through awareness and integration of ESG factors into its investment process in the belief that these factors can have a positive impact on long term financial performance. The Investment Manager recognises that its first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company. The Investment Manager became a signatory to the United Nations Principles of Responsible Investment in December 2018 and has a Responsible Investment policy which is available on its website, (http://www.tufton.com).

Initial areas of focus on ESG implementation include:

1. Assessment of the fuel efficiency and environmental impact of potential vessel acquisitions
2. Regular review of our fleet to identify opportunities for improving fuel efficiency and reducing environmental impact across the asset life cycle
3. Responsible vessel recycling

Investment Manager's Report (continued)

Environment, Social and Governance (continued)

4. Health and safety of the crew on our vessels
5. Enhanced security to lower risk of contraband
6. Compliance with all international sanctions imposed by the US, UK, EU and the UN
7. Promoting acceptance and implementation of ESG principles (e.g. pollution prevention) with our business partners.

Environmental

The IMO has declared an ambition to reduce, compared to 2008, total annual emissions from shipping by at least 50% by 2050 and to reduce CO_2 emissions per unit of transport work, compared to 2008, by at least 40% by 2030. At its recent Marine Environment Protection Committee meeting in November 2020, the IMO continued to progress measures to reduce the carbon intensity of shipping. The IMO plans to introduce a new efficiency metric, the Energy Efficiency Existing Ship Index ("EEXI"), for each vessel. The EEXI is a measure of the carbon footprint of each vessel in gm CO_2 emitted per unit of transport work. Each vessel will have a EEXI which can only be amended if remeasured and certified by a competent authority. Vessels which will be required to improve (i.e. reduce) their EEXI must do so by their first survey after 1 January 2023. This can be done through measures such as limiting engine power and retrofit of energy saving devices. The Investment Manager has engaged the American Bureau of Shipping and design consulting firms to measure the EEXI of each vessel in the Company's fleet and develop a plan for compliance with IMO requirements.

Market based measures such as a mandatory fuel levy are also being considered to contribute to decarbonization. A fuel levy or engine power limitation are likely to result in speed reduction. Operationally, the industry has employed speed adjustment or "slow steaming" to optimize voyage economics. Speed reduction is also a proven means of reducing emissions. Speed reduction will exacerbate the effect of slowing fleet growth to support shipping rates at higher levels. The Company will benefit from this supply side adjustment.

The Energy Efficiency Operational Indicator ("EEOI") is defined as the mass of CO_2 emitted per unit of transport work in a given time period. The EEOI provides useful information on a ship's performance regarding fuel efficiency and emissions. All else equal, a lower EEOI number is indicative of a more efficiently operated asset. The European Union requires that all vessels visiting or transiting European ports (starting 2019) utilize relevant voyage data to calculate an annual average EEOI per vessel which is independently verified and reported to the EU. The resulting database from the EU Monitoring, Reporting and Verification ("EU MRV") system is publicly available. The Investment Manager has utilized the EU MRV methodology to report based on total emissions from and total cargo transported by the Company's fleet for the calendar year.

The Company's fleet average EEOI for 2020 was c.2% better than 2019.

Investment Manager's Report (continued)

Environment, Social and Governance (continued)

Energy Efficiency Operational Indicator (EEOI)
(gram CO_2/ton-nautical mile)

	SHIP Average for 2019	SHIP Average for 2020
Containerships	25.5	26.3
Bulkers	14.9	12.6
Tankers	15.0	17.8
Company	**21.2**	**20.7**

The Company's fleet average EEOI for 2020 was c.2% better than 2019

The Company's fleet average EEOI was c.2% better compared to 2019 due to higher utilization of the Bulkers as well as a full year's contribution from the larger vessels (Parrot and Bear) in the fleet. Larger vessels tend to have better EEOIs. Containership segment EEOI increased mainly as a result of higher speeds, established by our charterers rather than by the Company or Investment Manager, in a strong market over 2H20. Seven in-water hull and propeller cleanings were performed over 2020 in addition to scheduled dockings, also contributing to lower emissions

All the vessels in the Company's fleet transitioned to very low sulphur fuel oil at the end of 2019 in order to comply with the IMO's new sulphur cap. Parrot was retrofitted with a hybrid scrubber in May 2020 which allows the vessel to consume high sulphur fuel oil. During the financial period, the Company agreed to acquire Candy and Echidna, two small containerships with open loop scrubbers. According to the world's largest classification society, DNV, more than 70% of the scrubbers installed globally are open loop. While some countries have imposed bans on open loop scrubber operations in their coastal waters, the IMO has approved the use of all types of scrubbers, subject to regulations on effluent quality. The Investment Manager continues to monitor the research and regulatory developments on scrubbers.

Based on its investment horizon, current portfolio, and target segments, the Investment Manager does not expect the Company to have recycling candidates in its portfolio in the near future. When recycling situations do arise, the Company will follow best practices of industry leaders like Maersk in following the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships.

Social

International shipping is responsible for the carriage of c.90% of world trade. Commercial, ocean-going vessels crewed by more than a million seafarers transport goods around the globe. Ship crews have a challenging task in being responsible for high value, complex machinery on the high seas. The challenges faced by seafarers have been recognized internationally and their working conditions are governed by strict guidelines from the International Labor Organization and the IMO. The Investment Manager considers crew health and safety to be a priority and works closely with the vessels' technical managers to promote best practices.

Investment Manager's Report (continued)

Environment, Social and Governance (continued)

Covid-19 had a significant impact on crew health and safety in 2020. The Investment Manager worked with technical managers to ensure that all regulations including IMO protocols for provision of personal protective equipment were followed and is pleased to note that no infections were reported in the crew of any of the Company's vessels. National regulations limiting travel and disembarkation of crew in order to contain Covid-19 had the effect of delaying crew changes (referred to in the industry as rotations). Typically, 150,000 seafarers around the world participate in crew rotations every month. The IMO noted that globally c.400,000 seafarers were on board commercial vessels unable to be repatriated and past the expiry of their contracts as of December 2020.

Responsibility for crewing lies primarily with each vessel's technical manager. The Investment Manager engaged with each vessel's technical manager to address crew issues and facilitate rotations, in some cases with additional costs. Webinars and counselling sessions are offered to crew members and their families.

The following strategies are being employed to expedite crew relief:

- Undertaking deviation voyages to safe ports that allow crew changes;
- Approving delays to existing schedules to facilitate rotation; and
- Organizing chartered flights for crew members.

As a result, crew members overdue for rotation onboard the Company's vessels decreased from c.40% as of mid-July to only c.6% as of end December. The latter figure compares well to the c.40% reported by the IMO as of December 2020. The additional measures to expedite crew relief will result in some additional costs as well as a one-time increase in operating expenses (c. 5% higher opex similar to an inflationary increase over 1-2 years). The Investment Manager continues to proactively engage with the technical managers to limit crew rotation delays from the travel restrictions and lockdowns being put in place again in early 2021.

Governance

The Investment Manager aims to promote acceptance and implementation of ESG principles with business partners through an annual survey and feedback. The Investment Manager completed a survey of all the Company's technical managers which included Key Performance Indicators to assess their performance on numerous metrics including ESG. The results from the survey will be analysed and feedback given to the technical managers to ensure best practices are shared. The Investment Manager continues to closely monitor adherence to sanctions regimes from the US, UK, EU and the UN.

The Investment Manager has a zero-tolerance policy towards bribery and adheres to the UK Bribery Act with the following policies in place:

- payment controls requiring dual sign-off/authorisation of all payments;
- gifts and entertainment policies that restrict staff from giving and receiving gifts;
- recruitment policies and ongoing monitoring of the fitness and propriety of staff including their honesty, integrity, and financial soundness; and
- a Code of Ethics and FCA Conduct rules which require staff to conduct themselves appropriately.

Principal and Emerging Risks and Uncertainties

The Board of Directors receive periodic updates on principal risks at their meetings and have adopted their own control review to ensure that, where possible, risks are monitored appropriately, mitigation plans are in place, and that emerging risks have been identified and assessed. The Directors also carry out a regular check on the completeness of risks identified, including a review of the risk register. The Board believes that the risk register is comprehensive and addresses all risks that are currently relevant to the Company. While the Investment Manager monitors and puts in place controls to mitigate risks, please note that risk or uncertainty cannot be completely eliminated.

The Board has carried out a robust assessment to identify the principal and emerging risks that could affect the Company, including those that would threaten its business model, future performance, solvency or liquidity. Principal risks are those which the Directors consider have the greatest chance of materially impacting the Company's objectives. The Board has adopted a "controls" based approach to its risk monitoring requiring each of the relevant service providers, including the Investment Manager, to establish the necessary controls to ensure that all identified risks are monitored and controlled in accordance with agreed procedures where possible.

The Board of the Company, together with the Investment Manager, have carefully considered the potential impact of the Covid-19 pandemic, considered to be both an emerging risk and an emerging cause of risk, on the activities of the Company and its subsidiaries. Covid-19 has impacted, and continues to do so, the ability of technical managers appointed by the Asset Manager to supply or change crew for the Company's vessels. The Investment Manager and Asset Manager have taken, and will continue to take, appropriate steps to ensure the Company's fleet is properly serviced (as set out in the ESG section of the 2020 annual report). To date the fleet has not experienced any crewing difficulties and none are expected.

The negative impact of Covid-19 on GDP has resulted in lower demand for shipping, although this has recovered somewhat by the period end. The Group presently had no exposure to the spot market for vessels, but lower demand during mid 2020 did result in some charters being renewed at lower rates and for shorter periods. A weaker shipping market may cause charter counterparties to be unable to pay the Group when due as well as have a negative impact on vessel and charter values. It is the Board's opinion that all these potential consequences are already managed and monitored as part of the Group's ongoing approach to risk in respect of counterparties, values and service providers. The Board will of course continue to reassess the position as more information about the impact of Covid-19 becomes available.

The Company's activities are primarily dependent upon global seaborne trade flows and as seaborne trade activities between mainland Europe and the UK are not significant to the Company's fleet, Brexit was not expected to have a material impact on the Company or the Investment Manager. Two months after the United Kingdom having left the European Union, the Investment Manager's view is unchanged.

Except as set out in the narrative above, the Board is of the opinion that the principal risks facing the Company and their mitigation remain as set out in the 2020 annual report published on 24 September 2020 and available on the Company's website (http://www.tuftonoceanicassets.com).

Interim Report of the Directors

The Directors present their Interim Report and the Condensed Interim Financial Statements of the Company for the six-month period ended 31 December 2020.

The Company was registered in Guernsey on 6 February 2017 and is a registered closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Company's Shares were listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 20 December 2017 under the ticker SHIP.

Investment Objective

The Company's investment objective is to provide investors with an attractive level of regular and growing income and capital returns through investing in second-hand commercial sea-going vessels. This will be done through the holding of strategy meetings, and discussions between the Board and Investment Manager as appropriate. The Company has established a wholly owned subsidiary that acts as a Guernsey holding company for all its investments, LS Assets Limited, which is governed by the same Directors as the Company.

All vessels acquired, vessel related contracts and costs will be held in SPVs domiciled in the Isle of Man or other jurisdictions considered appropriate by the Company's advisers. The Company conducts its business in a manner that results in it qualifying as an investment entity (as set out in IFRS 10: Consolidated Financial Statements) for accounting purposes and as a result will apply the investment entity exemption to consolidation. The Company therefore reports its financial results on a non-consolidated basis.

Subject to the solvency requirements of Companies Law, the Company intends to pay dividends on a quarterly basis. The Directors expect the dividend to grow, in absolute terms, modestly over the long term. In January 2021 the Company raised its target annual dividend to $0.075 per Share (previously $0.07 per Share).

The Company aims to achieve a NAV total return of 12% or above (net of expenses and fees) on the Issue Price over the long term. The profit for the Company in the financial period was US$21.9m, or US$0.086 profit per Share.

Results and dividends

The Company's performance during the period is discussed in the Chairman's Statement on pages 3 - 5. The results for the year are set out in the Condensed Statement of Comprehensive Income on page 25.

Related Parties

Details of related party transactions that have taken place during the period and any material changes, if any, are set out in note 14 of the Condensed Interim Financial Statements.

Interim Report of the Directors (continued)

Directors

The Directors of the Company who served during the year and to date are set out on pages 6 - 7.

Directors' interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as of 31 December 2020, and as of the date of signing these Financial Statements:

	31 December 2020 Shares	30 June 2020 Shares
R King	45,000	45,000
S Le Page	40,000	15,000
P Barnes	5,000	5,000
C Rødsaether	20,000	-

The Directors fees are disclosed below:

Director	Payable from 1 January 2021 to 30 June 2021 £	Paid from 1 July 2020 to 31 December 2020 £	Paid from 1 July 2019 to 30 June 2020 £
R King	17,610	16,000	31,000
S Le Page	16,500	15,000	29,000
P Barnes	15,300	14,000	26,500
C Rødsaether	15,300	8,764	-

Other Interests

Tufton Group, key employees of the Investment Manager and other related parties held the following interests in the share capital of the Company either directly or beneficially.

31 December 2020

	Ordinary Shares	% of issued Share Capital
Name	**2020**	**2020**
Tufton Group Entities	3,148,350	1.234
Tufton Group Employees	2,096,665	0.822
Tufton Group non-executive directors and other related parties	703,279	0.276

30 June 2020

	Ordinary Shares	% of issued Share Capital
Name	**2020**	**2020**
Tufton Group Entities	3,148,350	1.234
Tufton Group Employees	2,096,665	0.822
Tufton Group non-executive directors and other related parties	703,279	0.276

Interim Report of the Directors (continued)

Share buy backs and discount management

Subject to working capital requirements, and at the absolute discretion of the Directors in accordance with the Company's Share Buyback and Discount Management Policy, excess cash may be used to repurchase Shares should the Shares close at a discount to NAV of 10% or greater for a period of 90 consecutive days. The Administrator tracks the discount/premium of the share price to NAV and presents the information to the Board regularly.

The Company purchased 300,000 of its own Shares at an average price of US$0.824 per Share during August and September 2020. Refer to note 6 for more details. There are currently 300,000 Shares held in Treasury and 255,037,638 Shares outstanding as at the date of approval of these accounts. Any Shares repurchased pursuant to the general authority referred to above may be held in Treasury. The Companies Law allows companies to hold shares acquired by way of market purchase as Treasury shares, rather than having to cancel them. These Treasury shares may be subsequently cancelled or sold for cash.

Unless authorised by Shareholders, no Shares will be sold from Treasury at a price less than the NAV per Share at the time of the sale unless they are first offered *pro-rata* to existing Shareholders. The Company will not hold Treasury shares in excess of 10% of the ordinary share capital of the Company.

- The maximum number of Shares authorised to be purchased shall be 14.99% of the Shares in issue immediately following completion of the buy back, and;
- the minimum price which may be paid for a Share is US$0.01, and
- the maximum price which may be paid for a Share shall be the higher of:
    - an amount equal to 5% above the average of the mid-market quotations of a Share (as taken from the Daily Official List of the London Stock Exchange) for the five business days prior to the date the purchase is made; and
    - the higher of:
        - the price of the last independent trade; and
        - the highest current independent bid for Shares on the London Stock Exchange at the time the purchase is carried out

This authority shall expire on the conclusion of the next annual general meeting of the Company, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require the purchase of Shares after such expiry pursuant to any such offer or agreement as if the power conferred by the resolution had not expired. The Directors intend to seek renewal of this authority at the next annual general meeting.

Going concern

In assessing the going concern basis of accounting, the Directors have considered (together with discussions and analysis provided by the Investment Manager in regard to the guidance issued by the Financial Reporting Council) recent market volatility and the potential impact of Covid-19 on the current and future operations of the Company and its investments (as set out in more detail in the Principal and Emerging Risks and Uncertainties section). Based on these activities, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Interim Report of the Directors (continued)

Responsibility Statement
For the period from 1 July 2020 to 31 December 2020

The Directors are responsible for preparing the Interim Report and Condensed Interim Financial Statements, which have not been audited or reviewed by an independent auditor, and confirm that to the best of their knowledge:

- the Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting;
- the Interim Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current Financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Approved by the Board of Directors on 19 March 2021 and signed on behalf of the Board by:

Rob King	Steve Le Page
Director	Director

Condensed Statement of Comprehensive Income

For the 6 month period ended 31 December 2020

Income	Notes	31 December 2020 US$ (Unaudited)	31 December 2019 US$ (Unaudited)
Net changes in Financial Assets at fair value through profit or loss	4	23,359,763	(4,569,550)
Dividend income		-	11,439,560
Total net income		23,359,763	6,870,010
Expenditure			
Administration fees		(72,649)	(73,463)
Audit fees		(59,980)	(68,639)
Corporate Broker fees		(75,000)	(75,000)
Directors' fees	16	(71,335)	(57,544)
Foreign exchange loss		(1,845)	(3,676)
Insurance fee		(14,300)	(12,214)
Investment management fee	12	(1,059,248)	(1,040,898)
Legal fees		(21,576)	(10,166)
Professional fees		(32,717)	(20,187)
Sundry expenses		(10,673)	(11,868)
Total expenses		(1,419,323)	(1,373,655)
Operating profit		21,940,440	5,496,355
Finance income		-	44,817
Profit and comprehensive income for the period / year		21,940,440	5,541,172
IFRS Earnings per ordinary share (cents)	7	8.60	2.30

There were no potentially dilutive instruments in issue at 31 December 2020.

All activities are derived from continuing operations.

There is no other comprehensive income or expense apart from those disclosed above and consequently a Statement of Other Comprehensive Income has not been prepared.

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

Condensed Statement of Financial Position
At 31 December 2020

	Notes	31 December 2020 US$ (Unaudited)	30 June 2020 US$ (Audited)
Non-current assets			
Financial assets designated at fair value through profit or loss (Investments)	4	255,800,905	232,441,142
Total non-current assets		255,800,905	232,441,142
Current assets			
Trade and other receivables		29,359	5,839,928
Cash and cash equivalents		6,904	20,441
Total current assets		36,263	5,860,369
Total assets		255,837,168	238,301,511
Current liabilities			
Trade and other payables		5,406,458	633,418
Total current liabilities		5,406,458	633,418
Net assets		250,430,710	237,668,093
Equity			
Share capital	6	245,144,891	245,392,016
Retained reserves	6	5,285,819	(7,723,923)
Total equity attributable to ordinary shareholders		250,430,710	237,668,093
Net assets per ordinary share (cents)	9	98.19	93.08

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

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2021 and signed on its behalf by:

Rob King
Director

Steve Le Page
Director

Condensed Statement of Changes in Equity
For the 6 month period ended 31 December 2020

	Ordinary share capital US$	Retained earnings US$	Total US$
For the six months ended 31 December 2020 (Unaudited)			
Balance at 1 July 2020	245,392,016	(7,723,923)	237,668,093
Profit and comprehensive income for the period	-	21,940,440	21,940,440
Share buy backs	(247,125)	-	(247,125)
Dividends paid	-	(8,930,698)	(8,930,698)
Balance at 31 December 2019	245,144,891	5,285,819	250,430,710

	Ordinary share capital US$	Retained earnings US$	Total US$
For the six months ended 31 December 2019 (Unaudited)			
Balance at 1 July 2019	215,012,016	10,830,663	225,842,679
Share issue	31,000,000	-	31,000,000
Listing costs	(620,000)	-	(620,000)
Profit and comprehensive income for the period	-	5,541,172	5,541,172
Dividends paid	-	(8,399,689)	(8,399,689)
Balance at 31 December 2019	245,392,016	7,972,146	253,364,162

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

Condensed Statement of Cash Flows
For the 6 month period ended 31 December 2020

	Notes	31 December 2020 US$ (Unaudited)	31 December 2019 US$ (Unaudited)
Cash flows from operating activities			
Profit and comprehensive income for the period		21,940,440	5,541,172
Adjustments for:			
Purchase of investments	4	-	(32,105,737)
Change in fair value on investments	4	(23,359,763)	4,569,550
Operating cash flows before movements in working capital		(1,419,323)	(21,995,015)
Changes in working capital:			
Movement in trade and other receivables		5,810,569	(2,207)
Movement in trade and other payables		4,773,040	(2,056)
Net cash generated from / (used in) operating activities		9,164,286	(21,999,278)
Cash flows from financing activities			
Net proceeds from issue of shares	6	-	30,380,000
Net cost from share buy backs	6	(247,125)	-
Dividends paid to Ordinary shareholders	8	(8,930,698)	(8,399,689)
Net cash (utilised in) / generated from financing activities		(9,177,823)	21,980,311
Net movement in cash and cash equivalents during the period		(13,537)	(18,967)
Cash and cash equivalents at the beginning of the period		20,441	5,500,139
Cash and cash equivalents at the end of the period		6,904	5,481,172

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

Notes to the Condensed Interim Financial Statements
For the 6 month period ended 31 December 2020

1. General information

The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 6 February 2017 with registered number 63061, and is regulated by the GFSC as a registered closed-ended investment company. The registered office and principal place of business of the Company is 1 Le Truchot, St Peter Port, Guernsey, Channel Islands, GY1 1WD.

The Company raised US$91m from its initial public offering in 2017, with its ordinary shares being issued on 18 December 2017 and listed on the Specialist Fund Segment of the London Stock Exchange's main market for listed securities on 20 December 2017.

On 11 October 2018, the Company announced that it had raised gross proceeds of US$78.4m pursuant to the Placing and Offer for Subscription of C-Class Shares. The Company's C-Class Shares were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange effective 16 October 2018.

On 31 January 2019, the Company announced that the C-Class Share conversion had been completed. The resulting 84,624,960 ordinary shares were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange effective 12 February 2019.

On 11 March 2019, the Company announced the results of its Placing and Offer for Subscription of 49,019,608 ordinary shares, which raised gross proceeds of US$50 million. These ordinary shares were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange effective 14 March 2019.

On 20 September 2019, the Company announced the results of its Placing and Offer for Subscription of 30,693,070 ordinary shares, which raised gross proceeds of US$31 million. These ordinary shares were issued on the Specialist Funds Segment of the Main Market of the London Stock Exchange effective 24 September 2019.

During the current period, the Company bought a total of 300,000 of its own ordinary shares at an average price of US$0.824 per Share. Further details are noted in note 6.

2. Significant accounting policies

(a) Basis of Preparation

The Condensed Interim Financial Statements have been prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting, and applicable Guernsey law. These Condensed Interim Financial Statements do not comprise statutory Financial Statements within the meaning of the Companies (Guernsey) Law, 2008, and should be read in conjunction with the Financial Statements of the Company as of and for the year ended 30 June 2020, which were prepared in accordance with International Financial Reporting Standards. The statutory Financial Statements for the year ended 30 June 2020 were approved by the Board of Directors on 23 September 2020. The opinion of the auditors on those Financial Statements were not qualified. The accounting policies adopted in these Condensed Interim Financial Statements are consistent with those of the previous financial year and the corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

2. Significant accounting policies (continued)

(a) Basis of Preparation (continued)

Compliance with IFRS

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, Listing rules and applicable Guernsey law.

Historical cost convention

The financial statements have been prepared on a historical cost basis modified by the revaluation of investments at fair value through profit or loss. The principal accounting policies adopted and which have been consistently applied (unless otherwise indicated) are set out below.

Basis of non-consolidation

The Directors consider that the Company meets the investment entity criteria set out in IFRS 10. As a result, the Company applies the mandatory exemption applicable to investment entities from producing consolidated financial statements and instead fair values its investments in its subsidiaries in accordance with IFRS 13. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services; and
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both (including having an exit strategy for investments); and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors consider that the Company's objective of pooling investors' funds for the purpose of generating an income stream and capital appreciation is consistent with the definition of an investment entity, as is the reporting of the Company's net asset value on a fair value basis.

(b) New and amended standards

At the reporting date of these Condensed Interim Financial Statements, the following standards, interpretations and amendments, which have not been applied, were in issue but not yet effective:

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (Effective 1 January 2023).

2. Significant accounting policies (continued)

(b) New and amended standards (continued)

Amendments to IFRS 3 Reference to the Conceptual Framework (Effective 1 January 2022).

Amendments to IFRS 7 Interest Rate Benchmark Reform (Effective 1 January 2021).

Amendments to IFRS 9 Interest Rate Benchmark Reform (Effective 1 January 2021), and Annual improvements to IFRS Standards (Effective 1 January 2022).

It is not anticipated that the revisions to the abovementioned standards will have any material impact on the Company's financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

(c) Standards, amendments and interpretations effective during the period

The new and revised Standards and Interpretations adopted in the current period did not have any significant impact on the amounts reported in these condensed interim financial statements.

(d) Segmental reporting

The Chief Operating Decision Maker is the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investment of the Company's capital in secondhand commercial vessels. The financial information used to manage the Company presents the business as a single segment.

(e) Income

Dividend Income

Dividend income is accounted for on an accruals basis from the date the dividend is declared.

Interest Income

Interest income is accounted for on an accruals basis.

(f) Expenses

Expenses are accounted for on an accruals basis. Any performance fee liability is calculated on an amortised cost basis at each valuation date, with the respective expense charged through the Statement of Comprehensive Income. The Company's investment management and administration fees, finance costs and all other expenses are charged through the Condensed Statement of Comprehensive Income.

2. Significant accounting policies (continued)

(g) Dividends to Shareholders

Dividends are accounted for in the Statement of Changes in Equity in the year in which they are declared.

(h) Taxation

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 amended by the Director of Income Tax in Guernsey for the current period. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,200.

(i) Financial Assets and Financial Liabilities

The Company classifies its investments in LS Assets Limited ("LSA") as financial assets at fair value through profit or loss ("FVTPL").

The Company measures and evaluates the net assets of LSA on a fair value basis. The net assets include those of the underlying SPVs which themselves own and value all vessels on a fair value basis.

The Investment Manager reports fair value information to the Directors who use this to evaluate the performance of investments.

Recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's Condensed Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Condensed Statement of Comprehensive Income.

Financial assets at fair value through profit or loss

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Condensed Statement of Comprehensive Income.

The Company's investment in LSA has been designated as at FVTPL on the basis that it is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the investments is provided internally on that basis.

2. Significant accounting policies (continued)

(i) Financial Assets and Financial Liabilities (continued)

The Company measures and evaluates the performance of the entire investment into LSA on a fair value basis by using the net asset value of LSA including the underlying SPVs and the fair value of the SPVs' investments into their respective vessel assets as well as the residual net assets/liabilities of both the SPVs and LSA itself. The investment in LSA consists of both equity and debt instruments.

In estimating the fair value of each underlying SPV (as a constituent part of LSA's net asset value at fair value), the Board has approved the valuation methodology for valuing the shipping assets held by the SPVs. The value of any shipping asset comprises the Charter-Free Value of the vessel plus the value (positive or negative) of any Charter or lease contracts attached to the vessel.

There are time charter contracts in place for vessels. Such charters will vary in length but would typically be in the 2 – 8 years' range. As the shipping markets can be volatile over time, the value of such charters will therefore either add to or detract from the open market charter-free value of the vessel. Under a time charter, the vessel owner provides a fully operational and insured vessel for use by the charterer. There is a fluid charter market reported daily by freight brokers on the basis of time charter rates.

The charter-free and associated charter values of standard vessels are calculated using an on-line valuation platform provided by VesselsValue Ltd. For charter free values, the system utilises a number of algorithms that combine factors such as vessel type, technical features, age, cargo capacity, freight earnings, market sentiment and recent vessel sales.

For charter values, the platform provides a DCF (Discounted Cashflow) module where vessel specific charter details are input and measured against a market benchmark to obtain a premium or discount value of the charter versus the typical prevailing market rate for that type of vessel.

The adjustment for the capital expenditure associated with the dry docking of the vessel is time apportioned on a straight line basis over the period between the vessel's last visit to dry dock and the date of its next expected visit, by reference to the actual cost of the last visit and the budgeted cost of the next. This adjustment is an addition to value when the valuation date is nearer to the vessel's last dry docking than to its next expected visit to dry dock, and vice versa.

Specialist vessels are valued on a pure DCF basis by the Investment Manager using vessel specific information and both observable and unobservable data. The VesselsValue Ltd platform is not used for these assets. Instead a DCF approach is adopted and this determines the present value of the cashflows discounted at the project cost of capital or the specific WACC assigned to the vessel type by Vessels Value Ltd, and is deemed to be a fair representation of the vessel and charter value.

Refer to Note 3 which explains in detail the judgements and estimates applied.

2. Significant accounting policies (continued)

(i) Financial Assets and Financial Liabilities (continued)

Once a time charter is contracted, this is compared to the market benchmark and the difference is discounted using an industry weighted average cost of capital to establish a negative or positive value of the charter.

The value of the charter is added to the charter-free value to ascertain a value with charter.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, gains and losses on the sale of investments, which is the difference between initial cost and sale value, will be taken to the profit or loss in the Condensed Statement of Comprehensive Income in the period in which they arise.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Condensed Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or when they expire.

2. Significant accounting policies (continued)

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts. As of 31 December 2020, the carrying amount of cash and cash equivalents approximate their fair value.

(k) Foreign currency translation

i) Functional and presentation currency

The financial statements of the Company are presented in US Dollars, which is also the currency in which the share capital was raised and investments were purchased, and is therefore considered by the Directors' to be the Company's functional currency.

ii) Transactions and balances

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the Condensed Statement of Comprehensive Income in the period in which they arise. Transactions denominated in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of the transaction.

(l) Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council and considered recent market volatility and the potential impact of the Covid-19 virus on the Company's investments. After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Critical Accounting Judgements and Estimates

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenue and expenses during the period. Information about significant judgements, estimates and assumptions which have the greatest effect on the recognition and measurement of assets, liabilities, income and expenses were the same as those that applied to the Annual Report and Financial Statements for the year ended 30 June 2020.

Critical judgements in applying the Company's accounting policies – IFRS 10: Consolidated Financial Statements

The audit committee considered the application of IFRS 10, and whether the Company meets the definition of an investment entity.

In the judgement of the directors, the Company meets the investment criteria set out in IFRS 10 and they therefore consider the Company to be an investment entity in terms of IFRS 10. As a result, as required by IFRS 10 the Company is not consolidating its subsidiary but is instead measuring it at fair value in accordance with IFRS 13.

The criteria which define an investment entity are documented in Note 2a.

The Company's objective of pooling investors' funds for the purpose of generating an income stream and capital appreciation is consistent with the definition of an investment entity.

Critical judgements and estimates in applying the Company's accounting policies – financial assets at fair value:

Further to the information mentioned in note 2 (i) there are specific capital adjustments considered as part of the valuation process for standard vessels, mainly the adjustment for ballast water treatment systems installed on vessels is considered an enhancement to the charter-free value, initially recognised at cost and straight line depreciated from the commissioning date to 31 December 2021.

At 31 December 2020, two vessels were treated as specialist vessels (four vessels at 31 December 2019).

These specialist vessels are valued on a pure DCF basis by the Investment Manager using vessel specific information and both observable and unobservable data. Project cost of capital discount rates are reviewed on a regular basis to ensure they remain relevant to prevailing project and market risk parameters. The prospectus sets out the basis on which non-typical and specialist vessels would be valued.

During the current and prior periods, one vessel was on a charter with a fixed rate floor and a profit-sharing mechanism from which its earnings were crystallised on an annual basis.

3. Critical Accounting Judgements and Estimates (continued)

In months prior to the completion of the annual calculation period, the vessel's earnings were accounted for based on actual earnings for the period to date and an estimate of the vessel's future earnings to the end of the calculation period. The vessel was sold in December 2020. There were no other material areas of estimation in the current year for the Company.

4. Financial Assets designated at fair value through profit or loss (Investment)

The Company owns the Investment Portfolio through its investment in LSA. The investment by LSA comprises the NAVs of the SPVs. The NAVs consist of the fair value of vessel assets and the SPVs residual net assets/liabilities. The whole Investment Portfolio is designated by the Board as a Level 3 item on the fair value hierarchy because of the lack of observable market information in determining the fair value. As a result, all the information below relates the Company's level 3 assets only, with respect to the requirements set out in IFRS 7. The investment held at fair value is recorded under Non-Current Assets in the Condensed Statement of Financial Position as there is no current intention to dispose of any of the assets.

The changes in Financial Assets designated at fair value through profit or loss (Investments) which the Company has used Level 3 inputs to determine fair value, after considering dividends declared (see note 8) are as follows:

LSA	**31 December 2020 US$ (Unaudited)**	**30 June 2020 US$ (Audited)**
Brought forward cost of investment	235,360,051	199,739,076
Total investment acquired in the period / year	-	35,620,975
Carried forward cost of investment	**235,360,051**	**235,360,051**
Expenditure		
Brought forward unrealised (losses)/ gains on valuation	(2,918,909)	21,258,997
Movement in unrealised gains / (losses) on valuation	23,359,763	(24,177,906)
Carried forward unrealised gains / (losses) on valuation	**20,440,854**	**(2,918,909)**
Total investment at fair value	**255,800,905**	**232,441,142**

4. Financial Assets designated at fair value through profit or loss (Investment) (continued)

The unobservable inputs which significantly impact the fair value have been determined to be the charter-free valuation and charter rates for standard vessels and the discount rate applied for specialised vessels.

LSA (own net assets): Breakdown of Fair Value:

LSA	31 December 2020 US$ (Unaudited)	30 June 2020 US$ (Audited)
Aglow Limited	6,394,808	6,544,853
Antler Limited	7,392,335	7,086,424
Bear Limited	18,951,292	25,159,399
Candy Limited	8,419,899	-
Citra Limited	7,156,449	6,879,658
Dachshund Limited***	-	14,836,028
Darwin Limited **	1	1
Dragon Limited	7,319,012	7,836,366
Echidna Limited	6,525,853	-
Handy HoldCo Limited	30,274,688	-
Hongi Limited **	1	1
Java Limited **	1	1
Kale Limited	8,454,831	5,289,398
Lavender Limited	10,618,588	-
Neon Limited	30,345,529	30,393,897
Octane Limited	18,397,836	18,462,207
Parrot Limited	31,744,011	31,865,549
Patience Limited	5,442,416	5,687,983
Pollock Limited***	-	15,010,226
Riposte Limited	12,066,680	7,603,717
Sierra Limited	18,860,861	18,765,453
Swordfish Limited	8,108,870	4,927,358
Vicuna Limited	11,222,870	10,610,002
Cash held pending investment	15,373,951	29,618,568
Residual net liabilities	(7,269,877)	(14,135,947)
***Total investment at fair value**	255,800,905	232,441,142

The net change in the movement of the fair value of the investment is recorded in the Condensed Statement of Comprehensive Income.

*Vessels are valued at fair value in each of the SPVs shown in the table above and combined with the residual net liabilities of each SPV to determine the fair value of the total investment attributable to LSA.

Notes to the Condensed Financial Statements (continued)

For the 6 month period ended 31 December 2020

4. Financial Assets designated at fair value through profit or loss (Investment) (continued)

**The three companies above are in voluntary liquidation. The ships were sold during the 2020 financial year, and therefore, these companies no longer hold any assets.

*** During the current period, the ownership of Dachshund Limited and Pollock Limited was transferred to Handy HoldCo Limited.

5. Subsidiaries

The Company holds its investments through a subsidiary company which has not been consolidated in line with the adoption of IFRS 10: Consolidated Financial Statements. Below is the legal entity name for the Holding Company which owns 100% of the shares in the SPVs. The remaining legal entities are owned indirectly through the investment in the Holding Company. The country of incorporation is also their principal place of business.

Name	Country of incorporation	Direct or indirect holding	Principal activity	Ownership at 31 Dec 2020	Ownership at 30 June 2020	Ownership at 31 Dec 2019
LS Assets Limited	Guernsey	Direct	Holding company	100%	100%	100%
Aglow Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Antler Limited	Isle of Man	Indirect	SPV	100%	100%	N/A
Bear Limited	Isle of Man	Indirect	SPV	100%	100%	N/A
Candy Limited	Isle of Man	Indirect	SPV	100%	N/A	N/A
Citra Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Cocoa Limited	Isle of Man	Indirect	SPV	100%	N/A	N/A
Dachshund Limited	Isle of Man	Indirect	SPV	100%	100%	N/A
Daffodil Limited	Isle of Man	Indirect	SPV	100%	N/A	N/A
Darwin Limited [1]	Isle of Man	Indirect	SPV	100%	100%	100%
Dragon Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Echidna Limited	Isle of Man	Indirect	SPV	100%	N/A	N/A
Handy HoldCo Limited	Isle of Man	Indirect	SPV	100%	N/A	N/A
Hongi Limited [1]	Isle of Man	Indirect	SPV	100%	100%	N/A

Notes to the Condensed Financial Statements (continued)
For the 6 month period ended 31 December 2020

5. Subsidiaries (continued)

Name	Country of incorporation	Direct or indirect holding	Principal activity	Ownership at 31 Dec 2020	Ownership at 30 June 2020	Ownership at 31 Dec 2019
Java Limited [1]	Isle of Man	Indirect	SPV	100%	100%	N/A
Kale Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Lavender Limited	Isle of Man	Indirect	SPV	100%	N/A	N/A
Neon Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Octane Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Parrot Limited	Isle of Man	Indirect	SPV	100%	100%	N/A
Patience Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Pollock Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Riposte Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Sierra Limited	Isle of Man	Indirect	SPV	100%	100%	N/A
Swordfish Limited	Isle of Man	Indirect	SPV	100%	100%	100%
Vicuna Limited	Isle of Man	Indirect	SPV	100%	100%	N/A
Zulu Limited [1]	Isle of Man	Indirect	SPV	100%	100%	N/A

1. On 25 October 2019, the entire shareholdings of Darwin Limited, Hongi Limited and Java Limited were transferred to Zulu Limited. The four companies are currently in voluntary liquidation.

6. Share capital and reserves

Share issuance	Number of shares	Gross amount (US$)	Issue costs (US$)	Share capital (US$)
Total issue at 30 June 2020	255,337,638	250,400,016	(5,008,000)	245,392,016
Share buy back 5 August 2020	(50,000)	(41,710)	-	(41,710)
Share buy back 12 August 2020	(50,000)	(41,083)	-	(41,083)
Share buy back 13 August 2020	(50,000)	(41,083)	-	(41,083)

6. Share capital and reserves (continued)

Share issuance	Number of shares	Gross amount raised (US$)	Issue costs (US$)	Share capital (US$)
Share buy back 24 September 2020	(100,000)	(82,166)	-	(82,166)
Share buy back 25 September 2020	(50,000)	(41,083)	-	(41,083)
Total issue at 31 December 2020	**255,037,638**	**250,152,891**	**(5,008,000)**	**245,144,891**

Retained reserves

Retained reserves comprise the retained earnings as detailed in the Condensed Statement of Changes in Equity.

7. Earnings per share calculated in accordance with IFRS

	31 December 2020 US$ (Unaudited)	31 December 2019 US$ (Unaudited)
Profit and comprehensive income for the period	21,940,440	5,541,172
Weighted average number of ordinary shares	255,141,442	240,991,964
Earnings per ordinary share (cents)	8.60	2.30

The weighted average number of ordinary shares (255.1m shares) is calculated in accordance with IFRS guidelines.

8. Dividends

The Company declared the following dividends in respect of the profit for the period ended 31 December 2020:

Period end	Dividend per share	Ex div date	Net Dividend paid	Record date	Paid date
Ordinary shareholders					
Dividends declared the period ended 31 December 2019:					
30 June 2019	US$0.0175	8 August 2019	US$3,931,280	9 August 2019	23 August 2019
30 September 2019	US$0.0175	7 November 2019	US$4,468,539	8 November 2019	22 November 2019
Dividends declared the period ended 31 December 2020:					
30 June 2020	US$0.0175	6 August 2020	US$4,467,409	7 August 2020	21 August 2020
30 September 2020	US$0.0175	5 November 2020	US$4,463,159	6 November 2020	20 November 2020

Under the Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and revenue reserves, subject to a prescribed net asset and solvency test. The net asset and solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Board confirms that the Company passed the net asset and solvency test for each dividend paid.

9. Net assets per ordinary share

	31 December 2020 US$ (Unaudited)	30 June 2020 US$ (Audited)
Shareholders' equity	250,430,710	237,668,093
Number of ordinary shares	255,037,638	255,337,638
Net assets per ordinary share (cents)	98.19	93.08

10. Financial risk management

The Company's activities expose it to a variety of financial risks; market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's Audited Financial Statements as at 30 June 2020.

There have been no significant changes in the management of risk or in any risk management policies since the last balance sheet date.

11. Financial assets and liabilities not measured at fair value

Cash and cash equivalents are liquid assets whose carrying value represents fair value. The fair value of other current assets and liabilities would not be significantly different from the values presented at amortised cost.

12. Management fee

The Investment Manager is entitled to receive an annual fee, calculated on a sliding scale, as follows:

- (a) 0.85 per cent per annum of the quarter end Net Asset Value up to US$250 million;
- (b) 0.75 per cent per annum of the quarter end Net Asset Value in excess of US$250 million but not exceeding US$500 million; and
- (c) 0.65 per cent per annum of the quarter end Net Asset Value in excess of US$500 million,

For the period ended 31 December 2020 the Company incurred US$1,059,248 (2019: US$1,040,898) in management fees of which US$537,835 (2019: US$532,380) was outstanding at 31 December 2020.

13. Performance fee

Tufton ODF Partners LP, the entity holding the carried interest, shall be entitled to a performance fee in respect of a Calculation Period provided that the Total Return per Share on Calculation Day for the Calculation Period of reference is greater than the High Watermark per Share and such performance fee shall be an amount equal to the Performance Fee Pay-Out Amount if:

- the High Watermark is greater than the Total Return on any Calculation Day; and
- the prevailing Historic Performance Fee Amount (to the extent not previously adjusted pursuant to the operation of this paragraph) is greater than zero on such Calculation Day.

13. Performance fee (continued)

The prevailing Historic Performance Fee Amount shall be reduced by the lower of: (i) 20 per cent of the difference between the High Watermark and the Total Return on such Calculation Day multiplied by the Relevant Number of Shares; and (ii) the prevailing Historic Performance Fee Amount. No performance fees were accrued or paid during the current or prior period.

14. Related parties

The Investment Manager, Tufton Investment Management Limited, is a related party due to having common key management personnel with the subsidiaries of the Company. All management fee transactions with the Investment Manager are disclosed in note 12.

For the period ended 31 December 2020 the Company incurred US$1,059,248 (2019: US$1,040,898) in management fees of which US$537,835 (2019: US$532,380) was outstanding at 31 December 2020.

The Directors of the Company and their shareholdings are stated in the Interim Report of the Directors, page 22.

15. Controlling party

In the opinion of the Directors, on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

16. Remuneration of the Directors

The remuneration of the Directors was US$71,335 (2019: US$57,544) for the period which consisted solely of short-term employment benefits (refer to the Report of the Directors on page 22).

17. Events after the reporting period

On 5 January 2021, the Board announced the acquisition of a Containership for $6.75m.

On 5 January 2021, the Company announced that the long-planned ownership change at the Investment Manager, where senior management took a larger stake and a family office bought out most other shareholders, was completed.

On 11 January 2021, the Board announced the acquisition of a stainless steel Chemical Tanker for $15.2m.

On 14 January 2021, the Board announced the acquisition of a Containership for $7.0m.

A dividend was declared on 21 January 2021 for US$0.01875 per ordinary share for the quarter ending 31 December 2020. The dividend was paid on 12 February 2021 to holders of ordinary shares on record date 29 January 2021 with an ex-dividend date of 28 January 2021.

On 2 March 2021, the Board announced a Tap Issue of new ordinary shares, of up to 10% of the Share in Issue as at the date of the announcement at US$0.98 per Tap Issue Share. The Tap Issue Shares will be eligible for the next dividend to be paid in May 2021.

Corporate information

Directors
Robert King, Chairman
Stephen Le Page
Paul Barnes
Christine Rødsaether (appointed 9 September 2020)

Registered office
3rd Floor
1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

Investment Manager and AIFM
Tufton Investment Management Limited
Albemarle House
1 Albemarle Street
London
W1S 4HA

Asset Manager
Tufton Management Limited
3rd Floor, St George's Court
Upper Church Street
Douglas
Isle of Man IM1 1EE

Secretary and Administrator
Maitland Administration (Guernsey) Limited
3rd Floor,
1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

Joint Placing Agents and Financial Advisers
Hudnall Capital LLP
Adam House
7-10 Adam Street
London
WC2N 6AA

N+1 Singer Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

Corporate information (continued)

Guernsey Legal Advisers
Carey Olsen (Guernsey) LLP
PO Box 98, Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

UK Legal Advisers
Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU
2AX

Registrar
Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage
St Peter Port
Guernsey
GY1 1DB

Receiving Agent
Computershare Investor Services PLC
The Pavillions
Bridgewater Road
Bristol
BS99 6AH

Independent Auditor to the Company
PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4ND

Principal Bankers
Barclays Bank Plc
Guernsey International Banking
PO Box 41
St Peter Port
Guernsey, GY1 3BE