



Life Offices Opportunities Trust plc

Interim Report 30 June 2007

“The investment objective of the Company is long term capital growth from a diversified portfolio of with-profits life assurance policies which have the potential for achieving enhanced capital returns, particularly through corporate change in the life assurance industry.”

Chairman's Statement

I am pleased to report the first half of 2007 has seen the Company again make progress. Over the six month period, the net asset value per share increased 6.5 per cent to 152.5p. The investment objective of the Company is to achieve long term capital growth and no dividend is payable.

The Company's policies continued to mature as expected. There were 172 maturities in the first half of the year yielding approximately £4.5 million. The maturity proceeds were of the order of 2.1 per cent higher than forecast at the 2006 year end. The Fund still retains 1,425 policies, of which 625 are scheduled to mature in 2007. Overall gearing has been reduced from 32.6 per cent to 21.4 per cent as at the end of June. Following recent maturities, borrowings were totally repaid in the second week of August.

Cash balances will be accumulated from now until the end of the Fund's life in 2008. These cash balances will be deployed in low risk fixed interest securities, yielding approximately LIBOR, currently 5.75 per cent. This rate is higher than the 4 per cent used in the quarterly projected terminal maturity value announcements.

Announcements made during the annual bonus declaration season in the first quarter of 2007 proved favourable with bonus rates mostly being raised. Generally, reversionary bonus rises were eschewed in favour of rises in terminal bonuses. The major with-profit

life office funds produced returns of around 9 per cent, after taxation and some reserving held back for smoothing. Strong equity markets and a positive property sector were offset by a weak bond market.

Unsurprisingly, those offices with low bond content, those open to new business or those with large surpluses were the better performers.

In July 2006, the Company was allocated 440,000 Standard Life plc shares representing approximately 4 per cent of net assets. In addition, the Company was allocated a further 22,000 shares as a loyalty bonus in July 2007. The share price has been one of the best performers in the FTSE 100 since launch and the Managers have since sold just under half the holding in early August.

Over recent years, the Company has published projected terminal maturity values on a quarterly basis. The median projected terminal asset value based on 30 June 2007 numbers is 161.9 pence per share using the previously indicated assumptions. With the current share price of 141 pence per share, this equates to a potential yield to maturity of approximately 9.6 per cent per annum. We believe that the Company is well placed to achieve or possibly marginally exceed this level at maturity.

John Brumwell
21 August 2007

Unaudited Accounts

Statement of Total Return	6 months 30 June 2007 £000	6 months 30 June 2006 £000
Revenue Return		
Income	27	–
Expenses allocated to revenue	(66)	(45)
Net revenue return after tax	(39)	(45)
Capital return		
Gains on sale of investments	1,549	514
Movement in unrealised appreciation on investments	1,217	2,097
Gains/(losses) on investments	2,766	2,611
Interest allocated to capital	(282)	(381)
Expenses allocated to capital	(233)	(276)
Net capital return after tax	2,251	1,954
Total return after tax	2,212	1,909
Return per ordinary share		
Revenue	(0.17p)	(0.19p)
Capital	9.56p	8.30p
Total	9.39p	8.11p

Cash Flow Statement	6 months 30 June 2007 £000	6 months 30 June 2006 £000
Net cash flow from operating activities	(604)	(404)
Returns from investment and servicing of finance	(282)	(381)
Capital expenditure and financial investment	4,130	1,216
Increase in cash	3,244	431

Unaudited Accounts

Balance Sheet	31 December 2006 £000	30 June 2007 £000	30 June 2006 £000
Investments	44,695	43,617	44,223
Net current liabilities	(10,984)	(7,694)	(13,174)
Shareholders' funds	33,711	35,923	31,049
Net Asset Value per share	143.15p	152.54p	131.84p

Notes

1. These are not full accounts in terms of the Companies Act 1985. Audited accounts for the year to 31 December 2006, which were unqualified, have been lodged with the Registrar of Companies.
2. Investment management fees and finance costs have been allocated 100% to capital (2006 – same).

Investment Portfolio

Life Office	Number of Policies	Market Valuation £000	% of Total Assets
1 Standard Life	442	9,957	27.7
2 Century Life	8	6,874	19.1
3 Aviva (Norwich Union)	214	5,603	15.6
4 Scottish Provident	175	4,355	12.1
5 Prudential (Scottish Amicable)	137	3,901	10.9
6 Prudential	100	2,680	7.5
7 Scottish Life Assurance	92	2,352	6.5
8 Legal & General	83	2,219	6.2
9 Clerical Medical	30	999	2.8
10 Friends Provident	34	640	1.8
Ten largest exposures	1,315	39,580	110.2
Other exposures	109	2,575	7.1
Total exposures	1,424	42,155	117.3
Standard Life ordinary shares	–	1,462	4.1
Total investments	–	43,617	121.4

Company Information

Directors

John C H Brumwell (Chairman)

John S H H Motion

Raymond M Paul

John B Wilson

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Registered Number

162841