Contents

Directors

D.C. MARSHALL, *Chairman*, age 65

Mr. Marshall joined the board in 1971 and was appointed Chairman in 1984. He resides in South Africa, where he has extensive interests in listed trading, financial and property companies. He is the chairman of Western Selection P.L.C., an associate of London Finance & Investment Group, Creston plc and Finsbury Food Group plc and is a non-executive director of MWB Group Holdings Plc and Northbridge Industrial Services PLC. He is the chief executive of Marshall Monteagle Holdings S.A. and chairman of Halogen Holdings P.L.C.

F.W.A. LUCAS, BSc, PhD, *Non-executive*, age 41*†

Dr. Lucas was appointed a director in 1999. He is a mining geologist by profession and one of the founding shareholders and a director of Loeb Aron & Company Ltd, an authorised and regulated investment and issuing house, which specialises in corporate finance and is a Member of the London Stock Exchange and of PLUS Markets.

J.H. MAXWELL, CA, CCMI, FRSA, *Non-executive*, age 64*

Mr. Maxwell, who is a Chartered Accountant, was appointed a director of the Company in 2003. He currently serves as a non-executive director of Homeserve PLC, Provident Financial PLC, Royal & Sun Alliance Insurance Group PLC, The Royal Automobile Club Limited and The Motor Sports Association Limited.

J.M. ROBOTHAM, OBE, FCA, *Non-executive*, age 76†

Mr. Robotham joined the board in 1984. He is the non-executive chairman of Marshall Monteagle Holdings S.A. and a non-executive director of Western Selection P.L.C. He is a chartered accountant and a Member of the Securities Institute.

*Member of the audit committee   †Member of nomination committee

	United Kingdom	Republic of South Africa
Secretaries and Registered Office	CITY GROUP P.L.C. 30 City Road London, EC1Y 2AG Tel: +44 (0)20 7448 8950 Fax: +44 (0)20 7638 9426 www.city-group.com E-mail: lonfin@city-group.com	D.A. GREER 11 Sunbury Park La Lucia Ridge Office Estate La Lucia 4051 Durban Tel: +27 (0)31 566 7600
Registered Number	201151	
Registrars	CAPITA REGISTRARS The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU Tel: 0871 664 0300 (Calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri.) From outside the UK +44 20 8639 3399.	COMPUTERSHARE INVESTOR SERVICES (PTY.) LIMITED 70 Marshall Street Johannesburg, 2001 (P.O. Box 61051, Marshalltown 2107) Tel: 011 370 5000

Results in Brief

Year ended 30th June	**2009**	2008
	£000	£000
Loss attributable to members:	**(796)**	(1,003)
Dividends	**Nil**	1.2p
Loss per share	**(2.6)p**	(3.2)p

Summary of Investments

At 30th June	**2009**	2008
	£000	£000
Strategic Investments at market value:		
Western Selection P.L.C.	**2,174**	2,469
Finsbury Food Group plc	**1,640**	3,860
MWB Group Holdings Plc	**980**	2,455
	4,794	**8,784**
General Equity Portfolio at market value	**3,976**	5,726
Tangible Non-current assets	**390**	403
Cash, bank balances and deposits	**114**	36
Bank Loans	**(2,556)**	(2,924)
Other net assets	**28**	136
Minority interests	**(90)**	(101)
Net assets, including investments at market value	**6,656**	**12,060**
Net assets per share, including investments at market values	**21.3p**	**38.7p**

Financial Calendar

Annual General Meeting	28th October 2009
Half-year results	Announced in February

Analysis of Shareholders

	Number	%	Total	%
1 – 500	1,250	57.7	239,385	0.8
501 –1,000	360	16.6	296,420	0.9
1,001 – 5,000	389	17.9	892,432	2.9
5,001 – 10,000	62	2.9	485,011	1.5
10,001 – 50,000	69	3.2	1,647,279	5.3
50,001 – 100,000	12	0.5	862,205	2.8
100,001 – 250,000	11	0.5	1,750,583	5.6
250,001 – 500,000	9	0.4	3,302,800	10.6
500,001 – 1,000,000	1	0.1	635,000	2.0
Over 1,000,000	5	0.2	21,089,918	67.6
	2,168	100.0	31,201,133	100.0

The current price of the Company's shares can be found on the share prices pages of the Financial Times, the Daily Telegraph and in the business section of the major South African newspapers.

Directors' Report

Business Review

Lonfin is an investment company whose assets primarily consist of three Strategic Investments and a General Portfolio. Strategic Investments are significant investments in smaller UK quoted companies and these are balanced by a General Portfolio, which consists mainly of investments in major U.K. and European equities.

At 30th June 2009, the three Strategic Investments, in which we have board representation, were our associated company Western Selection P.L.C., MWB Group Holdings Plc and Finsbury Food Group plc. Detailed comments on our Strategic Investments are given below.

Our objective is to achieve capital growth in real terms over the medium term, while maintaining a progressive dividend policy.

We are operating in difficult times. Stock markets are down and many companies are cutting dividends. We are not immune to these external factors. In spite of this the Group is in a reasonable position:

- The General Portfolio is yielding 3.13%
- Borrowings are 30% of the value of liquid stock market investments
- Operating costs have been reduced and are expected to fall further in the current year

Results

The Group made a loss before tax for the year of £807,000 (2008 – loss – £995,000), after the Group share of an exceptional impairment charge in Western of £239,000 (2008 – £1,322,000). Our operating income last year was higher due to profits realised on sales of investments. Our loss after exceptional items, tax and minority interest was £796,000 (2008 – loss – £1,003,000) giving a loss per share of 2.6p (2008 – 3.2p).

Our net assets per share have decreased 46% to 21p from 39p last year, reflecting the reduction in value of the Strategic Investments. These have declined in value by 45% and our General Portfolio by 24% after taking into account additions and disposals of investments. This compares with the decreases in the FTSE 100 index of 24% and the FTSE Eurotop 300 index of 29% over the year. At the date of this report, our unaudited net asset value had increased by 22% to 26p.

Dividend

In the absence of a dividend from Western, we are not recommending a final dividend, but it is our intention to resume paying dividends as soon as our dividend income recovers sufficiently.

Strategic Investments

Western Selection P.L.C. ("Western")

The Company owns 7,864,412 shares, being 43.8% of the issued share capital of Western and 3,785,820 of Western's 2010 warrants

On 29th September 2009, Western announced a loss before associates and exceptional items of £479,000 for its year to 30th June 2009 (2008 – profit – £378,000). In addition, Western has made impairment provisions against some of its investments of £546,000 (2008: provision against Creston £3,019,000). Including associates and after exceptional items and tax, and on its increased share capital, losses per share were 4.8p (2008 – losses 16.4p).

Western is unable to pay a dividend because the decline in value of its investments is such that its net assets are 12% less than the total of its share capital, share premium and non-distributable reserves. Western's net assets at market value were £8,936,000, equivalent to 50p per share, a decrease of 14% from 58p last year.

The market value of the Company's investment in Western at 30th June 2009 was £2,174,000 and the book value was £4,383,000. At market value this represents 33% of the net assets of Lonfin. The underlying value of the Company's investment in Western, valuing Western's investments at market value, was £4.3 million (2008 – £4.6 million).

Mr. Marshall is the Chairman of Western and Mr. Robotham and Mr. Beale (the chief executive of our associated company, City Group P.L.C.) are non-executive directors. Western has strategic investments in Creston plc, Northbridge Industrial Services plc, Swallowfield plc and Hartim Limited. An extract from Western's announcement of its strategic investments is set out below:

Creston plc

Creston is a marketing services group whose strategy is to grow within its sector both by organic growth and through selective acquisition to become a substantial, diversified marketing services group. The audited results for the year to 31st March 2009, show a profit after tax of £6,597,000 (2008 – £4,782,000), equivalent to earnings of 12.2p per share (2008 – 8.65p). On 7th July 2009 Creston announced a placing of new shares, raising approximately £3.3 million (gross). Western did not participate in the placing and maintained it's holding of 3,000,000 shares in Creston. Following the placing, this represents 4.9% of Creston's issued share capital with a value at 30th June 2009 of £1,920,000 (2008 – £1,425,000) being 21% (2008 – 14%) of Western's assets.

Northbridge Industrial Services PLC

Northbridge was formed for the purpose of acquiring companies that hire and sell specialist industrial equipment supplying a non-cyclical customer base including utility companies, the public sector and the oil and gas industries. In particular it will seek to acquire specialist businesses that have the potential for expansion into complete outsourcing providers. Sales are made to the U.K., U.S.A., Brazil, Singapore, Germany, UAE and Korea; Northbridge also has subsidiaries operating in Dubai and Azerbaijan.

Northbridge announced profits of £1,918,000 for the year ended 31st December 2008 (2007 – £1,154,000) and declared a final dividend of 2.6 per share, making 3.9p for the year (2007 – 3p). In June 2009, Northbridge raised approximately £2 million by way of an open offer in order to finance the expansion of its hire fleet. Western took up 375,000 shares in that offer at a cost of £413,000 and now holds 1,875,000 shares in Northbridge (20.97%). The value of the investment at 30th June 2009 was £2,156,000 (2008 – £2,558,000) being 24% (2008 – 25%) of Western's assets.

Swallowfield plc

Swallowfield is a market leader in the development, formulation manufacture and supply of cosmetics, toiletries and related household products for global brands and retailers operating in cosmetics, personal care and household good markets. Since Western's year end Swallowfield's results for their year to 30th June 2009 have been announced, showing maintained profits of £1,522,000 (2008 – £1,537,000) and an increase of dividend from 5.5p to 5.9p per share. Their board indicated progress for the next 12 months.

Western increased its holding in Swallowfield during the year and now owns 1,331,500 shares which is 11.8% of the issued share capital. The market value of Western's holding in Swallowfield on 30th June 2009 was £999,000 (2008 – £971,000), being 11% (2008 – 9%) of Westerns' net assets.

We would like to see the Swallowfield board strengthened and remain in discussions with the company and other major shareholders about the composition of the Swallowfield board.

Directors' Report (continued)

Hartim Limited

Hartim is the unquoted holding company for Tudor Rose International Limited ("TRI") which was founded in 1984. It works closely with a number of leading UK branded fast moving consumer goods companies, offering a complete sales, marketing and logistical service. Based in Stroud, Gloucestershire, TRI sells into 78 countries worldwide including USA, Spain, Portugal, Italy, Czech Republic, Russia, Turkey, South Africa, Saudi Arabia, UAE, Malaysia, Australia and China.

Western holds 49.5% of Hartim, which has a 31st December year end and achieved profits in 2008 of £443,000 on turnover of £16,809,000. Western's share of the consolidated profit after tax for the twelve months to 30th June 2009 was £181,000 (2008 – three months £69,000) and the book value of the investment at 30th June 2009 was £979,000 (2008 – £797,000), being 11% (2008 – 8%) of Western's assets.

MWB Group Holdings Plc ("MWB")

The Company holding in MWB was unchanged from the 2 million shares held at June 2008, representing 2.76% of MWB's issued share capital. The market value at 30th June 2009 was £980,000, compared with the book value of £1,681,000, and represents 15% of the net assets of Lonfin.

MWB is in the process of moneytising its assets for the benefit of all stakeholders through an orderly disposal programme. Mr. Marshall is a non-executive director of MWB and the board constantly reviews the programme of disposal.

Finsbury Food Group plc ("Finsbury")

The Company holding in Finsbury remains at 8,000,000 shares, representing 15.55% of their share capital. The market value of the holding was £1,640,000 on 30th June 2009 (cost – £1,893,000) and represents 25% of the net assets of Lonfin.

Finsbury is one of the largest suppliers of premium cakes, bread and morning goods in the UK. The group currently supplies most of the UK's major supermarket chains, including Asda, Morrisons, Sainsbury, Somerfield, Tesco and Waitrose.

Mr. Marshall is the non-executive chairman and Mr. Beale, the Chief Executive of our associated company City Group P.L.C., is a non-executive director of Finsbury.

General Portfolio

The investments comprising the General Portfolio at 30th June 2009 are listed on page 11. The General Portfolio is diverse with material interests in Food and Beverages, Oil, Natural Resources, Chemicals, and Tobacco. We believe that the portfolio of quality companies we hold has the potential to outperform the market in the medium to long term, especially in respect of our Western European holdings.

The number of holdings in the General Portfolio has decreased to 29 from 35. We have decreased the amount invested in the General Portfolio by £715,000 (2008: decreased by £188,000) over the year.

We have a £2 million bank facility in addition to the facility to cover the increased investment in Western, and at 30th June 2009 had drawn down £1.6 million. This leaves £400,000 available for further investment when the Board feels appropriate. The fall in value of our investments over the period has increased borrowings as a percentage of the market value of all stock market investments from 20% to 29%.

Operations & Employees

All of our operations and those of our associate, Western, except investment selection, are outsourced to our subsidiary, City Group P.L.C. City Group also provides company secretarial and head office finance services to a number of other U.K. and Luxembourg clients. City Group has responsibility for the identification of new strategic investments for the Group and the monitoring of existing strategic investments.

Outlook

The outlook for stock markets remains uncertain. We will continue to adopt a cautious stance, with our general portfolio invested in the best European companies.

Financial Instruments

The financial instruments of the Group, in addition to the investment portfolio, comprise borrowings to finance those investments and cash.

The main risks arising from the Group's financial instruments are interest rate, market price and liquidity. The Board reviews and agrees policies, which have remained substantially unchanged for the year under review, for managing both of these risks. The policies are summarised below.

Interest Rate Risk – The Group finances its operations through a mixture of retained profits and bank borrowings, in pounds sterling. In June 2006, in the then anticipation of rising interest rates, we fixed the cost of borrowing on £1.5 million of our £2 million facility at 5.15% for five years. The balance of drawings under the facility will be at a rate fluctuating with base rate. An additional facility of £1.4 million was arranged to enable the Group to increase the investment in Western following its warrant offer last year. At 30th June 2009 a balance of £1 million exists on this loan, which is repayable by 31st December 2010.

Market Price Risk – The Company is exposed to market risk through the equity investments in other companies. The Company maintains a spread of investments over various sectors and monitors performance continuously. The future values of these investments will fluctuate because of changes in interest rates and other market factors.

Liquidity Risk – The Group's policy is that its borrowings should be flexible and available over the medium term. The bank borrowings are by way of a loan facility of £2 million ending on 30th April 2013 and the Western facility referred to above. The Group holds investments, most of which are listed on recognised stock exchanges. In normal markets these are, by their nature, liquid. However, there are long periods when the market may not be prepared to deal at realistic prices in unusually large blocks of certain shares and this particularly applies to our three Strategic Investment holdings. The company maintains a General Portfolio of investment holdings within normal market size and which have aggregate market values in excess of the borrowings at any point in time. The policy is these have an aggregate market value of at least 150% of borrowings at any point in time.

Directors' Report (continued)

Trends in Key Performance Indicators

Key Performance Indicators ("KPIs") are the yardsticks against which the Board measures the performance of the Company. Our objectives are real growth over the long term in dividends and net assets per share. Commentary on the movement of these indicators over the year are detailed above.

	2009	2008	2007	2006
Net assets per share	**21.3p**	38.7p	65.8p	52.1p
(Loss)/Earnings per share	**(2.53)p**	(3.21)p	1.60p	1.06p
Dividends (net) per share	**Nil**	1.20p	1.10p	1.05p

Definition of KPIs used above

Net Assets per share – Net assets including investments at market value divided by the number of shares in issue at the year end.

Earnings per share – Earnings for the year divided by the weighted average number of shares in issue over the year.

Dividends per share – Dividends declared for the year.

Directors

A list of the directors of the Company is shown on page 2. The interests of the directors, who have held office during the year in the shares and warrants to subscribe, were as follows:

	30th June 2009		30th June 2008	
	Shares	**Warrants**	Shares	Warrants
D.C. Marshall – Beneficial	**2,301,000**	**276,120**	2,301,000	–
– Non-beneficial*	**10,589,693**	**1,270,763**	10,589,693	–
F.W.A. Lucas†	**75,000**	**1,800**	75,000	–
J.M. Robotham – Beneficial	**30,000**	**6,000**	30,000	–
– Non-beneficial*	**10,077,693**	**902,723**	7,522,693	–
J.H. Maxwell	**65,000**	**1,800**	65,000	–

* These holdings arise as the individuals concerned are trustees and/or directors of entities that hold shares in the Company. The non-beneficial interest of Mr. Robotham is part of the non-beneficial interest of Mr. Marshall.

† Of this figure Dr. Lucas owns 60,000 shares personally and 15,000 shares are owned by Loeb Aron & Company Ltd, of which Dr. Lucas is a director and shareholder.

There have been no changes in directors' share interests between 1st July 2009 and the date of this report.

Mr. J.M. Robotham retires by rotation in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Substantial Interests

In addition to the directors' shareholdings shown above, the Company has been notified under Section 808 of the Companies Act 2006 of the following interests in 3% or more of its shares:

	Shareholding	**% interest**
W.T. Lamb Holdings Limited	4,600,000	14.7
Philip J. Milton & Company PLC	1,320,238	4.2
Langtry Trust Company (Channel Islands) Limited	1,200,000	3.8

Income and Corporation Taxes Act 1988

The company is not a close company as defined in Section 414 of this Act.

Auditors

A resolution to re-appoint Steele Robertson Goddard as Auditors will be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

Payment of Suppliers

The Company does not follow any code or statement on payment practice, but the policy of the Company is to abide by such payment terms as are agreed with suppliers within the terms of supply. The Company does not have a significant level of trade creditors.

Warrants

The Warrants, issued free of charge in 2008, give the holder the right to subscribe for ordinary shares in the Company. The Warrants will be exercisable at a fixed price of 28p each on the last day of each month until the Final Exercise Date which will be on or about 30th September 2010. The Warrants were issued on the basis of 12 Warrants for every 100 shares held at the close of business on 6th October 2008 and warrant certificates were posted on or about 17th October 2008. The Warrants are not listed. Further details can be found in the Terms and Conditions of the Warrants printed on the reverse of the Warrant certificate.

Change in analysis of reserves

As detailed in note 14, we have restated reserves to provide a clearer breakdown of the origins of reserves and the potential for future dividends.

Special Business to be transacted at the Annual General Meeting

In addition to the ordinary business to be transacted at the Annual General Meeting of the Company referred to in resolutions 1 to 6 of the Notice of Meeting, the Directors propose certain special business as set out in Resolutions 5, 6 and 7 for the purposes summarised below:

Resolution 5 – Articles of Association

The Board is taking the opportunity to propose that the Company adopts a new set of Articles of Association ("New Articles") at the forthcoming Annual General Meeting. The New Articles incorporate changes to company legislation under the Companies (Shareholders' Rights) Regulations 2009 which came into force on 3rd August 2009, the Companies Act 2006 (the final provisions of which will come into force on 1st October 2009) and the Electronic Communications Act 2000.

The Directors are proposing the adoption of the New Articles in order that the Company may take full advantage of the new regulations introduced under the above named legislation. These new regulations will benefit the Company but will not automatically apply to the Company's Articles of Association unless expressly incorporated or if there are contrary provisions in the existing articles. The main changes under the New Articles will allow the Board to authorise a director's perceived or actual conflict of interest; enable the Board to take steps to allow the Company to communicate with its shareholders by means of electronic communication (including the service of notices by email or using the Company's website) and will clarify the procedure for voting by proxy. The New Articles will also provide clarity and avoid any potential confusion by removing provisions contained within the existing articles of association which have been revoked or superseded by the recent changes in company law.

The Board unanimously recommends that the members approve the resolution to adopt the New Articles in substitution for, and to the exclusion of, the Company's existing Articles of Association. A copy of the proposed new Articles of Association is available for inspection at the offices of our Secretaries, City Group P.L.C., 30 City Road, London EC1Y 2AG, U.K.; at the South African office of the Company, 11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia 4051 and on our Secretaries website – www.city-group.com, where you should click on the heading "A Selection of our clients" and then click on the Company's name.

Resolution 6 – Authority to allot shares – Ordinary resolution

The Directors were given authority at the Annual General Meeting in October 2008 under the Companies Act 1985 to allot shares up to the level of the authorised share capital. A resolution will be proposed, as an ordinary resolution, at the forthcoming Annual General Meeting, to renew the Directors authority to allot up to a maximum of 8,900,000 shares thereby giving them powers to conduct the business of the Company with appropriate flexibility. This resolution also gives the directors the authority to issue shares arising on the exercise of the 2010 Warrants. If passed, this resolution will grant the Directors power to allot authorised but unissued capital for a maximum period of 15 months.

Resolution 7 – Pre-emption rights – Special resolution

Section 563 of the Companies Act 2006 requires that, when Directors propose to allot shares for cash, they must first offer such shares to existing shareholders in proportion to their existing shareholdings, unless powers have previously been given to the directors under section 570 of the Act to disapply these provisions. The directors consider it desirable for shareholders to approve this disapplication until the next Annual General Meeting, in order to permit the allotment of shares for cash in limited circumstances to persons other than shareholders. This limited disapplication will be in respect of 1,566,000 shares equal to approximately 5% of the issued share capital of the Company.

Resolution 8 – Authorisation to make market purchases

This resolution, if passed, will authorise the Company to buy up to a maximum of 3,120,000 of its own shares, slightly less than 10% of the issued share capital, subject to the constraints set out in the resolution. The directors will only exercise this power if they believe that it would be in the interests of the shareholders generally, that the earnings per shares of the Company will be enhanced and that the Company has sufficient financial resources available for such purchase(s).

The Directors have no present intention of issuing any part of the unissued share capital and no issue will be made which would effectively alter the control of the Company without the approval of the shareholders in general meeting.

By Order of the Board

CITY GROUP P.L.C.
Secretaries

2nd October 2009

Composition of General Portfolio at 30th June 2009

	£000	%
Nestlé	206	5.17
Carlsberg	202	5.07
British American Tobacco	184	4.63
Schindler-Holdings	170	4.29
BHP Billiton	164	4.12
Reckitt Benckiser	160	4.03
Imperial Tobacco Group	157	3.95
L'Oreal	154	3.88
Royal Dutch Shell	152	3.82
Investor	148	3.71
Heineken	145	3.65
BP	143	3.60
ABB	134	3.36
Unilever	133	3.34
BASF	130	3.28
Pernod-Ricard	129	3.26
Diageo	129	3.24
Beiersdorf	128	3.23
Lafarge	128	3.23
Novartis	128	3.21
Total	125	3.13
Roche Holdings	124	3.11
Associated British Foods	122	3.07
Holcim	119	3.00
Henkel	111	2.79
Koninklijke	105	2.63
Johnson Matthey	98	2.47
Land Securities Group	95	2.39
ING Groep	53	1.34
	3,976	100.00

Analysis by Currency	£000	%
Sterling	1,537	39
Euro	1,209	30
Swiss franc	880	22
Danish kroner	202	5
Swedish kroner	148	4
	3,976	100.00

Consolidated Income Statement

For the year ended 30th June

	Notes	2009 £000	2008 £000
Operating Income			
Investment operations	2	**104**	645
Management services	2	**468**	516
Administrative expenses			
Investment operations	2-5	**(359)**	(373)
Management services	2-5	**(492)**	(507)
Operating (loss)/profit		**(279)**	281
Share of result of associated undertaking – normal		**(138)**	195
Share of result of associated undertaking – exceptional		**(239)**	(1,322)
Interest payable		**(151)**	(149)
Loss on ordinary activities before taxation		**(807)**	(995)
Tax on result of ordinary activities	6	**–**	(2)
Loss on ordinary activities after taxation		**(807)**	(997)
Equity minority interest		**11**	(6)
Loss for the financial year attributable to members of the holding company	7	**(796)**	(1,003)
Basic (loss) per share	8	**(2.6)p**	(3.2)p
Headline (loss)/earnings per share	8	**(1.8)p**	1.0p

All profits and losses are on continuing activities.

The notes on pages 17 to 30 form part of these accounts.

Consolidated Statement of Changes in Shareholders' Equity

	Ordinary share capital £000	Share premium account £000	Revaluation Reserve £000	Unrealised profits/ (losses) on investments £000	Share of undistributed results of subsidiaries & associates £000	Retained realised profits & losses £000	Total £000
Year ended 30th June 2008							
Balances at 1st July 2007	**1,560**	**2,328**	**330**	–	–	–	
Restated balances at 1st July 2007 (note 14)	**–**	**–**	**–**	**9,095**	**1,702**	**5,505**	**20,520**
Loss before fair value release from equity	–	–	–	–	(1,250)	(106)	(1,356)
Fair value of investments recycled to income statement on disposal	–	–	–	–	–	353	353
Loss attributable to shareholders	–	–	–	–	(1,250)	247	(1,003)
Fair value recycled from equity to income statement	–	–	–	(353)	–	–	(353)
Fair value adjustment on listed undertakings	–	–	–	(6,589)	–	–	(6,589)
Total income and expense for the period	**–**	**–**	**–**	**(6,942)**	**(1,250)**	**247**	**(7,945)**
Dividends paid in respect of the previous year	–	–	–	–	–	(343)	(343)
Interim dividend paid	–	–	–	–	–	(172)	(172)
Total transactions with shareholders for the year	–	–	–	–	–	(515)	**(515)**
Balances at 30th June 2008	**1,560**	**2,328**	**330**	**2,153**	**452**	**5,237**	**12,060**
Year ended 30th June 2009							
Balances at 1st July 2008	**1,560**	**2,328**	**330**	**2,153**	**452**	**5,237**	**12,060**
Loss before fair value release from equity	–	–	–	–	(503)	(470)	(973)
Fair value of investments recycled to income statement on disposal	–	–	–	–	–	177	177
Loss attributable to shareholders	–	–	–	–	(503)	(293)	(796)
Expenses of capital re-organisation	–	(10)	–	–	-	–	(10)
Fair value recycled from equity to income statement	–	–	–	(177)	–	–	(177)
Fair value adjustment on listed undertakings	–	–	–	(4,047)	–	–	(4,047)
Total income and expense for the period	**–**	**(10)**	**–**	**(4,224)**	**(503)**	**(293)**	**(5,030)**
Final dividends paid in respect of the previous year	**–**	**–**	**–**	**–**	**–**	**(202)**	**(202)**
Interim dividend paid	**–**	**–**	**–**	**–**	**–**	**(172)**	**(172)**
Total transactions with shareholders for the year	**–**	**–**	**–**	**–**	**–**	**(374)**	**(374)**
Balances at 30th June 2009	**1,560**	**2,318**	**330**	**(2,071)**	**(51)**	**4,570**	**6,656**

The notes on pages 17 to 30 form part of these accounts.

Consolidated Balance Sheet
at 30th June

	Notes	**2009 £000**	2008 £000
Non-current Assets			
Tangible assets	9	**390**	403
Investments	11(a)	**4,794**	8,784
		5,184	9,187
Current Assets			
Listed investments	11(b)	**3,976**	5,726
Accounts receivable	12	**309**	319
Bank balance and deposits		**114**	36
		4,399	6,081
Current Liabilities			
Accounts payable: falling due within one year	13	**(2,837)**	(3,107)
Net Current Assets		**1,562**	2,974
Total Assets less Current Liabilities		**6,746**	12,161
Capital and Reserves			
Called-up share capital	16	**1,560**	1,560
Share premium account		**2,318**	2,328
Revaluation reserve		**330**	330
Unrealised profits and losses on investments		**(2,071)**	2,153
Share of undistributed profits and losses of subsidiaries and associates		**(51)**	452
Company's retained realised profits and losses		**4,570**	5,237
		6,656	12,060
Minority equity interests		**90**	101
		6,746	12,161

Approved and authorised by the Board on 2nd October 2009.

D.C. MARSHALL *Director*

The notes on pages 17 to 30 form part of these accounts.

Company Balance Sheet
at 30th June

	Notes	2009 £000	2008 £000
Non-current Assets			
Tangible assets	9	**387**	397
Investments in Group companies	10	**7,883**	7,973
		8,270	8,370
Current Assets			
Listed investments	11(b)	**3,976**	5,726
Accounts receivable	12	**36**	19
Bank balance		**41**	–
		4,053	5,745
Current Liabilities			
Accounts payable: falling due within one year	13	**(2,673)**	(2,973)
Net Current Assets		**1,380**	2,772
Total Assets less Current Liabilities		**9,650**	11,142
Deferred Taxation	15	**–**	(149)
		9,650	10,993
Capital and Reserves			
Called-up share capital	16	**1,560**	1,560
Share premium account	17	**2,318**	2,328
Revaluation reserve	17	**330**	330
Unrealised profits and losses on investments	17	**872**	1,538
Realised profits and losses	17	**4,570**	5,237
Equity shareholders' funds		**9,650**	10,993

Approved and authorised by the Board on 2nd October 2009.

D.C. MARSHALL *Director*

The notes on pages 17 to 30 form part of these accounts.

Consolidated Cash Flow Statement

For the year ended 30th June

	Notes	**2009 £000**	2008 £000
Cash inflow on operating activities			
Cash generated by operations, including General Portfolio investment	19	**438**	4
Dividends receivable		**537**	458
Interest paid		**(151)**	(148)
Interest received		**6**	5
Taxation paid		**–**	(235)
Net cash generated by operations		**830**	84
Investing activities			
Non-current asset investments – purchased		**–**	(1,297)
Net cash outflow from investment activities		**–**	**(1,297)**
Financing			
Share capital issued		**–**	–
Cost of warrant issue		**(10)**	–
Equity dividends paid		**(374)**	(515)
Net (repayment)/drawdown of loan facilities	20	**(368)**	1,677
Net cash (outflow)/inflow from financing		**(752)**	1,162
Increase/(Decrease) in cash	20	**78**	(51)

The notes on pages 17 to 30 form part of these accounts.

Notes to the Accounts

For the year ended 30th June 2009

1. Accounting Policies

(i) The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Acts 2006 applicable to companies reporting under IFRS. The accounts are prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value, in accordance with IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if applicable. The most significant techniques for estimation are described in the accounting policies below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

At the date of authorisation of these financial statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued new standards and interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1st October 2008 (see note 24). The Company has not opted for early adoption for those which have been endorsed by the EU. The only changes which may be applicable are those arising from the amendments to definitions under the revised IFRSs 1 and 7. The Directors do not expect that the adoption of these, where applicable, would have a material impact on the Company's financial statements in the period of initial application.

(ii) These consolidated accounts include the results of the subsidiaries (all of which are companies) for the year to 30th June 2009. Results of subsidiaries are included from their effective date of acquisition to their effective dates of disposal. The minority interests are wholly attributable to equity interests in subsidiaries. Under Section 396 of the Companies Act, the Company is exempt from the requirement to present its own income statement.

(iii) The consolidated accounts include the group share of the undistributed profits of its associated companies ("equity accounting"). Results of associates are included from their effective date of acquisition to their effective dates of disposal.

(iv) Dividends receivable are taken to the credit of the income statement in respect of listed shares when the shares are quoted ex dividend, and in respect of unlisted shares when the dividend is declared.

(v) All borrowing costs are recognised in the income statement in the period in which they are incurred.

(vi) Depreciation is provided on Non-current assets so as to write them off over their estimated useful lives. Computer and electronic equipment expenditure of less than £2,500 is written off in the year of acquisition. The annual rates of depreciation are

Leasehold property	2% straight line
Equipment	25% straight line

Notes to the Accounts (continued)

For the year ended 30th June 2009

1. Accounting Policies (continued)

(vii) Financial assets are classified by category, depending on the purpose for which the asset was acquired. The company's accounting policy is as follows:

(a) Available-for-sale: Non-derivative financial assets are classified as available-for-sale and comprise the company's strategic and general portfolio investments. They are carried at market value with changes in market value recognised directly in equity and recycled through the income statement on disposal. Where a decline in the market value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss in value is removed from equity and recognised in the income statement. On the disposal of an investment the amount recognised in equity is transferred to the income statement.

(b) Unquoted investments. These are stated at cost net of impairment provisions because market value can not be readily determine. Reviews for indications of permanent impairment are carried out at least annually.

(c) Trade and other receivables. The carrying amounts approximate to their fair values, the transactions giving rise to these balances arising in the normal course of trade and standard industry terms.

(viii) The charge for taxation is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income (primarily franked dividend income) and expense that are never taxable or deductible and items which are taxable or deductible in other years.

Deferred taxation is provided on the full liability method, at tax rates that are expected to apply, for timing differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Taxation charges or recoveries are recognised in the income statement, or directly to equity when related to items recognised directly to equity.

(ix) The Group makes pension contributions to the pension schemes of certain employees which are money purchase schemes and to which it has no responsibility for unfunded liabilities.

(x) Exceptional items are disclosed where they are material items which derive from events or transactions that fall within ordinary activities and which need to be disclosed by virtue of their size or incidence to give a true and fair view.

(xi) Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities at the year-end are translated at year-end exchange rates.

(xii) The nature and amount of material items of income or expense are disclosed separately as exceptional items.

(xiii) Changes in Accounting Policies

In prior years reserves have been analysed in the following three categories:

Revaluation reserve	Excess of valuation of the long leasehold property over cost, prior to adoption of IFRS 15 in 2003 (see note 9). Unchanged.
Fair value reserve	Cumulative net gains and losses on investments recognised direct to equity i.e. the net unrealised profits and losses on investments excluding unrealised impairment provisions.

1. Accounting Policies (continued)

Retained earnings/(loss)	The Company's share of cumulative post-acquisition net gains and losses of associates recognised in the income statement i.e. the realised profits of the Company, realised and unrealised losses, unrealised impairment provisions, and the Company's share of undistributed post acquisition profits of associates.

Reserves have now been restated into the following four categories:

Revaluation reserve	Excess of valuation of the long leasehold property over cost, prior to adoption of IFRS 15 in 2003 (see note 9). Unchanged.
Unrealised profits and losses on investments	Cumulative unrealised gains and losses on investments.
Share of undistributed profits of associates	The Company's share of cumulative post-acquisition gains and losses of associates recognised in the income statement.
Realised profits and losses	Realised profits of the Company less realised losses and unrealised loss other than on investments.

In the opinion of the directors, this provides a clearer breakdown of the origin of the reserves and of the potential for future dividends. Dividends can only be paid out of net realised profits of the company and they can only be paid when net assets exceed the aggregate of share capital, share premium and undistributable reserves.

2. Operating profit – Segmental Analysis

	Investment Operations		**Management Services**	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Dividends – Listed investments	**332**	323	**–**	–
Interest receivable	**2**	6	**4**	5
Rental and other income	**33**	27	**46**	46
(Losses)/Profits on sales of investments, including provisions	**(263)**	289	**–**	–
Management services fees	**–**	–	**418**	465
Operating income	**104**	645	**468**	516
Administration expenses – normal	**(359)**	(373)	**(492)**	(507)
Operating profit	**(255)**	272	**(24)**	9

All revenues are derived from operations within the United Kingdom. Consequently no separate geographical segment information is provided.

3. Administration Expenses

Administrative expenses include:			
Depreciation		**13**	13
Auditors' remuneration	– audit services	**18**	17
	– non-audit services	**3**	3
Directors' emoluments	– Note 4	**48**	48
Staff costs	– Note 5	**536**	516

Notes to the Accounts (continued)

For the year ended 30th June 2009

4. Directors' Emoluments and Related Party Disclosures

The Directors' emoluments are detailed in the Remuneration Report on pages 35 to 37.

Related Party Disclosures

London Finance & Investment Group P.L.C. and its wholly owned subsidiary ("Lonfin"), holds 43.8% of its associate Western Selection P.L.C. ("Western") of which Mr. Marshall and Mr. Robotham are directors. Mr. Marshall and Mr. Robotham's shareholdings in Lonfin are set out in the accompanying director's report.

Lonfin and/or Western hold shares in MWB Group Holdings Plc, Finsbury Food Group plc, Creston plc and Northbridge Industrial Services PLC. Mr. Marshall is a director of MWB Group Holdings Plc, Creston plc, Finsbury Food Group plc and Northbridge Industrial Services PLC.

Mr. Marshall is a director and Mr. Robotham is the chairman of Marshall Monteagle Holdings S.A., and both are shareholders in Monteagle, which in turn is a substantial shareholder in Conafex Holdings S.A. and Halogen Holdings S.A. Mr. Marshall is chairman of Halogen and Mr. Robotham is a director of Halogen. Monteagle paid an annual rental of £40,000 from 1st January 2009 (2008 – £27,000) in respect of a leasehold property owned by Lonfin. These companies are all registered in Luxembourg and operate internationally.

Lonfin and Western own City Group P.L.C. in the ratio 51.43% and 48.57% respectively. City Group P.L.C. provides offices and secretarial and administrative services to various companies in the United Kingdom and abroad which are either associated with Lonfin and Western and/or Mr. Marshall and Mr. Robotham, including all of the above companies. The various secretarial and accounting fees received by City Group P.L.C. from those companies, their associates and subsidiaries, total £397,000 (2008 – £446,000) for the year under review. At the balance sheet date the aggregate balance due in respect of fees invoiced was £121,000 (2008 – £153,000) and advance fees paid were £20,000 (2008 – £38,000). Settlement is within normal credit terms.

Other than as disclosed above no director was interested in any contract between the directors, the company and any other related party that subsisted during or at the end of the financial year.

5. Staff Costs

Staff costs, excluding those relating to the Directors shown in the Remuneration Report on pages 35 to 37:

	2009	2008
	£000	£000
Salaries	**481**	464
Social security costs	**55**	52
	536	516
The average weekly number of staff employed, including directors, was:	**11**	13

6. Taxation

	2009	2008
	£000	£000
The tax charge for the year comprises:		
Tax on overseas investment income	**–**	(2)
	–	(2)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2009	2008
Loss on ordinary activities before taxation	**807**	995
Taxation at 28% (2008 – 30%)	**226**	299
Effects of:		
Non-taxable and franked income	**150**	97
Other rates of taxes	**–**	48
Associates results net of tax	**(106)**	(401)
Loss (carried forward)/utilised	**(269)**	(41)
Permanent differences	**(1)**	(4)
Tax charge for the year	**–**	(2)

All of the tax charge for the year is tax deducted from the dividends of overseas companies. Dividends received from U.K. companies are recognised in the income statement net of their associated tax credit.

7. (Loss)/Profit attributable to members of the holding company

		2009	2008
Dealt with in the accounts of:	The holding company	**(292)**	247
	The subsidiary undertakings	**78**	(51)
	Western as an associated undertaking	**(582)**	(1,199)
		(796)	(1,003)

8. Earnings per share

	2009	2008
Earnings per share are based on the loss on ordinary activities after taxation and minority interests of £796,000 (2008 – £1,003,000) and on 31,201,133 (2008 – 31,200,000) shares being the weighted average of number of shares in issue during the year.	**(2.6)p**	(3.2)p

At 30th June 2009 the 3,742,867 warrants (2008 – nil) in issue were not dilutive.

	2009	2008
Headline earnings per share are based on the (loss)/profit on ordinary activities after taxation and minority interests, before exceptional items, of £(557,000) (2008 – profit – £319,000) and on 31,201,133 (2008 – 31,200,000) shares being the weighted average of number of shares in issue during the year.	**(1.8)p**	1.0p

Notes to the Accounts (continued)

For the year ended 30th June 2009

9. Tangible assets

	Long Leasehold Residential Property £000	Office Equipment £000	**Total £000**
At Valuation – 1st July 2008	500	–	**500**
At cost – 1st July 2008	–	47	**47**
30th June 2009	500	47	**547**
Depreciation			
Balance – 1st July 2008	103	41	**144**
Charges for the year	10	3	**13**
30th June 2009	113	44	**157**
Net book amount 30th June 2009	387	3	**390**
Net book amount 30th June 2008	397	6	403

The group has adopted the transitional provisions of IFRS 15, under the cost model option, such that it will retain the valuation of the long leasehold property under UK GAAP. There will therefore be no future revaluations incorporated in the accounts. An independent valuation of the long leasehold residential property was obtained on 3rd November 2008 from Lewis Doyle, Chartered Surveyors, which valued the property at £1,575,000. IFRS does not permit this uplift in valuation to be recognised in the Balance Sheet. The other Non-current assets are held by a subsidiary company.

10. Investment in group companies

Operating subsidiaries, incorporated and operating in England and consolidated in these financial statements.

	Percentage of equity	**2009 £000**	2008 £000	Principal activities
Held by the Company – at cost				
City Group P.L.C.	51.4	**89**	89	Management services
Lonfin Investments Ltd	100	**–**	–	Investment holding
– Loan to subsidiary		**7,794**	7,884	
		7,883	7,973	

11. Investments

(a) Held as non-current assets

	Group	
	2009	2008
	£000	£000
(i) Listed associated undertaking		
Brought forward –		
Shares at cost	**6,161**	4,864
Fair value adjustment	**(150)**	(150)
Shares of post acquisition losses	**(1,251)**	(125)
	4,760	4,589
Addition during year	**–**	1,297
Share of retained results for the year	**(377)**	(1,126)
	4,383	4,760
Fair value adjustment – unrealised losses	**(2,209)**	(2,291)
Fair value – market value	**2,174**	2,469
(ii) Other listed investments		
At cost, 1st July 2008	**3,574**	3,574
Fair value adjustment – unrealised (losses)/gains	**(954)**	2,741
Fair value – market value	**2,620**	6,315
Total at 30th June 2009	**4,794**	8,784

(b) Held as current assets

	Company and Group	
(i) Listed investments		
At cost	**3,573**	4,290
Reduction in value	**(319)**	(101)
Book value	**3,254**	4,189
Fair value adjustment – unrealised gains	**722**	1,537
Fair value – market value	**3,976**	5,726

(c) Associated undertaking

Western Selection P.L.C., the associated undertaking, is a strategic investment company traded on Plus Markets and incorporated and operating in Great Britain with a financial year end of 30th June 2009.

At 30th June 2009 it had 17,956,419 ordinary shares of 40p each in issue, of which 43.8% are owned by the Company's wholly owned subsidiary, Lonfin Investments Limited

	Company and Group	
	2009	2008
	£000	£000
Group share of Western		
(Loss)/Profit before exceptional items	**(138)**	447
Exceptional impairments losses	**(239)**	(3,019)
Non-current asset investments	**3,687**	4,307
Current assets	**245**	269
Liabilities due within one year	**18**	13

Notes to the Accounts (continued)

For the year ended 30th June 2009

12. Accounts receivable

	Group		Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Trade debtors	**158**	171	**–**	–
Other debtors	**80**	93	**–**	–
Prepayments and accrued income	**71**	55	**36**	19
	309	319	**36**	19

13. Accounts payable – amounts falling due within one year

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Bank loans	**2,556**	2,924	**2,556**	2,924
Group companies	**–**	–	**34**	24
Other taxes	**28**	28	**–**	2
Other creditors	**103**	38	**42**	5
Trade creditors	**88**	38	**13**	–
Accruals	**62**	79	**28**	18
	2,837	3,107	**2,673**	2,973

The Company's loan facilities are secured by a charge over certain of the Company's listed investments.

14. Restatement of reserves

	Fair Value Reserve £000	Retained earnings £000	Unrealised profits and losses on investments £000	Share of undistri-buted profits of subsidiaries and associates £000	Company-Realised profits and losses £000
Balance brought forward at 1st July 2007 as previously stated	9,095	7,207	–	–	–
Restatement of fair value reserve	(9,095)	–	9,095	–	–
Restatement of retained earnings	–	(7,207)	–	1,702	5,505
Balance brought forward at 1st July 2007 as restated	**–**	**–**	**9,095**	**1,702**	**5,505**

Reserves have been restated as shown in the table above because, in the opinion of the directors, this provides a clearer breakdown of the origin of the reserves and of the potential for future dividends.

15. Deferred taxation

The Group has a potential deferred tax liability on the excess arising on the revaluation of leasehold property and on unrealised gains on investments which are reflected directly in equity. The liability is stated net of potential relief which would then become available, as set out below:-

	Group		Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Balance at 1st July 2008	**–**	3,164	**149**	379
Movement in liability on (decrease)/increase in unrealised gains – charged to equity	**–**	(3,164)	**(149)**	(230)
Balance at 30th June 2009	**–**	–	**–**	149

The main components of deferred tax assets and liabilities are as follows:

Deferred tax assets				
Losses	**6**	6	**6**	–
Unrelieved ACT	**–**	–	**–**	–
	6	6	**6**	–
Deferred tax liabilities				
Unrealised gains on investments	**–**	–	**–**	143
Property revaluation surplus	**6**	6	**6**	6
	6	6	**6**	149

16. Share Capital

		2009	2008
		£000	£000
		Company and Group	
Allotted, issued and fully paid shares of 5p each:			
31,200,000	At 1st July	**1,560**	1,560
1,133	Warrants exercised	**–**	–
31,201,133	At 30th June	**1,560**	1,560

There are 3,742,867 warrants to subscribe for shares (2008 – nil) outstanding. Each Warrant gives the holder the right to subscribe for one share of 5p each in the Company at a fixed price of 28p each on the last day of each month until the Final Exercise Date which will be on or about 30th September 2010, after which time all outstanding subscription rights shall lapse.

Under the Approved Share Option Scheme, options over 115,384 shares are outstanding, exerciseable at a price of 52p per share.

Notes to the Accounts (continued)

For the year ended 30th June 2009

17. Company Statement of Changes in Shareholders' Equity

	Ordinary share capital £000	Share premium account £000	Revaluation reserve £000	Unrealised profits and (losses) on invest-ments £000	Retained earnings £000	Total £000
Year ended 30th June 2008						
Balances at 1st July 2007	1,560	2,328	330	1,857	5,505	11,580
Profit attributable to shareholders	–	–	–	–	247	247
Fair value adjustment on listed undertakings, net of profits realised during the year and reflected in the income statement	–	–	–	(319)	–	(319)
Total income and expense for the period	–	–	–	(319)	247	(72)
Dividends paid in respect of the previous year	–	–	–	–	(515)	(515)
Total transactions with shareholders for the year	–	–	–	–	(515)	(515)
Balances at 30th June 2008	1,560	2,328	330	1,538	5,237	10,993
Year ended 30th June 2009						
Balances at 1st July 2008	**1,560**	**2,328**	**330**	**1,538**	**5,237**	**10,993**
(Loss)/Profit attributable to shareholders	**–**	**–**	**–**	**–**	**(293)**	**(293)**
Cost of warrants issue	**–**	**(10)**	**–**	**–**	**–**	**(10)**
Fair value adjustment on listed undertakings, net of profits realised during the year and reflected in the income statement	**–**	**–**	**–**	**(666)**	**–**	**(666)**
Total income and expense for the period	**–**	**(10)**	**–**	**(666)**	**(293)**	**(969)**
Dividends paid in respect of the previous year	**–**	**–**	**–**	**–**	**(374)**	**(374)**
Total transactions with shareholders for the year	**–**	**–**	**–**	**–**	**(374)**	**(374)**
Balances at 30th June 2009	**1,560**	**2,318**	**330**	**872**	**4,570**	**9,650**

18. Pension Schemes

The Group makes pension contribution to the pension schemes of certain employees which are money purchase schemes and for which it has no responsibility for unfunded liabilities.

19. Reconciliation of consolidated profit before tax to net cash flow from operating activities

	Group	
	2009	2008
	£000	£000
Loss before tax	**(807)**	(995)
Interest receivable	**(6)**	(5)
Interest paid	**151**	148
Share of associate (including exceptionals)	**377**	1,127
Dividends receivable	**(332)**	(323)
Depreciation charges	**13**	13
Investment provisions	**219**	101
(Increase)/Decreasing debtors	**10**	(135)
Increase/(Decrease) in creditors	**98**	(115)
Decrease in current asset investments	**715**	188
Net cash inflow from operating activities	**438**	4

20. Reconciliation of consolidated net cash flow to movement in net debt

	At start of year £000	Cash flow £000	**At end of year £000**
2008/2009			
Cash at bank	**36**	**78**	**114**
Bank loan	**(2,924)**	**368**	**(2,556)**
	(2,888)	**446**	**(2,442)**
2007/2008			
Cash at bank	87	(51)	36
Bank loan	(1,247)	(1,677)	(2,924)
	(1,160)	(1,728)	(2,888)

21. Operating leases

The Group has an operating lease commitment in respect of an office property in the range one to two years, entered into on 12th July 2005. The minimum amount payable in the next twelve months is £43,875. The Company has guaranteed the obligations under this lease.

Notes to the Accounts (continued)

For the year ended 30th June 2009

23. Financial Instruments

The Directors' Report on page 7 provides an explanation of the role that financial instruments have had during the year in creating or changing the risks the Group faces in its activities. The explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving their objectives that have been followed during the year. The Company monitors its performance against these objectives on a continuous basis and through bi-monthly reports of the investments portfolio and cash position.

The categories of financial instruments used by the Company are:

	2009 £000	2008 £000
Financial assets		
Available for sale		
Non-current investments	**4,794**	8,784
Current asset investments	**3,976**	5,726
Loans and receivables		
Trade and other receivables	**298**	319
Cash at bank	**114**	36
Financial liabilities		
Other		
Trade and other payables	**281**	183
Bank overdrafts	**2,556**	2,924

Interest Rate Profile

The Group's principal financial assets are its investment portfolios. The investment portfolios consist of equity investments, for which an interest rate profile is not relevant. Interest is not charged on trade and other receivables nor incurred on trade and other payables.

Borrowings represent a Sterling loan under a £2 million facility. The first £1.5 million of any borrowings are at a non-current rate of 5.15% and any balance at a variable interest rate fluctuating with base rate. The effective rate of interest for the year was 3.50% (2008 – 5.66%). In June 2007 the company negotiated a further facility at base rate plus one percent to assist in the acquisition of further investment in Western. This facility is secured on the Company's general portfolio and one of the Group's strategic investments. An amount of £1 million remains drawn down under this facility at the balance sheet date. The sensitivity of the Group to a 1% change in interest rates would have been £21,000 in the current year (2008 – £16,000).

Currency Exposures

The table below shows the Group's currency exposures. Such exposures comprise the monetary assets, at fair values, that are not traded in Sterling.

	2009 £000	2008 £000
Currency		
Euro	**1,209**	1,864
Swiss franc	**880**	1,283
Danish kroner	**202**	243
Swedish kroner	**148**	166
Hong Kong dollar	**–**	85
	2,439	3,641

The sensitivity to a 1% change in the sterling exchange rate would be to increase or decrease the fair values as set out by £24,000 in aggregate (2008 – £36,000).

22. Financial Instruments (continued)

Market Risk

The Company maintains a spread of investments over various sectors and monitors performance continuously as described above. The majority of the investments are in companies with good levels of liquidity. The future values of these investments will fluctuate because of changes in interest rates and other market factors.

Reviews for indications of permanent impairment are carried out at least annually. The directors believe that the exposure to market price risk from these activities is acceptable in the Company's circumstances.

The sensitivity to each 1% decrease in the value of investments would result in the fair values of non current asset investments decreasing by £48,000 and a corresponding increase in the negative fair value reserve. A 1% increase, would, on the same basis, increase fair values and decrease the negative fair value reserve. The same percentage increase/decrease in the current asset investments would increase/decrease carrying values by £40,000 and fair value reserve (or earnings where a decline was below cost) by an equal amount.

Fair Value

The fair values of the investments within the general and strategic portfolios are determined by the prices available from the markets on which the instruments involved are traded. Unlisted investments are stated at cost net of impairment provisions because fair value can not be readily determined.

The fair value of short term deposits, overdrafts and trade and other receivables and payables approximates to the carrying amount because of the short maturity of these instruments.

Credit risk

No concentration of credit risk exists in the Company's principal financial assets, and credit risk is minimised as the counter-parties are institutions with high credit ratings. There has been no impairment of trade and other debtors during the year, there are no provisions against these assets and none are past their due date.

23. Reserves

The following describes the nature and purpose of each reserve within shareholders' equity:

	Description and purpose
Share capital	Nominal value of issued share capital.
Share premium	Amount subscribed for share capital in excess of nominal value.
Revaluation reserve	Excess of valuation of the long leasehold property over cost, prior to adoption of IFRS 15 (see note 9).
Unrealised profits and losses on investments	Cumulative unrealised gains and losses on investments.
Share of undistributed profits of subsidiaries and associates	The Company's share of cumulative post-acquisition gains and losses of subsidiaries and associates recognised in the income statement.
Realised profits and losses	Realised profits of the Company less realised losses and unrealised losses other than on investments.

Capital disclosures in respect of IAS1 are set out in the Directors' Report on page 9.

Notes to the Accounts (continued)

For the year ended 30th June 2009

24. International Financial Reporting Standards

As indicated in note 1, at the date of authorisation of these financial statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1st October 2008 as follows. None of these are expected to have an impact on the financial statements.

	Mandatory for periods beginning	Description	Endorsed by EU
IFRIC 16	1st October 2008	Investment in a Foreign Operation	Yes
IFRS 8	1st January 2009	Operating Segments	Yes
IFRS 1	1st January 2009	First time Adoption of IFRS (revised)	No
IAS 23	1st January 2009	Recognition of Borrowing costs (amended)	Yes
IFRS 2	1st January 2009	Share Based Payments (amended)	Yes
IAS 1	1st January 2009	Presentation of owner changes in equity and comprehensive income	Yes
IAS 32 and IAS 1	1st January 2009	Classification of certain financial instruments	Yes
IFRS 1 and IAS 27	1st January 2009	Measurement of investments in subsidiaries etc on first time adoption	Yes
IFRS 7	1st January 2009	Definitions and disclosures of classes of financial instruments	No
Improvements to IFRS's	1st January 2009	Various improvements to clarify and eliminate inconsistencies	Yes
IFRC 15	1st January 2009	Definitions of construction contracts etc.	Yes
IFRIC 9 and IAS 39	30th June 2009	Amendments for clarifications of definitions of embedded derivatives etc.	No
IFRS 3	1st July 2009	Acquisition accounting amendments	Yes
IAS 27	1st July 2009	Treatment of acquisitions in stages	Yes
IAS 39	1st July 2009	Principles in hedge recognition	No
IFRIC 17	1st July 2009	Distributions of assets other than cash	No
IFRIC 18	1st July 2009	Transfers of assets from customers	No
Improvements to IFRS's	1st January 2010	Various improvements to clarify and eliminate inconsistencies	No
IFRS 2	1st January 2010	Group cash settled share based payments	No
IFRS 1	1st January 2010	Transitional reliefs for first adoption of IFRS	No

Corporate Governance

Corporate Governance is the process by which companies are controlled and directed. The UK Listing Authority has issued the Combined Code (the Code) that provides UK listed companies with principles and detailed provisions on what constitutes best practice in Corporate Governance. Directors are required to report to shareholders on how the Company applies the principles and confirm that the Company complies with the Code's provisions or explain why it does not.

The JSE requires that companies report on their compliance with Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance. The Board has reviewed the matter and recorded that in so far as those matters contained in the King report are of concern to the company, in complying with the Combined Code, it is satisfied that the Group complies with the requirements of the King Report.

Composition of the Board

The Board comprises the Chairman, David Marshall, Senior Independent Non-executive director, John Maxwell, Michael Robotham, and Frank Lucas. John Maxwell and Frank Lucas are considered to be independent. Brief biographies of all directors are set out on page 2 of the accounts.

Responsibility for the process of appointment of directors rests with the Board acting on the recommendations of the Nomination Committee. The removal of directors is a Board decision. The Board reviews the need for succession planning on a regular basis.

The Company's Articles of Association require that all new directors seek election to the Board at the next Annual General Meeting after their appointment. In addition, all directors are required to stand down after three year terms and submit themselves for re-election.

As a long term investment company it is appropriate for directors to serve on the board for more than a single term, subject to continuing satisfactory performance. Given the small size of the board this results in infrequent changes to the composition of the Board.

Workings of the Board

The Board are collectively responsible to shareholders for the success of the Group. Entrepreneurial leadership is provided by capitalising on the skills and experience of the investment committee allied to the strategic vision and expertise of other Board members.

The Board operates through three committees, the Investment Committee comprising David Marshall and Michael Robotham, the Nomination Committee comprising Michael Robotham and Frank Lucas, and the Audit Committee comprising Frank Lucas and John Maxwell. All decisions not specifically delegated to a Committee are reserved for the Board. There is no Remuneration Committee as there are no executive directors. The remuneration of directors is limited by the Company's Articles of Association at a maximum of £10,000 each, unless approved at some other sum by the Company in General Meeting. The current rates of remuneration are set out in detail in the statutory accounts. The remuneration of the executive directors and employees of the Company's subsidiary, City Group P.L.C., is determined by the board of City Group, which includes Mr. Marshall and Mr. Robotham.

Committee meetings are held independently of Board meetings and invitations to attend are extended by the committee chairman to other directors, the group's advisers and management as appropriate.

As an investment company, there is no Chief Executive. The Chairman is responsible for the effective performance of the Board through control of the Board's agenda and running of its meetings. The Chairman organises opportunities for directors to spend time with each other on an informal basis to improve communication and relations between directors.

Corporate Governance (continued)

A representative of the Company Secretaries attends all Board meetings to record proceedings and is available at any time to advise on any corporate governance issues that arise. The Company Secretary is also responsible to the Chairman for the efficient organisation of Board and Committee meetings including circulation of papers in advance of meetings. Management reports including cash movements, portfolio movements and valuations are regularly circulated to all directors for review.

The Board met on six occasions during the year following a formal agenda. It met two further times by telephone for ad-hoc reasons (bank facility and exercise of warrants). Attendance at board meetings during the year is shown in the following table:

	No. of meetings in year	D.C. Marshall	F.W.A. Lucas	J.H. Maxwell	J.M. Robotham
Board (scheduled)	6	6	5	6	5
Audit Committee	1	–	1	1	–

The Nomination Committee did not meet during the year as there was no requirement for it to meet.

The Group's strategic aim is to generate growth in shareholder value in real terms over the long term through a mix of investments and utilising a prudent level of bank borrowing. The investment mix and level of gearing are reviewed at each Board meeting. All major investment decisions are taken by the Board. The Investment Committee has delegated authority within certain limits for the management of the General Portfolio between Board meetings.

The Board, through review of the management reports, scrutinises the performance of the company against the objective of real growth in shareholder value over the long term.

The directors are required to bring to the Board's attention any interest that they may have on matters under discussion, and may then be excluded from some or all deliberation on those matters, as is deemed appropriate in the circumstances.

New directors receive an induction programme and all directors are encouraged to maintain personal continuing professional education programmes

The Board undertakes an annual review to evaluate its own performance and that of its committees and individual directors.

Audit Committee

The board, through its audit committee, annually reviews all material internal controls, including financial, operational and compliance controls, and risk management systems. As a result of this review, procedures are adopted which mitigate those risks which have not been specifically accepted under the Group's investment policy. The responsibility on a day to day basis for maintaining a sound system of internal controls rests with the executive directors of City Group P.L.C. which provides day to day administration and accounting services to the Group.

There is a well-established system of internal controls set within a framework of clearly defined structures and accountabilities with well understood policies and procedures; supported by training, budgeting, reporting and review procedures. The Group has defined guidelines for investment appraisal, having regard to yield and capital growth. Board decisions are implemented on a day to day basis by the subsidiary company, City Group P.L.C. The framework for internal financial control established in that company has been reviewed by the Board and is regarded as effective. The reporting and review procedures provide routine assurance to the Board as to the adequacy and effectiveness of internal controls. The Board recognise that it is not possible to divide some functions as would be the case in larger organisations and accepts that close supervision is necessary. The directors have considered the need for an internal audit function and do not believe that one is appropriate because monitoring processes are applied to give reasonable assurance to the Board that the systems of internal control are functioning as intended.

An annual self-assessment of risk is performed which identifies the areas in which the Group is most exposed to risk, considered the financial implications and assessed the adequacy and effectiveness of their control. The Board has discussed the results of this review and the directors can therefore confirm that they have reviewed the effectiveness of the company's system of internal control.

The Board maintains an appropriate relationship with the Group's auditors through the Audit Committee. The auditors do not provide any non-audit services other than limited advice on taxation matters.

Nomination Committee

The Board has formed a Nomination Committee which has been charged with nominating suitable candidates for the Board to consider recommending to the shareholders for appointment as Directors of the Company. Changes to the composition of the board are not anticipated to occur on a frequent basis. Whenever a change is anticipated, a job description for the role will be agreed by the Nomination Committee, taking into account the expertise available to the Group from the other members of the Board and the need to acquire any specific capabilities. The Nomination Committee will then undertake whatever process is most appropriate for the identification of suitable candidates and their assessment, taking into account any other commitments they might have. Appointments will be made on merit against objective criteria.

Going Concern

The directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the accounts.

Shareholder Communications

The Board strives to present a balanced and understandable assessment of the Company's position and prospects in all interim and other price-sensitive public reports and in reports to regulators as well as in the information required to be presented by statutory requirements. The Chairman welcomes comments on the quality of reports and any areas for improvement.

Shareholder communication centres primarily on the publication of annual and interim accounts and occasional press releases and trading updates. The Chairman is available for discussions with shareholders throughout the year and particularly at the time of results announcements. John Maxwell, the senior independent non-executive director is also always available should anyone wish to draw any matters to his attention.

The Annual General Meeting provides a forum for discussion by Shareholders with the Board. Shareholders are encouraged to attend the AGM and to participate in proceedings by asking questions during the formal part of the meeting, voting on the resolutions put to the meeting and providing Board members with their views in informal discussions after the meeting.

Statement of Directors' Responsibilities in Respect of the Accounts

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and accounting estimates that are reasonable and prudent;

(c) they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;

(d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Remuneration Report

This report has been prepared in accordance with the Directors' Remuneration Report Regulations and also meets the relevant requirements of the Listing Rules of the Financial Services Authority. A resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

All members of the Board in attendance at the Annual General Meeting will be available to answer shareholders' questions about directors' remuneration.

Unaudited Information

Remuneration Committee

The Company has no Remuneration Committee because, given the size of the Group, it is not considered appropriate to form a separate remuneration committee of the Board. The remuneration payable to the executive directors and employees of the Company's subsidiary, City Group P.L.C., is considered by the board of City Group, which includes Mr. D.C. Marshall and Mr. J.M. Robotham.

Remuneration Policy

The Company's remuneration policy is as set out in Articles of Association and applies to both executive and non-executive directors. Briefly, it limits the remuneration of directors to £10,000 and allows for higher payments to be made to the Executive Chairman.

Approved Share Option Scheme

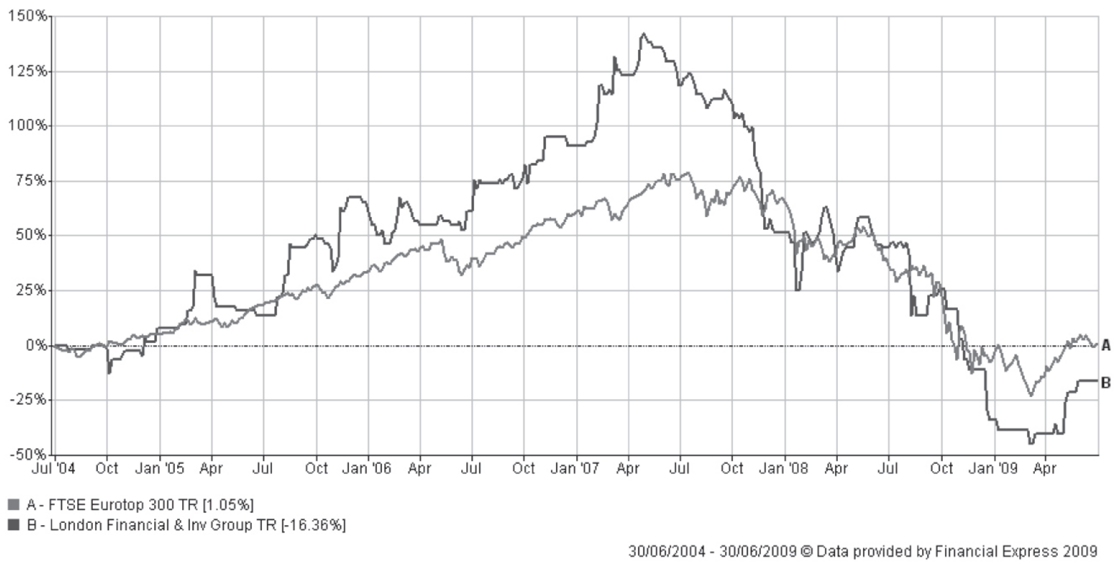
The Board established an Approved Share Option Scheme in 2006 and allocated 115,384 shares to above, to incentivise, reward and retain the employees of the Group.

The initial beneficiaries are full time employees and directors of the Company's subsidiary City Group. Performance conditions are attached to options granted which include targets for growth in shareholder value.

Remuneration Report (continued)

Performance Graph

Lonfin Total Shareholder Return v FTSE 100 Share Index



The above graph shows London Finance & Investment Group P.L.C.'s Total Shareholder Return (TSR) performance compared to the TSR of the FTSE Eurotop 300 index over the past five years. The Company's main activity is that of an investment company and the Board believes that because the portfolio concentrates on FTSE 100 companies, or European equivalents, that this index is best suited as the comparator index. The Company is not a part of the FTSE Eurotop 300 Index, being a member of the FTSE Fledgling index which is not deemed an appropriate comparator as it contains many small companies of varying nature.

Audited Information

TSR is defined as the percentage change over the period in market price assuming the reinvestment of income and funding of liabilities of the theoretical holding. TSR has been calculated on a one-month averaging basis in order to reduce the volatility associated with spot prices.

Service Contracts

None of the Directors has a service contract with the Company.

Audited Information (continued)

Directors' Remuneration

The remuneration of the directors during the year comprised:

	2009 Directors' fees	Other benefits	**Total**	2008 Total
	£	£	**£**	£
Executive Chairman				
Mr. D.C. Marshall	15,000	–	**15,000***	15,000
Non-executive directors				
Mr. J.H. Maxwell	7,500	–	**7,500**	7,500
Dr. F.W.A. Lucas	7,500	–	**7,500†**	7,500
Mr. J.M. Robotham	17,500	–	**17,500♣**	17,500

* Mr. Marshall ceded his fees of £15,000 (2008 – £15,000) for the year to an overseas company which supplies his services and in which none of the directors are beneficially interested. The Chairman received no other payment or benefits from the Company.

† Dr. Lucas ceded his fees of £7,500 (2008 – £7,500) to his primary employer.

♣ Of this sum, £10,000 (2008 – £10,000) relates to Mr. Robotham's fees paid by the Company and the balance is in respect of fees received from the subsidiary, City Group P.L.C.

Each Director is required to retire by rotation every three years in accordance with the Articles of Association and re-appointment is not automatic.

The Company does not make bonus payments to any director.

Share Options

The Company does not have a share option scheme and, accordingly, none of the directors have any options over shares of the Company.

Long Term Incentives

The Company has no plans to adopt long-term incentives for the Directors in the foreseeable future.

Pensions

There are no Company contributions payable to the executive or non-executive directors in respect of pensions.

On behalf of the Board

DAVID MARSHALL
Chairman

2nd October 2009

Report of the Independent Auditors

TO THE MEMBERS OF LONDON FINANCE & INVESTMENT GROUP P.L.C.

We have audited the group and parent company financial statements (the 'financial statements') of London Finance & Investment Group PLC for the year ended 30 June 2009, which comprise the consolidated income statement, the consolidated and parent company balance sheets, the consolidated statement of recognised income and expense, the consolidated and parent company cashflow statements, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described on page 34 the company's directors are responsible for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and for being satisfied that the group and parent company financial statements give a true and fair view are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the relevant financial reporting framework and whether the financial statements and the part of the directors' remuneration report to be audited have been prepared in accordance with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement set out on pages 31 to 33 reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report as described in the contents section and consider whether it is consistent with the audited financial statements. This other information comprises the Results in Brief, the Chairman's Review, the Directors' Report, the Corporate Governance Statement, the Summary of Results and the General Equity Portfolio. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the annual report.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRS's as adopted by the EU, of the state of the company's affairs at 30th June 2009 and of the result for the year then ended;
- have been prepared in accordance with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation; and

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 33, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the company's compliance with the provisions of the June 2008 Combined Code specified for out review.

HAYDN WOOD
(*Senior Statutory Auditor*)
For and on behalf of
STEELE ROBERTSON GODDARD
Chartered Accountants and
Registered Auditors

LONDON, UNITED KINGDOM
2nd October 2009

Summary of Results

For the five years ended 30th June 2009

	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Consolidated Income statement					
Operating income					
Dividends, interest and other income	**835**	872	949	796	708
(Loss)/Surplus on investments	**(263)**	289	1,426	401	365
Operating expenses	**(851)**	(880)	(938)	(934)	(845)
Exceptional expenses	**–**	–	(597)	–	–
Interest payable	**(151)**	(149)	(150)	(123)	(116)
Group (loss)/profit before tax	**(430)**	132	690	140	112
Taxation	**–**	(2)	(245)	(4)	(12)
Group (loss)/profit after tax	**(430)**	130	445	136	100
Share of (losses)/profits of associates	**(377)**	(1,127)	75	169	90
Minorities	**11**	(6)	(31)	(2)	22
(Loss)/Earnings attributable to shareholders	**(796)**	(1,003)	489	303	212
Consolidated Balance Sheet					
Issued share capital	**1,560**	1,560	1,560	1,500	1,310
Share premium and other reserves	**577**	4,811	11,753	7,099	3,332
Income statement	**4,519**	5,689	7,207	7,032	6,992
Shareholders' funds (all equity)	**6,656**	12,060	20,520	15,631	11,634
Minority interests	**90**	101	95	64	61
	6,746	12,161	20,615	15,695	11,695
Disposition of Capital					
Non-current Assets	**5,184**	9,187	18,721	13,677	9,207
Current assets					
Listed investments	**3,976**	5,726	6,564	4,907	4,265
Other current assets	**298**	339	184	196	178
Cash and deposits	**114**	36	87	171	48
	4,388	6,101	6,835	5,274	4,491
Liabilities and deferred tax	**(2,826)**	(3,127)	(4,941)	(3,256)	(2,003)
	6,746	12,161	20,615	15,695	11,695
Net assets per share	**21.3p**	38.7p	65.8p	52.1p	44.4p
Earnings/(Loss) per share – before exceptional items	**(1.8)p**	1.02p	3.97p	1.06p	0.81p
– after exceptional expenses	**(2.6)p**	(3.21)p	1.60p	1.06p	0.81p
Dividends (net) per share	**Nil**	1.20p	1.10p	1.05p	1.00p

The comparative figures have been restated from a UK GAAP basis to the IFRS basis adopted for the first time in 2006. Shareholders' funds reflect the market value of investments less the potential taxation which would arise, and the recognition of proposed dividends in the year following that for which they were declared, when a legal liability to pay was established.

Notice of Annual General Meeting

NOTICE is hereby given that the ANNUAL GENERAL MEETING of London Finance & Investment Group P.L.C. (the "Company") will be held at the offices of City Group P.L.C., 30 City Road, London EC1Y 2BQ on Thursday 28th October 2009 at 11.00 a.m. for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended 30th June 2009.

2. To receive and adopt the Remuneration Report for the year ended 30th June 2009.

3. To re-elect Mr. J.M. Robotham a director.

4. To re-appoint the auditors Steele Robertson Goddard and to authorise the Directors to fix their remuneration.

Special Business

5. To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution:

   THAT the draft regulations displayed on the website of the Company's Secretaries, City Group P.L.C., and produced to the meeting which have been initialled by the Chairman for identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing articles of association.

To consider and, if thought fit, pass the following Resolution which will be proposed as and Ordinary Resolution:

6. That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company (within the meaning of Section 551 of the Companies Act 2006 ("the Act")) as follows:

   (i) other than pursuant to paragraph (ii) below, up to a maximum nominal amount of £445,000 (representing 8,900,000 shares) to such persons at such times and on such terms as they think proper during the period expiring at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution;

   (ii) up to an aggregate nominal amount of £187,200 (representing 3,744,000 shares) in connection with the exercise and subscription for shares pursuant to the terms of the 2010 Warrants;

   and that the Company be and is hereby authorised to make prior to the expiry of such period referred to in paragraph (i) above any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period that the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution.

To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution:

7. That the directors be and are hereby empowered in accordance with Section 570 of the Act to allot shares of the Company for cash pursuant to the authority conferred on them to allot relevant securities pursuant to Resolution 6 above as if section 563 of the Act did not apply to such allotment, provided that the power conferred by this resolution shall be limited to:

   (a) the allotment and issue of shares in the Company in connection with an issue or offering by way of rights, bonus issues or other similar issues in favour of holders of shares in the Company and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of equity held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with (i) fractional entitlements or legal or practical problems under the laws or the requirements of any recognised regulatory body in any territory; (ii) underwriting of such an issue; and (iii) excess applications by shareholders for equity instruments offered to other shareholders as part of such an issue, but not taken up by other shareholders;

(b) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities for cash up to an aggregate nominal value not exceeding £78,000 (representing 1,560,000 shares) or approximately 5% of the issued share capital

and this power, unless renewed, shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution but shall extend to the making, before such expiry, of an offer or agreement which would or might require such securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8. To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

THAT, subject to the Company's Articles of Association and section 701 of the Companies Act 2006, the Company be and is hereby generally and unconditionally authorised to make one or more market purchases of its own ordinary shares on such terms, provided that:

(a) the maximum aggregate number of ordinary shares hereby authorised to be acquired is 3,120,000 (9.99%) of the present issued share capital of the Company;

(b) the maximum price which may be paid for each ordinary share is no more than 5% above the average of the price of the ordinary shares of the Company (derived from the London Stock Exchange Daily Official List) for the five business days prior to the date of purchase and the minimum price per ordinary share is 5p in each case exclusive of any expenses payable by the Company; and

(c) the authority hereby given shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make a purchase of ordinary shares after expiry of such authority in execution of a contract of purchase that was made under and before the expiry of such authority.

By Order of the Board,

30 City Road,
London EC1Y 2AG.

CITY GROUP P.L.C.
Secretaries

2nd October 2009

Notes A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote on his behalf.

A proxy need not be a member of the company.

A form of proxy is enclosed. To be valid it should be completed and returned so as to reach the Secretaries, City Group P.L.C. at 30 City Road, London EC1Y 2AG, U.K. not less than 48 hours before the time for the meeting. Completion of a form of proxy does not preclude a member from subsequently attending and voting in person.

The register of directors' shareholdings will be available for inspection by members at the registered office of the company during usual business hours on any weekday (public holidays excepted), from the date of this notice until the date of the annual general meeting and at the place of the meeting, from 9.15 a.m. until the conclusion thereof.

Change of Address Members are requested to advise the United Kingdom Registrars, Capita Registrars, or the South African Registrars, Computershare Investor Services (Pty.) Limited of any change of address.

London Finance & Investment Group P.L.C.

Form of Proxy

I/we ....

....

....

being (a) member(s) of the above-named company hereby appoint the chairman of the meeting, failing whom

....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday 28th October 2009 and at any adjournment thereof.

I/We hereby authorise and instruct my/our proxy to vote as indicated below on the resolutions to be proposed at such meeting. Unless otherwise directed the proxy will vote or abstain from voting as he thinks fit.

RESOLUTIONS	**For**	**Against**	**Abstain**
To adopt the reports and accounts.			
To adopt the Remuneration Report.			
To re-elect Mr. J.M. Robotham a director.			
To appoint the auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS			
Special Resolution To adopt new Articles of Association.			
Ordinary Resolution To authorise the directors to allot securities.			
Special Resolution To authorise the directors to allot securities (subject to limitation) as if pre-emption rights did not apply.			
Special Resolution To authorise the directors to market purchases of the Company's shares.			

Dated ....2009 Signature..

NOTES

(i) This proxy must be lodged at the offices of the Secretaries, City Group P.L.C., 30 City Road, London EC1Y 2AG, U.K., or the South African registrars, Computershare Investor Services (Pty.) Limited, 70 Diagonal Street, Johannesburg 2001, (P.O. Box 61051, Marshalltown 2107) South Africa not later than 48 hours before the time of the meeting, together if appropriate with the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority.

(ii) In the case of a corporation this proxy should be given under its Common Seal or, if none, should be signed by the attorney or officer duly authorised.

(iii) In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the Register of Shareholders in respect of joint holdings.

(iv) If it is desired to appoint as proxy any person other than the chairman of the meeting, the name and address of such person should be inserted in the relevant place, reference to the chairman deleted, and the alteration initialled.

(v) A proxy need not be a shareholder.