



LONDON FINANCE &  
INVESTMENT GROUP P.L.C.



INTERIM STATEMENT  
31ST DECEMBER  
2009

# London Finance & Investment Group P.L.C.

(Incorporated in England – No. 201151)

## Directors

D.C. Marshall, Chairman  
F.W.A. Lucas, BSc, PhD  
J.H. Maxwell, CA, CCMi, FRSA  
J.M. Robotham, OBE, FCA, MSI

## Registered office

30 City Road  
London, EC1Y 2AG

24th February 2010

## TO THE MEMBERS

### Introduction

As an investment company our target is to achieve growth in shareholder value in real terms over the medium to long term. In the short term our results can be influenced by overall stock market performance, particularly the performance of our Strategic Investments. We continue to believe that a combination of Strategic Investments and a General Portfolio is the most effective way of achieving our aims. Strategic Investments are significant investments in smaller UK quoted companies where we have expectations of above average growth over the medium to longer term and these are balanced by a General Portfolio which mainly consists of investments in major U.K. and European equities.

At 31st December 2009, we held three Strategic Investments in which we have board representation: 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.

### Results

Our net assets per share increased 14% to 24.3p at 31st December 2009 from 21.3p at 30th June 2009. Our Strategic Investments decreased in value by 3% and our General Portfolio increased by 29%. This compares with the increases of 27% in the FTSE 100 index and 23% in AIM over the half year. At the close of business on 19th February 2010, our net asset value was 24.36p.

The Group achieved a profit before tax for the half year of £114,000 compared to a loss of £239,000 for the same period last year. This was in the main due to the recovery of provisions made in the previous year against falls in value of the General Portfolio and a reduction of 13% in administrative costs. These favourable movements were reduced by a significant decline in dividend income. Our profit after tax and minority interest was £116,000 (2008 loss: £232,000) giving profits per share of 0.4p (2008: losses 0.7p).

### Strategic Investments

#### Western Selection P.L.C. (“Western”)

The Group owns 7,864,412 Western shares and 3,785,820 Western 2011 Warrants representing 43.8% of Western’s issued share capital and 49.2% of outstanding Warrants. The 2011 Warrants are exercisable 28 days after posting of Western’s interim and annual accounts in each of the years 2008 to 2010. We have approval from Western’s shareholders and the Takeover Panel to increase our holding in Western up to 48% through the exercise of warrants.

On 22nd February 2010, Western announced a profit after tax of £131,000 for its half year to 31st December 2009 and a profit per share of 0.7p (2008: 0.4p). Western’s net assets at market value were £10,843,000 equivalent to 60p per share, an increase of 20% from 50p at 30th June 2009.

The market value of the Company’s investment in Western at 31st December 2009 was £2,240,000 representing 29% of the net assets of Lonfin, against a book value of £4,285,000. The underlying value of the investment in Western, valuing Western’s own investments at market value, was £4.7 million (30th June 2009: £4.3 million).

I am the Chairman of Western and Mr. Robotham is a non-executive director. Western has strategic investments in Creston plc, Northbridge Industrial Services PLC, Swallowfield plc and Hartim Limited. Extracts from Western's announcement on its strategic investments are set out below:

#### ***Creston plc***

*Creston is a marketing services group with a strategy to grow within its sector to become a substantial, diversified international marketing services group. Creston's results for the half-year to 30th September 2009 show a profit after tax of £435,00 (2008: £2,951,000). The results of the six month period are after charging the costs relating to the closure of two divisions and the associated goodwill of £4.4 million, against which no tax relief has been provided. Net debt has been reduced by £6.9m (17%) from a 51% increase in cash inflows.*

*Western owns 3,000,000 shares in Creston (4.9%) with a market value at 31st December 2009 of £2,377,000 (30th June 2009: £1,920,000), being 22% of Western's assets.*

#### ***Northbridge Industrial Services PLC***

*Northbridge was formed for the purpose of acquiring companies that hire and sell specialist industrial equipment such as electrical load banks and generators. Northbridge's first acquisition was Crestchic Limited, one of the largest specialist load bank equipment manufacturers in the world, located in Burton-on-Trent, selling and hiring to a national and international customer base. Northbridge has recently added to its interests in Dubai by increasing its fleet of power and other electrical equipment.*

*Northbridge's latest results, for the half year to 30th June 2009, showed profit of £606,000 (2008: £748,000) after exchange losses of £200,000 (2008: nil).*

*Western owns 1,875,000 shares, representing 20.3% of Northbridge's share capital. The value of this investment at 31st December 2009 was £2,475,000 (30th June 2009: £2,156,000), representing 23% of Western's assets.*

#### ***Swallowfield plc***

*Swallowfield is a full service provider for global and household brands operating in the cosmetics and personal care and household goods marketplace. It offers a flexible and tailored service including: contract filling market analysis, design, formulation and testing of products, packaging design and sourcing and distribution of stock.*

*Swallowfield's latest results, for the year to 30th June 2009, showed profit, before exceptional items and tax, of £1,313,000 (30th June 2008: £1,319,000).*

*At 31st December 2009, Western owned 1,421,800 shares in Swallowfield (12.6% of their issued share capital) having increased the holding by 90,300 shares at a cost of £106,000. The market value of Western's holding in Swallowfield on 31st December 2009 was £1,766,000 (30th June 2009: £999,000) representing 16% of Western's assets.*

#### ***Hartim Limited***

*Hartim offers a complete sales, marketing and logistical services to a number of UK branded fast moving consumer goods companies. This investment was acquired on 28th March 2009 and is accounted for as an associated company.*

*Hartim's estimated results for the year ended 31st December 2009 is a profit of £327,000 after tax. This is down from the very high profits of £443,000 achieved last year, but still represents a very good return on our investment.*

*At 31st December 2009, Western owned 49.5% of Hartim. The carrying value of the Company's investment in Hartim on 31st December 2009 was £1,124,000 (30th June 2009: £979,000) representing 10% of Western's assets.*

#### **Finsbury Food Group plc ("Finsbury Food")**

The Group owns 8,000,000 shares in Finsbury Food, representing 15.2% of their share capital. The market value of our holding was £1,620,000 on 31st December 2009 compared to a cost of £1,893,000; this represents 21% of the net assets of Lonfin.

Finsbury Food is a supplier of ambient cakes to most of the UK's major supermarket chains and speciality breads to Waitrose including gluten-free and low fat products. Finsbury has recently announced the appointment of a new Finance Director and that the company is trading in line with market expectations.

I stood down as chairman of Finsbury Food at the last AGM and I am now a non-executive director.

#### **MWB Group Holdings Plc ("MWB")**

The Group owns 2,000,000 shares, representing 1.2% of MWB's issued share capital. The market value of the holding at 31st December, 2009 was £780,000, compared with a book value of £1,681,000, which represents 10% of the net assets of Lonfin.

MWB is a hotel, serviced offices and retail group that is in the process of realising its assets through an orderly disposal programme. MWB completed a fund raising on 12th January 2010 and issued a trading statement on 14th January 2010. In the trading statement, MWB reported strong cash generation from its Malmaison and Hotel du Vin division and continuing organic and acquisition driven growth in MWB Business Exchange.

I am a non-executive director of MWB.

#### **General Portfolio**

The General Portfolio is diverse and consists of U.K. and European blue chip equities, most of which have significant international exposure. The list of these investments is set out at the end of this announcement.

#### **Dividends**

The board has declared an interim of 0.30p payable on Thursday 1st April 2010 to shareholders on the register at the close of business on Friday, 12th March 2010.

#### **Outlook**

World stock markets have rebounded considerably over the last six months, however we remain cautious about the outlook for 2010 and have positioned the general portfolio accordingly. We will be looking to reduce debt slightly over the next six months, as and when selling opportunities arise.

**David C. Marshall**  
Chairman

#### **Interim dividend**

The recommended interim dividend is 0.30p per share (2008 – 0.55p) and will be paid on Thursday, 1st April 2010 to those members registered at the close of business on Friday, 12th March 2010. Shareholders on the South African register will receive their dividend in South African Rand converted from sterling at the closing rate of exchange on Monday, 22nd February 2010.

#### **Salient dates for dividend**

Last day to trade (SA)	Friday, 5th March 2010
Shares trade ex dividend (SA)	Monday, 8th March 2010
Shares trade ex dividend (UK)	Wednesday, 10th March 2010
Record date (UK & SA)	Friday, 12th March 2010
Pay date	Thursday, 1st April 2010

Shareholders are hereby advised that the exchange rate to be used will be GBP 1 = ZAR 11.9862. This has been calculated as the average of the bid/ask spread at 16.00 (United Kingdom time) being the close of business on Monday 22nd February 2010. Consequently the dividend of 0.30p will be equal to 3.59586 South African cents.

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between the registers in London and South Africa will take place between Monday, 8th March 2010 and Friday, 12th March 2010, both dates inclusive.

## Unaudited Consolidated Income Statement

	Half year ended 31st December		Year ended 30th June
	2009 £000	2008 £000	2009 £000
<b>Operating Income</b>			
Dividends received	29	223	332
Interest and sundry income	20	17	35
Profit on sales of investments, including provisions	227	(231)	(263)
	<u>276</u>	<u>9</u>	<u>104</u>
Management services income	225	231	468
	<u>501</u>	<u>240</u>	<u>572</u>
<b>Administrative expenses</b>			
Investment operations	(146)	(185)	(359)
Management services	(231)	(247)	(492)
Total administrative expenses	<u>(377)</u>	<u>(432)</u>	<u>(851)</u>
<b>Operating profit/(loss)</b>	<b>124</b>	<b>(192)</b>	<b>(279)</b>
Share of result of associated undertaking			
Operating profit	6	40	(138)
Exceptional income/expense	51	-	(239)
Interest payable	(67)	(87)	(151)
<b>Profit/(Loss) on ordinary activities before taxation</b>	<b>114</b>	<b>(239)</b>	<b>(807)</b>
Tax on result of ordinary activities	(1)	-	-
<b>Profit/(Loss) on ordinary activities after taxation</b>	<b>113</b>	<b>(239)</b>	<b>(807)</b>
Minority interest	3	7	11
<b>Profit/(Loss) attributable to members of the holding company</b>	<b>116</b>	<b>(232)</b>	<b>(796)</b>
<b>Reconciliation of headline earnings</b>			
Earnings/(Loss) per share	0.4p	(0.7)p	(2.6)p
Adjustment for exceptional items, net of tax	(0.2)p	-	0.8p
Headline earnings/(loss) per share	<u>0.2p</u>	<u>(0.7)p</u>	<u>(1.8)p</u>
Interim dividend	0.30p	0.55p	0.55p
Final dividend	-	-	-
Total in respect of the year			0.55p

## Unaudited Consolidated Statement of Comprehensive Income

Profit/(Loss) attributable to shareholders	116	(232)	(796)
Costs of warrant issue	-	(9)	(10)
Unrealised profits/(losses) on listed undertakings	827	(5,672)	(4,224)
Total comprehensive income/(expense)	<u>943</u>	<u>(5,913)</u>	<u>(5,030)</u>

## Unaudited Consolidated Changes in Shareholders' Equity

Total comprehensive income/(expense)	943	(5,913)	(5,030)
Dividends paid to equity shareholders	-	(203)	(374)
	<u>943</u>	<u>(6,116)</u>	<u>(5,404)</u>
Equity shareholders' funds at start of period	6,656	12,060	12,060
Equity shareholders' funds at end of period	<u>7,599</u>	<u>5,944</u>	<u>6,656</u>

## Unaudited Consolidated Statement of Financial Position

	31st December		30th June
	2009	2008	2009
	£000	£000	£000
<b>Non-current assets</b>			
Tangible assets	383	397	390
Principle investments:			
MWB Group Holdings Plc	780	595	980
Finsbury Food Group plc	1,620	940	1,640
Western Selection P.L.C.	2,240	2,076	2,174
	<u>5,023</u>	<u>4,008</u>	<u>5,184</u>
<b>Current assets</b>			
Listed investments	5,036	4,522	3,976
Debtors	254	408	309
Cash, bank balances and deposits	49	73	114
	<u>5,339</u>	<u>5,003</u>	<u>4,399</u>
<b>Total Assets</b>	<u>10,362</u>	<u>9,011</u>	<u>9,583</u>
<b>Capital and Reserves</b>			
Called up share capital	1,560	1,560	1,560
Share premium account	2,318	2,318	2,318
Revaluation reserve	330	330	330
Unrealised profits and losses on investments	(1,244)	(3,089)	(2,071)
Share of undistributed profits and losses of subsidiaries and associates	6	232	(51)
Company's retained realised profits and losses	4,629	4,593	4,570
	<u>7,599</u>	<u>5,944</u>	<u>6,656</u>
<b>Equity shareholders funds</b>	<u>7,599</u>	<u>5,944</u>	<u>6,656</u>
<b>Creditors falling due within one year</b>	<u>2,676</u>	<u>2,973</u>	<u>2,837</u>
<b>Minority equity interest</b>	<u>87</u>	<u>94</u>	<u>90</u>
	<u>10,362</u>	<u>9,011</u>	<u>9,583</u>

## Consolidated Cash Flow Statement

	Half year ended		Year ended
	31st December		30th June
	2009	2008	2009
	£000	£000	£000
<b>Cash inflow on operating activities</b>	<b>30</b>	<b>233</b>	<b>438</b>
<b>Returns on investments and servicing of finance</b>			
Dividends received	29	427	537
Net interest paid	(67)	(87)	(145)
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>	<b>(38)</b>	<b>340</b>	<b>392</b>
<b>Taxation paid</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>Net cash flow from investment activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity dividends paid – Company</b>	<b>-</b>	<b>(203)</b>	<b>(374)</b>
<b>Financing</b>			
Cost of warrants issue	-	(9)	(10)
Net repayment of loan facility	(56)	(324)	(368)
<b>Net cash outflow from financing</b>	<b>(56)</b>	<b>(333)</b>	<b>(378)</b>
<b>(Decrease)/Increase in cash</b>	<b>(65)</b>	<b>37</b>	<b>78</b>

### (a) Reconciliation of operating profit to net cash flow from operating activities

	31st December		30th June
	2009	2008	2009
	£000	£000	£000
Profit/(Loss) before taxation	114	(238)	(807)
Dividends receivable	(29)	(223)	(332)
Share of associate	(57)	(40)	377
Depreciation charges	7	7	13
Investment provisions	(297)	-	219
Net interest paid	67	87	145
Increase/(Decrease) in debtors	55	(110)	10
(Decrease)/Increase in creditors	(161)	196	98
Increase/(Decrease) in current asset investments	331	554	715
	<b>30</b>	<b>233</b>	<b>438</b>

**(b) Reconciliation of net cash flow to movement in net debt**

	At start of period £000	Cash flow £000	At end of period £000
<b>Half year ended 31st December 2009</b>			
Cash at bank	114	(65)	49
Bank loan	(2,556)	56	(2,500)
	<u>(2,442)</u>	<u>(9)</u>	<u>(2,451)</u>
<b>Half year ended 31st December 2008</b>			
Cash at bank	36	37	73
Bank loan	(2,924)	324	(2,600)
	<u>(2,888)</u>	<u>361</u>	<u>(2,527)</u>
<b>Year ended 30th June 2009</b>			
Cash at bank	36	78	114
Bank loan	(2,924)	368	(2,556)
	<u>(2,888)</u>	<u>446</u>	<u>(2,442)</u>

## Notes:

1. The results for the half-year are unaudited. The information contained in this report does not constitute statutory accounts within the meaning of the Companies Act 2006. The statutory accounts of the Group for the year ended 30th June 2009 have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The report of the auditors was unqualified.
2. This report has been prepared in accordance with the accounting policies contained in the Company's Annual Report and Accounts 2009, International Financial Reporting Standards and comply with IAS 34.
3. The amendment to presentation, under IAS 1, which is mandatory for periods beginning 1st April 2009, has been adopted. This amendment requires the presentation of comprehensive income, which the company has opted to present in two statements – an Income Statement and a Statement of Comprehensive Income.
4. The calculation of earnings per share is based on the weighted average number of shares in issue for the period and the profit on ordinary activities after tax.

## Market Value of General Portfolio

	31st December 2009	
	Current Value	
	£	%
Nestlé	271	5.37
L'Oreal	236	4.68
British American Tobacco	222	4.41
Royal Dutch Shell	218	4.32
BHP Billiton	215	4.28
Schindler-Holdings	211	4.19
Heineken	191	3.79
Imperial Tobacco Group	195	3.87
Henkel KGAA	189	3.76
Reckitt Benckiser	195	3.87
Holcim	198	3.92
BASF	187	3.70
Total	189	3.75
Pernod-Ricard	180	3.58
Beiersdorf	184	3.65
Investor	186	3.70
BP	180	3.57
Novartis	176	3.49
DSM	168	3.34
Unilever	175	3.48
Carlsberg	165	3.28
Diageo	160	3.19
Roche Holdings	158	3.14
Danone	152	3.02
ABB	158	3.14
Lafarge	147	2.93
Johnson Matthey	130	2.58
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