

London Finance & Investment Group P.L.C.
(the 'Company')

Unaudited Interim Results for the six months ended 31st December 2017 and dividend declaration

The Company today announces its unaudited interim results and dividend declaration for the six months ended 31st December 2017 (the 'Interim Statement').

Chairman's Statement

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 valuation 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 consists of investments in major U.S., U.K. and European equities.

At 31st December 2017, we held two Strategic Investments: Western Selection P.L.C., and Finsbury Food Group plc. Detailed comments on our Strategic Investments are given below.

Change in accounting policies

The Board has adopted IFRS 9, and the comparatives in the income statement have been restated to reflect the resulting change in accounting policy. Strategic investments are a fundamental part of the Company's investment strategy to secure long term capital appreciation and by their very nature the investments are largely illiquid. Consequently, the directors have elected to present the unrealised changes in value of these specific investments as part of other comprehensive income as it better reflects the underlying performance of the Company within its primary statements. This does not change the basis of valuation or the amounts reported in the statement of financial position. The effect of the change in accounting policy is further described in Note 1 below.

Results

Our net assets per share increased 1.8% to 66.8p at 31st December 2017 from 65.6p at 30th June 2017. Our Strategic Investments decreased in value by 0.8% during the period. Our General Portfolio increased by 4.9%, compared with increases of 5.1% and 2.5% in the FTSE 100 index and the FTSEurofirst 300 Index respectively, over the half year. At the close of business on 31st January 2018, our net asset value was 67.1p per share.

The Group profit before tax for the half year was £615,000 compared to a restated profit of £426,000 for the same period last year. Our total comprehensive income after tax and minority interest was £524,000 (2016: £1,247,000 restated) giving earnings per share of 1.8p (2016: 0.2p restated).

On 4th October 2017, the Company entered into an interest rate swap agreement with Coutts & Co, expiring on 30th September 2022, in the sum of £1,500,000 at a fixed rate of 1.06% per annum over base rate and margin, with a view to providing insurance against rising interest rates.

Strategic Investments

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

The Group owns 7,860,515 Western shares, representing 43.8% of Western's issued share capital. Western is a strategic investment which is technically a subsidiary of the Company that has not been consolidated due to the application of the investment entity exemption under IFRS 10.

On 5th February 2018, Western announced a profit before tax of £170,000 for its half year to 31st December 2017 and earnings per share of 0.91p (2016: earnings per share of 2.5p). Western's net assets at market value were £17,115,000 equivalent to 95p per share. Western also announced an interim dividend of 1.1p per share (2016: 1.1p per share).

The market value of the Company's investment in Western at 31st December 2017 was £4,166,000 representing 20% of the net assets of Lonfin. The underlying value of the investment in Western, valuing Western's own investments at market value, was £5,266,000 (30th June 2017: £5,348,000).

I am the Chairman of Western and Edward Beale is a non-executive director. Michael Robotham was a non-executive director of Western until his resignation on 5th December 2017.

Western's main Core Holdings are Northbridge Industrial Services Plc, Swallowfield Plc, Bilby Plc and Tudor Rose International Limited.

An extract from Western's interim results announcement relating to its main Core Holdings is set out below:

Core Holdings

Northbridge Industrial Service plc ("Northbridge")

Northbridge hires and sells specialist industrial equipment to a non-cyclical customer base. With offices or agents in the UK, USA, Dubai, Germany, Belgium, France, Australia, New Zealand, Singapore, Brazil, Korea and Azerbaijan, Northbridge has a global customer base. This includes utility companies, the oil and gas sector, shipping, construction and the public sector. The product range includes loadbanks, transformers and oil tools. Further information about Northbridge is available on its website: www.northbridgegroup.co.uk

Northbridge's latest results, for the half year to 30th June 2017, showed a loss after tax of £2,308,000 for the period (2016: loss after tax of £2,338,000). No interim dividend was declared (2016: none).

Western owns 3,223,632 Northbridge shares, representing 12.45% of Northbridge's issued share capital. The market value of this investment at 31st December 2017 was £2,966,000 (30th June 2017: £3,320,000), representing 17% (2016: 24%) of Western's net assets.

I am a non-executive director of Northbridge.

Swallowfield plc ("Swallowfield")

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 the cosmetics, personal care and household goods market. Further information about Swallowfield is available on its website: www.swallowfield.com

Swallowfield announced its annual results for the 52 weeks ended 24th June 2017 in September 2017 showing a profit after tax of £2,572,000 compared to a profit of £2,001,000 for the comparable period last year. Swallowfield paid a final dividend of 3.5p per share in December 2017 which provided us with income of £52,500.

The market value of the Company's holding of shares in Swallowfield on 31st December 2017 was £4,950,000 (30th June 2017: £5,700,000), representing 29% of the Company's net assets.

Western owns 1,500,000 Swallowfield shares (representing 8.90% of Swallowfield's issued share capital).

Edward Beale is a non-executive director of Swallowfield.

Bilby Plc ("Bilby")

Bilby is an established, and award winning, provider of gas installation, maintenance and general building services to local authority and housing associations across London and South East England. It has a strategy of growing organically and by acquisition. Further information about Bilby is available on its website: www.bilbyplc.com.

Bilby announced its interim results for the six month period to 30th September 2017 on 21st November 2017 showing a loss after tax of £1,966,000 (2016: loss after tax of £833,000). Bilby will pay an interim dividend of 0.5p per share in January 2018 which will provide us with income of £13,500.

Western owns 2,699,280 Bilby shares, which represent 6.8% of Bilby's issued share capital. The market value of the Company's holding in Bilby on 31st December 2017 was £3,051,000 representing 18% of the Company's net assets.

Tudor Rose International Limited (previously Hartim Limited) ("Tudor Rose International")

Tudor Rose International 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, Tudor Rose International sells into 78 countries worldwide including USA, Spain, Portugal, Italy, Czech Republic, Russia, Turkey, South Africa, Saudi Arabia, UAE, Malaysia, Australia and China.

Our share of Tudor Rose International's estimated results for the period ended 31st December 2017 is a profit after tax of £81,000 (2016: profit after tax of £57,000).

At 31st December 2017, Western owned 49.5% of Tudor Rose International. The carrying value of the Company's equity investment in Tudor Rose International on 31st December 2017 was £1,674,000 (2016: £654,000) representing 9.8% of the Company's net assets. In addition, loans of £191,756 (equivalent to a further 1% of the Company's net assets) were outstanding at 31st December 2017 from Tudor Rose International's executive directors.

Western has two nominees on the board of Tudor Rose International: Edward Beale and I are the directors.

Finsbury Food Group plc ("Finsbury")

Finsbury is one of the largest producers and suppliers of premium cakes, bread and morning goods in the UK and currently supplies most of the UK's major supermarket chains. Further information about Finsbury, which is admitted to trading on AIM, is available on its website: www.finsburyfoods.co.uk

At 31st December 2017, Lonfin held 6,000,000 Finsbury shares, representing approximately 4.6% of Finsbury's issued share capital. The market value of the holding was £6,420,000 as at 31st December 2017 (cost - £1,724,000) and represents approximately 31% (2016: 34%) of Lonfin's net assets.

On 18th September 2017, Finsbury announced audited profits on continuing operations after tax and minority interests of £12,958,000 for the 52 weeks ended 1st July 2017 (2016: £12,754,000).

Finsbury paid a final dividend of 2.0 per share, making 3.0p for the year (2016: 2.8p). This provided the Company with further income of £120,000.

General Portfolio

The portfolio is diverse with material interests in Food and Beverages, 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.

At 31st December 2017, the number of holdings in the General Portfolio was 30 (2016: 26).

Board Change

On 31st January 2018, the Company announced the appointment of Warwick Marshall to the Board. His substantial business experience in the development of the Monteagle Group in South Africa and particularly its trading division will assist the Board in the assessment of the performance of investments and will complement the skills and experience of existing board members. He has extensive investment experience in his private capacity and he now resides in Zug, Switzerland.

Outlook

Although markets have shown resilience and strength over the course of the last year, they are close to an all-time high. The Board remains cautious about the potential impact of major geo-political risks. Accordingly, the Board expects to see continued volatility in the equity and currency markets. These may have a material impact on the value of our investments.

The Board has declared an interim dividend of 0.55p per share (2016: 0.55p).

6th February 2018

D.C. MARSHALL
Chairman

Interim Dividend

The Board recommends an interim gross dividend of 0.55p per share (9.36442 SA cents) (2016: 0.55p) which will be paid on Friday 6th April 2018 to those members registered at the close of business on Friday 16th March 2018 (SA and UK). Shareholders on the South African register will receive their dividend in SA Rand converted from sterling at the closing rate of exchange on Thursday 1st February 2018 being GBP 1 = SA Rand 17.02622.

In respect of the normal gross cash dividend, and in terms of the South African Tax Act, the following dividend tax ruling only applies to those shareholders who are registered on the South African register on Friday 16th March 2018. All other shareholders are exempt.

Shareholders registered on the South African register are advised that the dividend withholding tax will be withheld from the gross final dividend amount of 9.36442 SA cents per share at a rate of 20% unless a shareholder qualifies for an exemption; shareholders registered on the South African register who do not qualify for an exemption will therefore receive a net dividend of 7.49154 SA cents per share. The dividend withholding tax and the information contained in this paragraph is only of direct application to shareholders registered on the South African register, who should direct any questions about the application of the dividend withholding tax to Computershare Investor Services (Pty) Limited, Tel: +27 11 370 5000

- The number of shares in issue now and as at the dividend declaration date is 31,207,479;
- The interim gross dividend in SA cents is 9.36442 cents.
- The dividend has been declared from income reserves, which funds are sourced from the Company's main bank account in London and is regarded as a foreign dividend by South African shareholders; and
- The Company's UK Income Tax reference number is 948/L32120.

Dividend dates:

Last day to trade (SA)	Tuesday 13 th March 2018
Shares trade ex-dividend (SA)	Wednesday 14 th March 2018
Shares trade ex-dividend (UK)	Thursday 15 th March 2018
Record date (SA and UK)	Friday 16 th March 2018
Pay date	Friday 6 th April 2018

Share certificates may not be de-materialised or re-materialised between Wednesday 14th March 2018 and Friday 16th March 2018, both dates inclusive. Shares may not be transferred between registers in London and South Africa between Wednesday 14th March 2018 and Friday 16th March 2018, both dates inclusive.

Statement of Directors' responsibility

The Directors confirm that, to the best of their knowledge:

- the unaudited interim results for the six months ended 31st December 2017, have been prepared in accordance with IAS 34 as adopted by the EU; and
- the Interim Statement includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules.

Neither this Interim Statement nor any future interim statements of the Company will be posted to shareholders. The Interim Statement is available as follows:

- on the Company's website at www.city-group.com/london-finance-investment-group-plc/; and
- by writing to City Group P.L.C., the Company Secretary, at 6 Middle Street, London EC1A 7JA

This Interim Statement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

The Directors accept responsibility for the contents of this Interim Statement.

For further information, please contact:

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

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Sponsor:

Sasfin Capital (a member of the Sasfin group).

Consolidated Statement of Total Comprehensive Income (Unaudited)

	Half year ended 31 st December		Year Ended 30 th June
	2017 £000	Restated 2016 £000	Restated 2017 £000
Operating Income			
Dividends received	311	265	608
Rental and other income	50	50	109
Profit on sales of investments, including provisions	26	3	3
	<u>387</u>	<u>318</u>	<u>720</u>
Management service fees	118	130	296
	<u>505</u>	<u>448</u>	<u>1,016</u>
Administrative expenses			
Investment operations	(229)	(190)	(352)
Management services	(162)	(168)	(389)
Total administrative expenses	<u>(391)</u>	<u>(358)</u>	<u>(741)</u>
Operating profit	114	90	275
Unrealised changes in the carrying value of General Portfolio investments	501	335	989
Interest payable	(1)	-	(33)
	<u>615</u>	<u>425</u>	<u>1,231</u>
Profit before taxation	615	425	1,231
Tax expense	(49)	(350)	(121)
	<u>566</u>	<u>75</u>	<u>1,110</u>
Profit after taxation	566	75	1,110
Non-controlling interest	(3)	(6)	(7)
Profit attributable to shareholders	<u>563</u>	<u>69</u>	<u>1,103</u>
Other comprehensive income/(expense) – <i>Items that may subsequently be reclassified to profit or loss</i>			
Unrealised changes in the carrying value of Strategic Investments	(87)	819	477
Profit on sale of strategic investments	-	217	217
Deferred tax	48	142	99
Corporation tax	-	-	(238)
Total other comprehensive income	<u>(39)</u>	<u>1,178</u>	<u>555</u>
Total comprehensive income attributable to shareholders	<u>524</u>	<u>1,247</u>	<u>1,658</u>
Basic and Diluted earnings per share	1.8p	0.2p	3.5p
Adjustment for the unrealised changes in the carrying value of investments, net of tax	(1.5)p	(1.1)p	(2.5)p
Headline earnings per share	<u>0.3p</u>	<u>(0.9)p</u>	<u>1.0p</u>
Interim dividend	0.55p	0.55p	0.50p
Final dividend	-	-	0.55p
Total in respect of the period	<u>0.55p</u>	<u>0.55p</u>	<u>1.05p</u>

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

	Half year ended 31 st December		Year ended 30 th June
	2017	2016	2017
	£000	£000	£000
Total comprehensive income attributable to shareholders	531	1,247	1,658
Dividends paid to equity shareholders	(172)	(171)	(343)
	<u>359</u>	<u>1,076</u>	<u>1,315</u>
Equity shareholders' funds at start of period	20,483	19,168	19,168
Equity shareholders' funds at end of period	<u>20,842</u>	<u>20,244</u>	<u>20,483</u>

Consolidated Statement of Financial Position (Unaudited)

	31 st December		30 th June
	2017	2016	2017
	£000	£000	£000
Non-current assets			
Property, plant and equipment	15	18	14
Strategic investments: -			
Finsbury Food Group Plc	6,420	7,320	6,900
Western Selection P.L.C.	4,166	3,694	3,773
	<u>10,601</u>	<u>11,032</u>	<u>10,687</u>
Current assets			
Listed investments	11,295	8,836	10,766
Trade and other receivables	63	178	220
Cash, at bank	277	1,588	222
	<u>11,635</u>	<u>10,602</u>	<u>11,208</u>
Total Assets	<u>22,236</u>	<u>21,634</u>	<u>21,895</u>
Capital and Reserves			
Called up share capital	1,560	1,560	1,560
Share premium account	2,320	2,320	2,320
Unrealised profits and losses on investments	8,514	7,967	8,265
Share of retained profits and losses of subsidiaries	4,007	3,647	3,794
Company's retained realised profits and losses	4,441	4,750	4,544
Total Capital and Reserves attributable to owners	<u>20,842</u>	<u>20,244</u>	<u>20,483</u>
Trade and other payables falling due within one year	483	479	486
Deferred taxation	818	815	829
Non-controlling equity interest	93	96	97
	<u>22,236</u>	<u>21,634</u>	<u>21,895</u>
Net assets per share	66.8p	64.9p	65.9p
Number of shares in issue	31,207,479	31,207,479	31,207,479

London Finance & Investment Group P.L.C.

Consolidated Statement of Cash Flows (Unaudited)

	Half year ended 31 st December		Year ended 30 th June
	2017 £000	Restated 2016 £000	Restated 2017 £000
Cash flows from operating activities			
Profit before tax	615	425	1,231
Adjustments for non-cash -			
Finance expense	1	-	33
Depreciation charges	4	4	8
Unrealised changes in the fair value of investments	(501)	(335)	(989)
Decrease/(Increase)in trade and other receivables	157	97	52
(Decrease)/Increase in trade and other payables	(3)	(74)	(66)
Overseas Taxes paid	(11)	(7)	(45)
Net cash inflow from operating activities	262	110	224
Cash flows from investment activity			
(Increase)/Decrease in current asset investments	(727)	(1,376)	(2,652)
Disposal of investment	698	2,438	2,438
Purchase of IT software	(5)	-	-
Net cash inflow/(outflow) from investment activity	(34)	1,062	(214)
Cash flows from financing			
Interest paid	(1)	-	(33)
Equity dividends paid	(172)	(172)	(343)
Net cash outflow from financing	(173)	(172)	(376)
(Decrease)/Increase in cash and cash equivalents	55	1,000	(366)
Cash and cash equivalents at the beginning of the year	222	588	588
Cash and cash equivalents at end of the year	277	1,588	222

Reconciliation of net cash flow to movement in net debt

	At start of Period £000	Cash Flow £000	At end of Period £000
Half year ended			
31st December 2017			
Cash and cash equivalents	222	205	427
Bank overdraft	0	(150)	(150)
Net cash and cash equivalents	222	55	277
31st December 2016			
Cash and cash equivalents	588	1,000	1,588
Year ended 30th June 2017			
Cash and cash equivalents	588	(366)	222

Notes: -

1. Basis of preparation:

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 2017 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.

The Company has adopted IFRS 9. Under IFRS 9, the Company has elected to classify its long term Strategic Investments as financial instruments which are held at fair value with unrealised changes in value taken directly to Other Comprehensive Income. General Portfolio investments are held at fair value with unrealised changes in fair value recognised in Profit or Loss. Strategic and General Portfolio investments are quoted investments, and their fair value continues to be calculated using quoted prices.

This report has been prepared in accordance with the accounting policies contained in the Group's 2017 Annual Report and Accounts and International Financial Reporting Standards, and complies with IAS 34.

2. Earnings per share:

Earnings per share are based on the profit on ordinary activities after taxation and non-controlling interests of £563,000 (2016: £70,000) and on 31,207,479 (2016: 31,207,479) shares being the weighted average of number of shares in issue during the year. There are options outstanding over 80,000 shares.

Reconciliation of headline earnings

Headline earnings are required to be disclosed by the JSE. Headline earnings per share are based on the profit attributable to the shareholders after tax and non-controlling interests, before unrealised changes in the fair value of investments net of tax, of £11,000 (2016: £279,000 loss) and on 31,207,479 (2016: 31,207,479) shares being the weighted average of number of shares in issue during the year.

3. Going Concern:

After making enquiries, the Board is satisfied that the Group will be able to operate within the level of its facilities for the foreseeable future. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

4. Principal risks and uncertainties:

The principal risks and uncertainties which could impact the Group's long-term performance are disclosed on pages 9-10 of the Group's 2017 Annual Report and Accounts, The key risks and mitigating activities have not changed from these:

- Stock market vulnerability and economic uncertainty including Brexit;
- Possible volatility of share prices of investments;
- Dividend income;
- Ability to make strategic investments; and
- Liquidity of equity investments in strategic investments.

Composition of General Portfolio

	Value	
	£000	%
Investor	624	5.5
British American Tobacco	492	4.4
Schindler Holding	484	4.3
Diageo	463	4.1
LVMH Moet Hennessy	436	3.9
HSBC Holdings	422	3.7
Brown Forman	417	3.7
Heineken Holding	417	3.7
Unilever	416	3.7
Pernod Ricard	405	3.6
Henkel	405	3.6
Antofagasta	402	3.6
Phillip Morris	398	3.5
Nestle	384	3.4
3M	383	3.4
Danone	373	3.3
Chevron	361	3.2
Givaudan	358	3.2
Royal Dutch Shell	357	3.2
L'Oreal	346	3.1
BASF	342	3.0
Reckitt Benckiser	339	3.0
United Technologies	321	2.8
Exxon Mobil	309	2.7
Anheuser Busch	308	2.7
Procter & Gamble	306	2.7
Kimberley Clark	303	2.7
Imperial Brands	281	2.3
Compagnie Financiere Richemont	222	2.0
Becton Dickinson	221	2.0
	<u>11,295</u>	<u>100</u>