

**LONDON FINANCE & INVESTMENT GROUP P.L.C.**  
(“Lonfin”, “the Company” or “the Group”)

**Preliminary announcement of results for the year ended 30<sup>th</sup> June 2015 and dividend declaration**

London Finance & Investment Group P.L.C. (LSE: LFI, JSE: LNF), the investment company whose assets primarily consist of Strategic Investments and a General Portfolio, today announces its Preliminary Results for the year ended 30<sup>th</sup> June 2015.

**Strategy and Business Model**

Lonfin is an investment company whose objective is to generate growth in shareholder value in real terms over the medium to long term whilst maintaining a progressive dividend policy.

In the short term, the performance of the Company can be influenced by overall stock market performance and to ameliorate this short term risk, the Company has a combination of Strategic Investments together with a General Portfolio. Strategic Investments are significant investments in smaller U.K. quoted companies and these are balanced by a General Portfolio, which consists of a broad range of investments in major U.S.A., U.K. and other European companies which provides a diversified exposure to international equity markets.

**Results**

- \* Net assets have increased over the year by 12.1% from 44.7p per share to 50.1p per share, and our Strategic Investments, adjusting for additions, have increased in value over the year by 23%, due to the increase in value of our investment in Finsbury Food Group Plc.
- \* Strategic Investments are yielding 2.7%
- \* The General Portfolio, adjusting for changes, has increased over the year by 1.4%
- \* The General Portfolio is yielding 2.9% (2014 – 2.8%)
- \* Net borrowings of £1,385,000 compared with £886,000 at 30<sup>th</sup> June 2014
- \* Operating costs were broadly in line with 2014

The Group achieved a profit for the year, before tax and the fair value adjustments of investments, of £286,000 (2014 - £209,000). The profit, after positive fair value adjustments, tax and non-controlling interest was £1,968,000 (2014 - £43,000 loss after negative fair value adjustments of £339,000) giving a profit per share of 6.3p (2014 loss per share – 0.1p).

**Strategic Investments**

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

The Group owns 7,860,515 shares, being 43.8%, of the issued share capital of Western.

On 30<sup>th</sup> September 2015, Western announced a profit before associates and tax of £2,787,000 for its year to 30<sup>th</sup> June 2015 (2014 – £449,000). Including associates and after exceptional items and tax, profits per share were 15.5p (2014 - profits – 4.5p).

Western has paid an interim dividend of 1.05p and proposes an increased final dividend of 1.05p making 2.1p for the year (2014 – 2.0p). Western’s net assets at market value as at 30<sup>th</sup> June 2015 were £13,487,000 equivalent to 75p per share, a decrease of 26% from 102p last year.

Our share of the net assets of Western, including the value of Western’s investments at market value, was £5.9million (2014 - £8 million). The fair value recorded in the statement of financial position is the market value of £3.7million (2014 - £4.2 million). This represents 24% (2014 – 30%) of the net

assets of the Group. Western's objective is to generate growth in value for shareholders over the medium to long term and pay a progressive dividend.

Western's business model is to take sizeable minority stakes in relatively small companies at a pre-IPO or IPO stage, and have directors in common through which they can provide advice and support for these growing companies. Their aim is that these core holdings will then be sold over time into the market. Companies that are targeted as core holdings will have an experienced management team, a credible business model and also good prospects for growth.

Mr. D. C. Marshall is the Chairman of Western and Mr. Robotham and Mr. Beale are non-executive directors. Western's main core holdings are Northbridge Industrial Services plc, Swallowfield plc, Bilby Plc and Hartim Limited. An extract from Western's announcement relating to its main core holdings is set out below:

***Northbridge Industrial Services plc ("Northbridge")***

*Northbridge hires and sells specialist industrial equipment to a non-cyclical customer base. With offices or agents in the U.K., U.S.A., Dubai, Germany, Belgium, France, Australia, Singapore, India, 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, generators, compressors, loadcells and oil tools. Further information about Northbridge is available on their website: [www.northbridgegroup.co.uk](http://www.northbridgegroup.co.uk).*

*Northbridge will announce its unaudited interim profits after tax for the six months ended 30th June 2015 on 30th September 2015.*

*Western acquired a further 25,000 Northbridge shares on 2 June 2015 for £52,000 bringing its holding to 1,900,000 shares. Western's holding is 10.2% of Northbridge's issued share capital. The value of this investment at 30<sup>th</sup> June 2015 was £3,895,000 (2014 - £9,750,000) being 29% (2014 - 53%) of Western's net assets.*

*Mr D. C. Marshall is 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 their website: [www.swallowfield.com](http://www.swallowfield.com).*

*Swallowfield announced its annual results to 30<sup>th</sup> June 2015 on 22<sup>nd</sup> September 2015 and recorded a profit after tax of £746,000 compared to a profit of £157,000 for the comparable period last year. No dividends were received from Swallowfield during the year (2014 – nil). Profits are expected to recover further in the current year and dividends are expected to be resumed shortly.*

*At the reporting date, Western owned 1,869,149 shares which is 16.5% of Swallowfield's issued share capital. The market value of this investment on 30<sup>th</sup> June 2015 had increased by 11% to £2,019,000 from the value at June 2014 of £1,813,000. This is 15% (2014 - 10%) of Western's net assets.*

*Mr E. J. Beale is a non-executive director of Swallowfield.*

***Bilby Plc ("Bilby")***

*In July 2015 we invested £1,500,000 in acquiring 1,875,000 shares in Bilby which is 5.5% of their issued share capital.*

*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. They have a strategy of growing organically and by acquisition. Further information about Bilby is available on their website: [www.bilbyplc.com](http://www.bilbyplc.com).*

*Bilby announced its results for the 14 month period to 31st March 2015 on 23<sup>rd</sup> June 2015 showing a profit after tax of £1,552,000. It has announced a dividend of 2.32p per share payable in August which will provide us with income of £43,500.*

### **Hartim Limited (“Hartim”)**

*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 31<sup>st</sup> December year end, and which generated trading profits before exceptional items in the year to 30<sup>th</sup> June 2015 of £68,000. Turnover in the period was £18,022,000 (2014 - £20,448,000). Western’s share of a loss after tax, including a charge for disallowed tax losses, for the twelve months to 30th June 2015 was £5,000 (2014 –profit of £382,000, after exceptional profit on former Australian subsidiary of £337,000) and the book value of the investment at 30th June 2015 was £1,223,000 (2014 - £1,228,000) being 9% (2014 - 7%) of Western’s assets.*

*Western has two nominees on the board of Hartim: Mr E. J. Beale and Mr L. H. Marshall (a director of City Group P.L.C., Western’s company secretary).*

### **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 is available on its website: [www.finsburyfoods.co.uk](http://www.finsburyfoods.co.uk).

During the year Lonfin acquired 1 million additional shares in Finsbury for a cost of £593,000. Lonfin now holds 10 million shares, representing 7.81% of Finsbury’s share capital. The market value of the holding was £8,000,000 as at 30<sup>th</sup> June 2015 (cost - £2,875,000) and represents 51% (2014 – 35%) of Lonfin’s net assets.

On 21<sup>st</sup> September 2015, Finsbury announced audited profits on continuing operations after tax and minority interests of £8.9 million for the year ended 28<sup>th</sup> June 2015 (2014 - £5 million).

Finsbury paid an interim dividend of 0.83p and has recommended to its shareholders a final dividend of 1.67p per share, making 2.50p for the year (2014 – 1.00p).

Mr. Beale is a non-executive director of Finsbury.

### **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 year end the number of holdings in the General Portfolio was 26. We have decreased the amount invested in the General Portfolio over the year by £100,000 (2014 - increased by £272,000).

### **Operations and Employees**

All of our operations and those of our associate, Western, except investment selection, are outsourced to our subsidiary, City Group. City Group also provides office accommodation, company secretarial and head office finance services to a number of other U.K. and Jersey companies. City Group has responsibility for the initial identification and appraisal of potential new strategic investments for the Company and the day to day monitoring of existing strategic investments and employs 8 people.

All 5 directors of the Company, and the 4 directors of its subsidiaries are unchanged from last year and are male. The Group has set a target of 25% female members of the Company's Board and female candidates will be considered on their merits when vacancies arise. Excluding directors, 4 of the 6 other employees of the Group at 30<sup>th</sup> June 2015 were female (30<sup>th</sup> June 2014 - 3 of 6).

### **Dividend**

The Board recommend a final dividend of 0.5p per share, making a total of 1p per share for the year (2014 – 0.9p). Subject to shareholders' approval at the Company's Annual General Meeting on 2nd December 2015, the dividend will be paid on 11<sup>th</sup> December 2015 to those shareholders on the register at the close of business on 20th November 2015. Shareholders on the South African register will receive their dividend in South African rand converted from sterling at the closing rate of exchange on 29<sup>th</sup> September 2015 being GBP1= ZAR 21.1213.

The number of shares in issue as at the declaration date is 31,207,479 and the Company's UK Income Tax reference number is 948/L32120.

Dividend dates:

Last date to trade (SA)	Friday 13 <sup>th</sup> November 2015
Shares trade ex dividend (SA)	Monday 16 <sup>th</sup> November 2015
Shares trade ex dividend (UK)	Thursday 19 <sup>th</sup> November 2015
Record date (UK and SA)	Friday 20 <sup>th</sup> November 2015
Pay date	Friday 11 <sup>th</sup> December 2015

The JSE Listings Requirements require disclosure of additional information in relation to any dividend payments.

Shareholders registered on the Johannesburg register are advised that the dividend withholding tax will be withheld from the gross final dividend amount of 10.56065 SA cents per share at a rate of 15% unless a shareholder qualifies for an exemption; shareholders registered on the Johannesburg register who do not qualify for an exemption will therefore receive a net dividend of 8.97655 SA cents per share. The dividend is payable in cash as a 'Dividend' (as defined in the South African Income Tax Act, 58 of 1962, as amended) by way of a reduction of income reserves. The dividend withholding tax and the information contained in this paragraph is only of direct application to shareholders registered on the Johannesburg register, who should direct any questions about the application of the new dividend withholding tax to Computershare Investor Services (Pty) Limited, Tel: +27 11 373-0004.

Share certificates may not be dematerialised or rematerialised between Monday 16<sup>th</sup> November 2015 and Friday 20<sup>th</sup> November 2015, both days inclusive. Shares may not be transferred between the registers in London and South Africa during this period either.

### **Outlook**

We believe our mix of Strategic Investments and a General Portfolio gives us every chance of outperforming the broader market in the medium to long term notwithstanding any short term volatility in markets, currencies and commodities.

By Order of the Board  
City Group P.L.C.  
*Company Secretary*  
29<sup>th</sup> September 2015

Johannesburg Sponsor: Sasfin Capital (a division of Sasfin Bank Limited)

### **Consolidated Statement of Total Comprehensive Income**

For the year ended 30<sup>th</sup> June

	£000	£000
Dividends - Listed investments	487	393
Interest receivable	-	-
Rental and other income	82	82
Profits realised on sales of investments	175	205
Management services fees	233	205
<b>Operating income</b>	<b>977</b>	<b>885</b>
Administration expenses	(643)	(651)
<b>Operating profit</b>	<b>334</b>	<b>234</b>
Unrealised changes in the carrying value of investments	2,049	(339)
Interest payable	(48)	(25)
<b>Profit/(Loss) on ordinary activities before taxation</b>	<b>2,335</b>	<b>(130)</b>
Tax on result of ordinary activities	(357)	71
<b>Profit/(Loss) on ordinary activities after taxation</b>	<b>1,978</b>	<b>(59)</b>
Non-controlling interest	(10)	16
<b>Profit/(Loss) for the financial year attributable to members of the holding company</b>	<b>1,968</b>	<b>(43)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>1,968</b>	<b>(43)</b>

#### Reconciliation of headline earnings

Basic (loss)/profit per share	6.3p	(0.1)p
Adjustment for the unrealised changes in the carrying value of investments, net of tax	(5.5)p	0.8p
Headline profit per share	0.8p	0.7p

All profits and losses are on continuing activities.

#### Consolidated Statement of Changes in Shareholders' Equity

	Ordinary Share Capital £000	Share premium account £000	Unrealised profits/(losses) on investments £000	Share of undistributed results of Subsidiaries £000	Retained realised profits & losses £000	Total £000	Non- Controlling interests £000	Total equity £000
<b>Year ended 30<sup>th</sup> June 2014</b>								
Balances at 1 <sup>st</sup> July 2013	1,560	2,320	4,831	(499)	6,046	14,258	81	14,339
Total comprehensive income	-	-	(246)	205	(2)	(43)	(16)	(59)
Dividends paid	-	-	-	-	(265)	(265)	-	(265)
Total transactions with shareholders	-	-	-	-	(265)	(265)	-	(265)
<b>Balances at 30<sup>th</sup> June 2014</b>	<b>1,560</b>	<b>2,320</b>	<b>4,585</b>	<b>(294)</b>	<b>5,779</b>	<b>13,950</b>	<b>65</b>	<b>14,015</b>

Year ended 30<sup>th</sup> June 2015

Balances at 1 <sup>st</sup> July 2014	1,560	2,320	4,585	(294)	5,779	13,950	65	14,015
Total comprehensive income	-	-	1,719	320	(71)	1,968	10	1,978
Dividends paid	-	-	-	-	(296)	(296)	-	(296)
Total transactions with shareholders	-	-	-	-	(296)	(296)	-	(296)
Balances at 30 <sup>th</sup> June 2015	1,560	2,320	6,304	26	5,412	15,622	75	15,697

## Consolidated Statement of Financial Position

<b>At 30<sup>th</sup> June</b>	<b>2015</b>	2014
	<b>£000</b>	£000
<b>Non-current Assets</b>		
Tangible assets	31	39
Investments	11,694	9,026
	<u>11,725</u>	<u>9,065</u>
<b>Current Assets</b>		
Listed investments	5,801	5,927
Trade and other receivables	218	245
Cash at bank	115	39
	<u>6,134</u>	<u>6,211</u>
<b>Current Liabilities</b>		
Trade and other payables: falling due within one year	(1,720)	(1,150)
<b>Net Current Assets</b>	<b>4,414</b>	5,061
<b>Deferred taxation</b>	<b>(442)</b>	(111)
<b>Total Assets less Current Liabilities</b>	<b>15,697</b>	<u>14,015</u>
<b>Capital and Reserves</b>		
Called up share capital	1,560	1,560
Share premium account	2,320	2,320
Unrealised profits and losses on investments	6,304	4,585
Share of retained realised profits and losses of subsidiaries	26	(294)
Company's retained realised profits and losses	5,412	5,779
	<u>15,622</u>	<u>13,950</u>
Non-controlling equity interests	75	65
	<u>15,697</u>	<u>14,015</u>

## Company Statement of Financial Position at 30<sup>th</sup> June

	<b>2015</b>	2014
	<b>£000</b>	£000
<b>Non-current Assets</b>		
Investments in Group companies	6,203	5,923
	<u>6,203</u>	<u>5,923</u>
<b>Current Assets</b>		
Listed investments	5,801	5,927
Trade and other receivables	19	25
Bank balance	71	12
	<u>5,891</u>	<u>5,964</u>
<b>Current Liabilities</b>		
Trade and other payables: falling due within one year	(1,597)	(997)
<b>Net Current Assets</b>	<b>4,294</b>	4,967

<b>Deferred taxation</b>	<b>(442)</b>	<b>(111)</b>
<b>Total Assets less Current Liabilities</b>	<b><u>10,055</u></b>	<b><u>10,779</u></b>

### Capital and Reserves

Called up share capital	<b>1,560</b>	1,560
Share premium account	<b>2,320</b>	2,320
Unrealised profits and losses on investments	<b>763</b>	1,120
Realised profits and losses	<b><u>5,412</u></b>	<u>5,779</u>
<b>Equity shareholders' funds</b>	<b><u>10,055</u></b>	<u>10,779</u>

### Consolidated Statement of Cash Flow

For the year ended 30<sup>th</sup> June

	<b>2015</b>	2014
	<b>£000</b>	£000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	<b>2,335</b>	(130)
Adjustments for non-cash and non-operating activities -		
Finance expense	<b>48</b>	25
Depreciation charges	<b>8</b>	3
Unrealised changes in the fair value of investments	<b><u>(2,049)</u></b>	<u>339</u>
	<b><u>342</u></b>	<u>237</u>
Taxes paid	<b><u>(26)</u></b>	<u>(22)</u>
Changes in working capital		
Decrease/(increase) in trade and other receivables	<b>27</b>	11
(Decrease)/increase in trade and other payables	<b>(5)</b>	23
Decrease/(increase) in current asset investments	<b><u>100</u></b>	<u>(272)</u>
	<b><u>122</u></b>	<u>(238)</u>
Addition to non-current tangible assets	<b><u>-</u></b>	<u>(39)</u>
<b>Cash flows from tangible non-current assets</b>	<b><u>-</u></b>	<u>(39)</u>
<b>Cash flows from investment activity</b>		
Purchase of strategic investments	<b><u>(593)</u></b>	<u>-</u>
<b>Net cash outflow from investment activity</b>	<b><u>(593)</u></b>	<u>-</u>
<b>Cash flows from financing</b>		
Interest paid	<b>(48)</b>	(25)
Equity dividends paid	<b>(296)</b>	(265)
Net drawdown/(repayment) of loan facilities	<b><u>575</u></b>	<u>275</u>
<b>Net cash inflow/(outflow) from financing</b>	<b><u>231</u></b>	<u>(15)</u>
<b>Decrease in cash and cash equivalents</b>	<b>76</b>	(77)
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>39</u></b>	<u>116</u>
<b>Cash and cash equivalents at end of the year</b>	<b><u>115</u></b>	<u>39</u>

### Notes

- Earnings per share are based on the profit on ordinary activities after taxation and non controlling interests and on 31,207,479 shares (2014 – 31,207,479) being the weighted average of the number of shares in issue during the year.

2. The financial information in this preliminary announcement of audited group results does not constitute the company's statutory accounts for the years ended 30<sup>th</sup> June 2015 or 30<sup>th</sup> June 2014 but is derived from those accounts. 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 Act 2006 applicable to companies reporting under IFRS. The accounts are prepared on the historical cost bases, except for certain assets and liabilities which are measured at fair value, in accordance with IFRS and comply with IAS 34. The audited accounts for the group for the year ended 30<sup>th</sup> June 2014 were reported on with an unqualified audit report and have been delivered to the Registrar of Companies.

Enquiries to:

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David Marshall/Edward Beale

30<sup>th</sup> September 2015

Johannesburg Sponsor: Sasfin Capital (a division of Sasfin Bank Limited)