

**LONDON FINANCE &  
INVESTMENT GROUP P.L.C.**

**INTERIM STATEMENT  
31<sup>ST</sup> DECEMBER  
2011**

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

(Incorporated in England - No. 201151)

## Directors

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

## Registered Office

30 City Road  
London, EC1Y 2AG

29<sup>th</sup> February 2012

## 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 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.K. and European equities.

At 31<sup>st</sup> December 2011, 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 decreased 7% to 32.7p at 31<sup>st</sup> December 2011 from 35.0p at 30<sup>th</sup> June 2011. Our Strategic Investments decreased in value by 8%. Our General Portfolio decreased by 9%, compared with the decrease of 6% in the FTSE 100 index, a decrease of 10% in the FTSEurofirst 300 index and a decrease of 19% in AIM over the half year. At the close of business on 15<sup>th</sup> February 2012, our net asset value was 34.6p.

The Group profit before exceptional items and tax for the half year was £32,000 compared to a profit of £250,000 for the same period last year. This was in the main due to no profits being realised from the General Portfolio. Including the exceptional profit of £2,132,000 arising from the disposal of the property and the recognition of the net decrease in the fair value of our investments, our profit after tax and minority interest was £1,108,000 (2010 profit: £2,005,000) giving profits per share of 3.6p (2010 – 6.4p).

### 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.

On 28<sup>th</sup> February 2012, Western announced a loss after tax of £86,000 for its half year to 31<sup>st</sup> December 2011 and a loss per share of 0.5p (2010: profit 1.8p). Western’s net assets at market value were £12,113,000 equivalent to 67p per share, a decrease of 19% from 84p at 30<sup>th</sup> June 2011. Western has announced an increased interim dividend of 0.8p per share, an increase of 23% on the prior year.

The market value of the Company's investment in Western at 31<sup>st</sup> December 2011 was £2,987,000 representing 29% of the net assets of Lonfin. The underlying value of the investment in Western, valuing Western's own investments at market value, was £5.4 million (30<sup>th</sup> June 2011: £5.6 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")***

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 30<sup>th</sup> September 2011 show a profit after tax of £2,821,000 (2010: loss - £133,000). Creston declared an interim dividend of 0.83p per share, an increase of 11% on the prior year.

Creston has recently announced the acquisition of the Corkery Group, a New York based health and medical public relations company, complementing Creston's US healthcare company Cooney/Waters. Further information about Creston is available on its website: [www.creston.com](http://www.creston.com).

Western owns 3,000,000 shares in Creston (4.9%) with a market value at 31<sup>st</sup> December 2011 of £2,070,000 (30<sup>th</sup> June 2011: £2,752,000), being 16% of Western's assets.

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

Northbridge hires and sells specialist industrial equipment to utility companies, the oil and gas sector, shipping, construction and the public sector. The product range includes loadbanks, transformers, generators, compressors and oil tools. It has grown by acquisition of companies in the UK, Dubai, Azerbaijan and Australia and through investing further in those companies to make them more successful. Further information about Northbridge is available on its website: [www.northbridgegroup.co.uk](http://www.northbridgegroup.co.uk).

Northbridge's latest results, for the half year to 30<sup>th</sup> June 2011, showed profit of £1,656,000 (2010: £1,024,000). Northbridge declared an interim dividend of 1.75p per share, an increase of 13% on the prior year.

Western owns 2,200,000 shares, representing 14.4% of Northbridge's share capital. The value of this investment has been volatile and at 31<sup>st</sup> December 2011 was £4,576,000 (30<sup>th</sup> June 2011: £6,094,000), representing 37% of Western's assets. The value of this investment has increased substantially since 31<sup>st</sup> December 2011.

***Swallowfield plc ("Swallowfield")***

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. Further information about Swallowfield is available on its website: [www.swallowfield.com](http://www.swallowfield.com).

Swallowfield's latest results, for the half year to 31<sup>st</sup> December 2011, showed profit of £535,000 (31<sup>st</sup> December 2010: £519,000) against a background of customer uncertainty and rising input costs. Swallowfield declared an interim dividend of 2.2p, unchanged on the prior year.

At 31<sup>st</sup> December 2011, Western owned 1,869,149 shares in Swallowfield (16.53% of their issued share capital). The market value of the Company's holding in Swallowfield on 31<sup>st</sup> December 2011 was £2,187,000 (30<sup>th</sup> June 2011: £2,444,000) representing 18% of the Company's assets.

### ***Hartim Limited ("Hartim")***

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

Hartim's estimated results for the year ended 31<sup>st</sup> December 2011 showed a profit of £168,000 (2010 £540,000) after tax and before exceptional items. These results are explained above, are a credible achievement under challenging world wide conditions, and still represent a reasonable return on our investment.

At 31<sup>st</sup> December 2011, Western owned 49.5% of Hartim. The carrying value of the Company's investment in Hartim on 31<sup>st</sup> December 2011 was £1,300,000 (30<sup>th</sup> June 2011: £1,465,000) representing 11% of the Company'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 £2,160,000 on 31<sup>st</sup> December 2011 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. Further information about Finsbury Food is available on its website: [www.finsburyfoods.co.uk](http://www.finsburyfoods.co.uk).

I am a Non-Executive Director of Finsbury

### **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 31<sup>st</sup> December, 2011 was £290,000 (30<sup>th</sup> June 2011 - £775,000) which represents 3% 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. Further information about MWB is available on its website: [www.mwb.co.uk](http://www.mwb.co.uk).

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 0.35p payable on Thursday 12<sup>th</sup> April 2012 to shareholders on the register at the close of business on Friday 23<sup>rd</sup> March 2012.

## **Outlook**

World stock markets have rebounded considerably over the last six months, however we remain cautious about the outlook for 2012 and have positioned the general portfolio accordingly. It is the intention of the Board to reinvest the proceeds of the sale of our property into our General Portfolio, as and when buying opportunities arise.

**David C. Marshall**  
**Chairman**

## **Interim dividend**

The declared interim dividend is 0.35p per share (2010 – 0.30p) and will be paid on Thursday 12<sup>th</sup> April 2012 to those members registered at the close of business on Friday 23<sup>rd</sup> March 2012. Shareholders on the South African register will receive their dividend in South African Rand converted from sterling at the closing rate of exchange on Friday 24<sup>th</sup> February 2012.

### Salient dates for dividend

Last day to trade (SA)	Thursday 15 <sup>th</sup> March 2012
Shares trade ex dividend (SA)	Friday 16 <sup>th</sup> March 2012
Shares trade ex dividend (UK)	Wednesday 21 <sup>st</sup> March 2012
Record date (UK & SA)	Friday 23 <sup>rd</sup> March 2012
Pay date	Thursday 12 <sup>th</sup> April 2012

Shareholders are hereby advised that the exchange rate to be used will be GBP 1 = ZAR 12.04. This has been calculated as the average of the bid/ask spread at 16h00 (United Kingdom time) being the close of business on Friday 24<sup>th</sup> February 2012. Consequently the dividend of 0.35p will be equal to 4.214 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 Friday 16<sup>th</sup> March 2012 and Friday 23<sup>rd</sup> March 2012, both dates inclusive.

## Unaudited Consolidated Statement of Comprehensive Income

	Half year ended 31 <sup>st</sup> December		Year ended 30 <sup>th</sup> June
	2011	2010	2011
		Restated	
	£000	£000	£000
<b>Operating Income</b>			
Dividends received	102	97	251
Interest and sundry income	25	20	94
Profit on sales of investments, including provisions	-	255	266
	<u>127</u>	<u>372</u>	<u>611</u>
Management services income	199	245	398
	<u>326</u>	<u>617</u>	<u>1,009</u>
<b>Administrative expenses</b>			
Investment operations	(144)	(142)	(314)
Management services	(150)	(225)	(435)
Total administrative expenses	<u>(294)</u>	<u>(367)</u>	<u>(749)</u>
<b>Operating profit</b>	32	250	260
Unrealised changes in the carrying value of investments	(925)	1,828	1,995
Exceptional profit on sale of property	2,132	-	-
Interest payable	(6)	(53)	(110)
	<u>1,233</u>	<u>2,025</u>	<u>2,145</u>
Tax on result of ordinary activities	(102)	(5)	(19)
	<u>1,131</u>	<u>2,020</u>	<u>2,126</u>
<b>Profit on ordinary activities after taxation</b>	1,131	2,020	2,126
Minority interest	(23)	(15)	(8)
<b>Total comprehensive income - profit attributable to members of the holding company</b>	<u>1,108</u>	<u>2,005</u>	<u>2,118</u>
<b>Reconciliation of headline earnings</b>			
Earnings per share	3.6 p	6.4 p	6.8 p
Adjustment for unrealised changes in the carrying value of investments and exceptional items, net of tax	(3.6)p	(5.8)p	(6.4)p
Headline (loss)/earnings per share	<u>(0.0)p</u>	<u>0.6 p</u>	<u>0.4 p</u>
Interim dividend	0.35 p	0.30 p	0.30 p
Final dividend			0.30 p
Total in respect of the year			0.60 p

## Unaudited Consolidated Changes in Shareholders' Equity

	31 <sup>st</sup> December		30 <sup>th</sup> June
	2011	2010	2011
	£000	£000	£000
Total comprehensive income	1,108	2,005	2,118
Shares issued	-	-	2
Dividends paid to equity shareholders	(94)	(94)	(187)
	<u>1,014</u>	<u>1,911</u>	<u>1,849</u>
Equity shareholders' funds at start of period	9,189	7,256	7,340
Equity shareholders' funds at end of period	<u>10,203</u>	<u>9,167</u>	<u>9,189</u>

## Unaudited Consolidated Statement of Financial Position

	31 <sup>st</sup> December		30 <sup>th</sup> June
	2011	2010	2011
	£000	£000	£000
<b>Non-current assets</b>			
Tangible assets	-	372	367
Principle investments:-			
MWB Group Holdings Plc	290	880	775
Finsbury Food Group plc	2,160	1,840	1,700
Western Selection P.L.C.	2,987	3,262	3,458
	<u>5,437</u>	<u>6,354</u>	<u>6,300</u>
<b>Current assets</b>			
Listed investments	4,240	4,691	4,668
Trade and other receivables	348	269	260
Cash, bank balances and deposits	2,591	50	21
	<u>7,179</u>	<u>5,010</u>	<u>4,949</u>
<b>Total Assets</b>	<u>12,616</u>	<u>11,364</u>	<u>11,249</u>
<b>Capital and Reserves</b>			
Called up share capital	1,560	1,560	1,560
Share premium account	2,320	2,320	2,320
Revaluation reserve	-	330	330
Unrealised profits and losses on investments	(2,675)	(1,827)	(1,750)
Share of undistributed profits and losses of subsidiaries and associates	996	854	904
Company's retained realised profits and losses	8,002	5,930	5,825
<b>Equity shareholders funds</b>	<u>10,203</u>	<u>9,167</u>	<u>9,189</u>
<b>Trade and other payables</b> falling due within one year	2,298	2,098	1,968
<b>Non-controlling equity interest</b>	115	99	92
	<u>12,616</u>	<u>11,364</u>	<u>11,249</u>

## Unaudited Statement of Cash Flow

	Half year ended 31 <sup>st</sup> December		Year ended 30 <sup>th</sup> June
	2011	2010	2011
	£000	£000	£000
Profit before taxation	<u>1,233</u>	<u>2,025</u>	<u>2,145</u>
Adjustments for non-cash and non-operating expenses:-			
Depreciation charges	-	5	10
Unrealised changes in the carrying value of fixed asset investments	496	(1,919)	(1,995)
Exceptional profit on sale of property	(2,132)	-	-
Net interest paid	<u>6</u>	<u>53</u>	<u>110</u>
	<u>(1,630)</u>	<u>(1,861)</u>	<u>(1,875)</u>
Tax paid	<u>(102)</u>	<u>(5)</u>	<u>(19)</u>
Changes in working capital:-			
(Increase)/Decrease in debtors	(88)	24	34
Increase/(Decrease) in creditors	196	7	(6)
Decrease in current asset investments	429	139	285
	<u>537</u>	<u>170</u>	<u>313</u>
<b>Cash inflow on operating activities</b>	<u>38</u>	<u>329</u>	<u>564</u>
<b>Investment activities</b>			
Net proceeds from sale of property	<u>2,498</u>	<u>-</u>	<u>-</u>
<b>Cash flows from financing</b>			
Net interest paid	(6)	(53)	(110)
Shares issued	-	-	2
Drawdown/(Repayment) of loan facilities	134	(149)	(265)
Equity dividend paid	(94)	(94)	(187)
	<u>34</u>	<u>(296)</u>	<u>(560)</u>
<b>Net cash inflow/(outflow) from financing</b>	<u>34</u>	<u>(296)</u>	<u>(560)</u>
<b>Increase in cash and cash equivalents</b>	<u>2,570</u>	<u>33</u>	<u>4</u>
<b>Cash and cash equivalents at start of period</b>	<u>21</u>	<u>17</u>	<u>17</u>
<b>Cash and cash equivalents at end of period</b>	<u>2,591</u>	<u>50</u>	<u>21</u>

### 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 31<sup>st</sup> December</b>			
<b>2011</b>			
Cash at bank	21	2,570	2,591
Bank loan	(1,816)	(134)	(1,950)
	<u>(1,795)</u>	<u>2,436</u>	<u>641</u>
<b>2010</b>			
Cash at bank	17	33	50
Bank loan	(2,081)	149	(1,932)
	<u>(2,064)</u>	<u>182</u>	<u>(1,882)</u>
<b>Year ended 30<sup>th</sup> June 2011</b>			
Cash at bank	17	4	21
Bank loan	(2,081)	265	(1,816)
	<u>(2,064)</u>	<u>269</u>	<u>(1,795)</u>



## Market Value of General Portfolio

31<sup>st</sup> December 2011

	Current Value £000	%
Royal Dutch Shell	268	6.3
British American Tobacco	266	6.3
Nestlé	254	6.0
Imperial Tobacco	217	5.1
Schindler	215	5.1
Diageo	208	4.9
Pernod Ricard	207	4.9
Novartis	192	4.5
Unilever	190	4.5
L'Oreal	189	4.5
Henkel	189	4.5
Heineken	173	4.1
Investor	168	4.0
Beiersdorf	165	3.9
Total	156	3.8
Danone	162	3.8
ABB	161	3.8
BASF	157	3.7
Reckitt Benckiser	156	3.7
DSM	155	3.7
Carlsberg	132	3.1
BHB Billiton	131	3.1
Holcim	128	3.0
	<hr/> 4,240 <hr/>	<hr/> 100.0 <hr/>

### 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 30<sup>th</sup> June 2011 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 2011, International Financial Reporting Standards and comply with IAS34.
3. 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.