

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

**INTERIM STATEMENT  
31ST DECEMBER  
2014**

# 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

**Registered Office**  
6 Middle Street  
London, EC1A 7JA

27th February 2015

## 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.S., U.K. and European equities.

At 31st December 2014, we held two Strategic Investments in which we have board representation: our associated company Western Selection P.L.C. and Finsbury Food Group plc. Detailed comments on our Strategic Investments are given below.

### Results

Our net assets per share increased 6.9% to 47.8p at 31st December 2014 from 44.7p at 30th June 2014. Our Strategic Investments, adjusting for the additional investment in Finsbury Foods, increased in value by 13.4% during the period, reflecting a strong performance in both Western's and Finsbury Food's share prices. Our General Portfolio increased by 1%, compared with decreases of 2.6% in the FTSE 100 index, and 0.2% in the FTSEurofirst 300 Index over the half year. At the close of business on 26th February 2015, our net asset value was 49.9p per share.

The Group profit before tax for the half year was £1,017,000 compared to a profit of £385,000 for the same period last year, which reflects the unrealised profit arising from the strong performances in the Strategic Investments. Our profit after tax and minority interest was £810,000 (2013 - profit: £355,000) giving profits per share of 2.6p (2013 - 1.1p).

### 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 26<sup>th</sup> February 2014, Western announced a profit after tax of £336,000 for its half year to 31st December 2014 and a profit per share of 1.2p (2013: profit 1.9p). Western's net assets at market value were £16,647,000 equivalent to 93p per share, a decrease of 9% from 102p at 30th June 2014. Western has announced an interim dividend of 1.05p per share (prior year: 0.95p).

The market value of the Company's investment in Western at 31st December 2014 was £4,559,000 representing 31% of the net assets of Lonfin. The underlying value of the investment in Western, valuing Western's own investments at market value, was £7.3 million (30th June 2014: £8.0 million).

I am the Chairman of Western and Mr. Robotham is a Non-Executive Director. Western's principal core holdings are in Creston plc, Northbridge Industrial Services PLC, Swallowfield plc and Hartim Limited. Extracts from Western's announcement on its core holdings are set out below:

### **Creston plc ("Creston")**

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. Further information about Creston is available on their website: [www.creston.com](http://www.creston.com).

Creston's results for the half-year to 30th September 2014 show a profit after tax of £3,123,000 (2013: £1,148,000). Creston declared an interim dividend of 1.35p per share, an increase of 13% on the prior year.

Western owns 3,000,000 shares in Creston (5.0%) with a market value at 31st December 2014 of £3,840,000 (30th June 2014: £3,150,000), being 23% of Western's assets.

### **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's latest results, for the half year to 30th June 2014, showed profit after tax of £2,568,000 (2013: £1,949,000). Northbridge declared an interim dividend of 2.20p per share, an increase of 10% on the prior year.

Western owns 1,875,000 shares, representing 10% of Northbridge's share capital. The market value of this investment at 31st December 2014 was £7,406,000 (30th June 2014: £9,750,000), representing 44% of Western's 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](http://www.swallowfield.com).

Swallowfield announced its annual results to 30<sup>th</sup> June 2014 on 18<sup>th</sup> September 2014 showing a profit after tax of £157,000 compared to a loss of £910,000 (restated) for the comparable period last year. No dividends were received from Swallowfield during the year (2013 - £118,000).

Western owns 1,869,149 shares in Swallowfield (16.5% of their issued share capital). The market value of the Company's holding in Swallowfield on 31<sup>st</sup> December 2014 was £1,589,000 (30th June 2014: £1,813,000) representing 10% of the Company's assets.

Mr E.J. Beale is a Non-Executive Director of Swallowfield.

### **Hartim Limited (“Hartim”)**

Hartim offers a complete export sales, marketing and logistical service to a number of well known UK branded fast moving consumer goods companies. This investment is accounted for as an associated company.

Our share of Hartim’s estimated results for the period ended 31st December 2014 is a profit after tax of £23,000 (2013 - £161,000, plus an exceptional profit in 2013 of £167,000 due to the release of surplus provisions relating to the closure of its Australian subsidiary).

At 31st December 2014, Western owned 49.5% of Hartim. The carrying value of the Company’s equity investment in Hartim on 31st December 2014 was £591,000 (31st December 2013: £514,000) representing 3% of the Company’s assets. In addition, loans of £660,000 (equivalent to a further 4% of the Company’s assets) have been made to Hartim and its executive directors.

Mr L.H. Marshall and Mr. E.J. Beale are Non-Executive Directors of Hartim.

### **Finsbury Food Group plc (“Finsbury Food”)**

Finsbury Food is a leading manufacturer of cakes and bread to the major UK multiple grocers and recently acquired the Fletchers Group, suppliers of fresh and frozen bread and morning goods to the major UK multiple grocers and the UK foodservice sector. Further information about Finsbury Food is available on its website: [www.finsburyfoods.co.uk](http://www.finsburyfoods.co.uk).

The Group acquired a further 1,000,000 shares in Finsbury Food for £593,000 during the period and now holds 10,000,000 shares, representing 7.9% of their share capital. The Group interest has reduced from 13.7% at June 2014 following Finsbury’s acquisition of Fletchers Group for £56m by way of £35m of shares and new debt facilities. The market value of our holding was £5,900,000 on 31st December 2014 compared to a cost of £2,876,000; this represents 40% of the net assets of Lonfin.

Finsbury Food will be announcing their interim results on 23rd March 2015.

Mr E.J. Beale is a Non-Executive Director of Finsbury Food.

### **General Portfolio**

The list of investments included in the General Portfolio is set out at the end of this announcement. We continue to hold 29 investments having taken £67,000 out of the amount invested.

### **Dividends**

The Board has declared an interim dividend of 0.50p per share (prior year: 0.45p)

### **Outlook**

Despite only modest improvements in global economic conditions, world indices are at record levels. As a result the Board remains cautious about the remainder of the year.

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

## **Interim Dividend**

The declared interim dividend is 0.5p per share (ZAR 8.86735 cents) (prior year: 0.45p) and will be paid on Friday, 10th April 2015 to those members registered at the close of business on Friday 20th March 2015 (SA and UK). Shareholders on the South African register will receive their dividend in South African Rand converted from sterling at the closing rate of exchange on 26th February 2015.

The issued number of shares as at the declaration date is 31,207,479.

The Company's UK Income Tax reference number is 948/L32120.

## **Salient dates for dividend**

Last day to trade (SA)	Friday, 13th March 2015
Shares trade ex dividend (SA)	Monday, 16th March 2015
Shares trade ex dividend (UK)	Thursday, 19th March 2015
Record date (SA and UK)	Friday, 20th March 2015
Pay date	Friday, 10th April 2015

Shareholders are hereby advised that the exchange rate to be used will be GBP 1 = ZAR 17.7347. This has been calculated as the average of the bid/ask spread at 16.00 (United Kingdom time) being the close of business on 26th February 2015. Consequently, the dividend of 0.50p will be equal to ZAR 8.86735 cents.

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

Shareholders registered on the South African register are reminded that the dividend withholding tax will be withheld from the gross final dividend amount of ZAR 8.86735 cents per share at a rate of 15%, unless a shareholder qualifies for an exemption; shareholders registered on the South African register who do not qualify for an exemption will receive a net dividend of ZAR 7.53725 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 payment out 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 dividend withholding tax to Computershare Investor Services (Pty) Limited, Tel: +27 11 373-0004.

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between the registers in London and South Africa will take place between Monday, 16<sup>th</sup> March 2015 and Friday 20<sup>th</sup> March 2015 all dates inclusive.

## Unaudited Consolidated Statement of Comprehensive Income

	Half year ended 31st December		Year ended 30th June
	2014	2013	2014
	£000	£000	£000
<b>Operating Income</b>			
Dividends received	197	173	393
Rental and other income	41	41	82
Profit on sales of investments, including provisions	91	205	205
	<u>329</u>	<u>419</u>	<u>680</u>
Management services income	108	93	205
	<u>437</u>	<u>512</u>	<u>885</u>
<b>Administrative expenses</b>			
Investment operations	(171)	(158)	(330)
Management services	(111)	(173)	(321)
Total administrative expenses	<u>(282)</u>	<u>(331)</u>	<u>(651)</u>
<b>Operating profit</b>	155	181	234
Unrealised changes in the carrying value of investments	879	206	(339)
Interest payable	(17)	(2)	(25)
	<u>1,017</u>	<u>385</u>	<u>(130)</u>
<b>Profit on ordinary activities before taxation</b>	1,017	385	(130)
Tax on result of ordinary activities	(188)	(45)	71
	<u>829</u>	<u>340</u>	<u>(59)</u>
<b>Profit on ordinary activities after taxation</b>	829	340	(59)
Non-controlling interest	(19)	15	16
	<u>810</u>	<u>355</u>	<u>(43)</u>
<b>Total comprehensive income - profit attributable to members of the holding company</b>	810	355	(43)
<b>Reconciliation of headline earnings</b>			
Earnings/(Loss) per share	2.6p	1.1p	(0.1)p
Adjustment for unrealised changes in the carrying value of investments and exceptional items, net of tax	(2.8)p	(0.6)p	0.8p
	<u>(0.2)p</u>	<u>0.5p</u>	<u>0.7p</u>
Headline (loss)/earnings per share	(0.2)p	0.5p	0.7p
Interim dividend	0.50p	0.45p	0.45p
Final dividend			0.45p
Total in respect of the year			<u>0.90p</u>

## Unaudited Consolidated Changes in Shareholders' Equity

	31st December		30th June
	2014	2013	2014
	£000	£000	£000
Total comprehensive income attributable to members	810	355	(43)
Dividends paid to equity shareholders	(141)	(125)	(265)
	<u>669</u>	<u>230</u>	<u>(308)</u>
Equity shareholders' funds at start of period	13,950	14,258	14,258
Equity shareholders' funds at end of period	<u>14,619</u>	<u>14,488</u>	<u>13,950</u>

## Unaudited Consolidated Statement of Financial Position

	31st December		30th June
	2014	2013	2014
	£000	£000	£000
<b>Non-current assets</b>			
Tangible assets	35	2	39
Principal investments:-			
Finsbury Food Group Plc	5,900	5,400	4,860
Western Selection P.L.C.	4,559	4,323	4,166
	<u>10,494</u>	<u>9,725</u>	<u>9,065</u>
<b>Current assets</b>			
Listed investments	5,899	5,775	5,927
Trade and other receivables	252	254	245
Cash, bank balances and deposits	83	123	39
	<u>6,234</u>	<u>6,152</u>	<u>6,211</u>
<b>Total Assets</b>	<u>16,728</u>	<u>15,877</u>	<u>15,276</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
Unrealised profits and losses on investments	5,280	5,037	4,585
Share of undistributed profits and losses of subsidiaries and associates	(125)	(387)	(294)
Company's retained realised profits and losses	5,584	5,958	5,779
	<u>14,619</u>	<u>14,488</u>	<u>13,950</u>
<b>Equity shareholders funds</b>			
Trade and other payables falling due within one year	1,729	1,067	1,150
Deferred taxation	296	255	111
Non-controlling equity interest	84	67	65
	<u>16,728</u>	<u>15,877</u>	<u>15,276</u>
<b>Net assets per share</b>	<b>46.8p</b>	46.4p	44.7p
<b>Number of shares in issue</b>	31,207,479	31,207,479	31,207,479

## Unaudited Consolidated Statement of Cash Flow

	Half year ended		Year ended
	31st December		30th June
	2014	2013	2014
	£000	£000	£000
<b>Profit/(Loss) before taxation</b>	<b>1,017</b>	385	(130)
Adjustments for non-cash and non-operating expenses:-			
Depreciation charges	4	1	3
Unrealised changes in the carrying value of fixed asset investments	(879)	(206)	339
Net interest paid	17	2	25
	<b>(858)</b>	(203)	367
<b>Taxation paid</b>	<b>(4)</b>	(3)	(22)
Changes in working capital:-			
(Increase)/Decrease in debtors	(8)	11	11
(Decrease)/Increase in creditors	(244)	69	23
Decrease/(Increase) in current asset investments	67	(300)	(272)
	<b>(185)</b>	(220)	(238)
<b>Cash outflow on operating activities</b>	<b>(30)</b>	(41)	(39)
<b>Investment activities</b>			
Purchase of additional shares in strategic investment	(593)	-	-
<b>Net cash outflow from investment activities</b>	<b>(593)</b>	-	-
<b>Cash flows from financing</b>			
Net interest paid	(17)	(2)	(25)
Drawdown of loan facilities	825	175	275
Equity dividends paid	(141)	(125)	(265)
<b>Net cash inflow/(outflow) from financing</b>	<b>667</b>	48	(15)
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>44</b>	7	(77)
<b>Cash and cash equivalents at start of period</b>	<b>39</b>	116	116
<b>Cash and cash equivalents at end of period</b>	<b>83</b>	123	39



**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 2014</b>			
Cash at bank	<b>39</b>	<b>44</b>	<b>83</b>
Bank loan	<b>(650)</b>	<b>(825)</b>	<b>(1,475)</b>
	<b><u>(611)</u></b>	<b><u>(781)</u></b>	<b><u>(1,392)</u></b>
<b>2013</b>			
Cash at bank	116	7	123
Bank loan	<b>(650)</b>	<b>(175)</b>	<b>(825)</b>
	<b><u>(534)</u></b>	<b><u>(168)</u></b>	<b><u>(702)</u></b>
<b>Year ended 30th June 2014</b>			
Cash at bank	116	(77)	39
Bank loan	<b>(650)</b>	-	<b>(650)</b>
	<b><u>(534)</u></b>	<b><u>(77)</u></b>	<b><u>(611)</u></b>

**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 2014 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 2014, 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.

## Composition of General Portfolio

31st December 2014

	Value £000	%
Nestle	322	5.5
L'Oreal	322	5.5
British American Tobacco	305	5.2
Investor	304	5.1
Henkel	292	4.9
Diageo	271	4.6
Heineken	265	4.5
Reckitt Benckiser	265	4.5
Pernod-Ricard	255	4.3
Schindler-Holdings	252	4.3
Novartis	247	4.2
Imperial Tobacco	238	4.0
Philip Morris International	232	3.9
Unilever	231	3.9
Exxon	213	3.6
Procter & Gamble	194	3.3
BASF	193	3.3
Chevron	189	3.2
ABB	181	3.1
Danone	170	2.9
Holcim	169	2.9
Linde	145	2.5
Givaudan	144	2.4
Anheuser Busch Inbev	126	2.1
LVMH	106	1.8
3M	96	1.6
Glencore International	90	1.5
United Technologies	72	1.2
Hermes International	10	0.2
	<u>5,899</u>	<u>100.0</u>