

London Finance & Investment Group PLC

(‘Lonfin’ or the ‘Company’)

Unaudited Condensed Interim Financial statements for the six months ended 31 December 2021 and dividend declaration

The Company today announces its unaudited interim results and interim dividend declaration for the six months ended 31 December 2021 (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 while maintaining a progressive dividend policy. 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. The Company acknowledges the increased focus on Environmental, Social and Governance (ESG) issues in recent years and the benefits of socially responsible long-term investment.

At 31 December 2021, we held two Strategic Investments: Western Selection PLC and Finsbury Food Group Plc. Detailed comments on our Strategic Investments are given below.

Results

Our net assets per share increased by 4.5% to 63.2p at 31 December 2021 from 60.5p at 30 June 2021. We sold 1,500,000 Finsbury Food shares in the period and made some changes to the General Portfolio Investments, realising cash of £2,842,000 and net profits of £1,536,000 compared to the cost of these investments. The value of our General Portfolio increased by 6.3% compared with increases of 4.6% and 6.0% in the FTSE 100 index and the FTSEurofirst 300 Index respectively, over the half year. At the close of business on 31 January 2022, our net asset value was 61.8p per share.

The Group profit before tax for the half year was £561,000 including revaluation of General Portfolio investments only (2020 - £848,000). Our total comprehensive profit after tax and minority interest was £1,024,000 (2020: £1,689,000) including revaluation of all investments, resulting in earnings per share of 1.2p (2020: earnings per share 2.1p).

Strategic Investments

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

During the period we sold 1,500,000 Finsbury Food shares and at 31 December 2021, Lonfin held 4,500,000 Finsbury shares, representing 3.45% of Finsbury’s issued share capital. The market value of the holding was £4,500,000 at 31 December 2021 (2020 - £4,560,000) and represented approximately 23% (2020 – 26%) of Lonfin’s net assets. In January 2022, we sold a further 200,000 Finsbury shares.

On 20 September 2021, Finsbury announced profits on continuing operations after tax of £13,645,000 for the 52 weeks ended 26 June 2021 (2020: profits on continuing operations after tax of £107,000).

A dividend of £120,000 was received from Finsbury on 21 December 2021.

Western Selection PLC (“Western”)

The Group owns 7,860,515 Western shares, representing 43.8% of Western’s issued share capital.

On 17 February 2022, Western announced profit before tax of £117,000 for the half year to 31 December 2021 (2020: loss before tax of £261,000) and earnings per share of 0.64p (2020: loss per share of 1.5p). Western also announced that it was not recommending the payment of an interim dividend (2020: £Nil).

The market value of the Company’s investment in Western at 31 December 2021 was £2,987,000 representing 15% of the net assets of Lonfin (30 June 2021: £2,712,000). Our share of the net assets of Western, including the value of Western’s investments at market value, was £5,310,000 (30 June 2021 - £4,396,000).

I am the Chairman of Western and Edward Beale is a non-executive director.

Western’s main Core Holdings are Northbridge Industrial Services Plc and Kinovo Plc.

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 load banks, transformers and oil tools. Further information about Northbridge, which is admitted to trading on AIM, is available on its website: www.northbridgegroup.co.uk

Northbridge’s latest results, for the half year to 30 June 2021, showed a profit after tax of £77,000 for the period (2020: loss after tax of £7,295,000). No interim dividend payment was recommended (2020: £Nil).

During the period we sold 495,500 Northbridge shares and subsequent to the period end we sold a further 1,427,500 Northbridge shares. At 28 January 2022, Western owned 1,377,000 Northbridge shares which represented 4.74% of Northbridge’s issued share capital. At 31 December 2021, the market value of this investment was £4,712,000 (30 June 2021: £3,828,000), representing 38.8% of Western’s net assets.

Kinovo Plc (“Kinovo”)

Kinovo is an award-winning provider of gas and electrical installation, maintenance and general building services to local authority and housing associations predominantly in London and South East England. It has a strategy of growing organically and by acquisition. Further information about Kinovo, which is admitted to trading on AIM, is available on its website: www.kinovopl.com.

Kinovo announced its interim results for the six-month period to 30 September 2021 on 7 December 2021 showing a profit after tax of £834,000 (2020: loss after tax - £361,000). Western received a final dividend of £37,500 on 22 September 2021. No interim dividend has been recommended by Kinovo during the current financial year.

Western owns 7,500,000 Kinovo shares, which represents 12.1% of Kinovo’s issued share capital. The market value of this investment at 31 December 2021 was £3,075,000 (30 June 2021: £2,775,000) representing 25.3% of Western’s net assets.

General Portfolio

Lonfin’s general 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 31 December 2021, the number of holdings in the General Portfolio was 38 (2020: 33).

The Company repaid the full amount owed under its loan facility and therefore had unused borrowing facilities of £1,900,000 at 31 December 2021 which can be drawn on to fund additional investment.

Outlook

We expect to see a rotation out of growth and tech stocks and into value stocks which should benefit our portfolio positioning. We remain exposed to general market movements and the overall direction of the market in the short term remains unclear. We are ungeared and have the opportunity to take advantage of any weaknesses in the share prices of quality international stocks.

Accordingly, the Board remains cautious at this time and shall continue to monitor equity and currency markets for potential future volatility that has the potential to impact further on the value of our investments.

The Board has declared an interim dividend of 0.55p per share (2020: 0.55p).

18 February 2022

D.C. MARSHALL
Chairman

Interim Dividend

The Board recommends an interim gross dividend of 0.55p per share (11.25620 SA cents) (2020: 0.55p) which will be paid on Thursday 24 March 2022 to those members registered at the close of business on Friday 11 March 2022 (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 Monday 14 February 2022, being GBP 1 = SA Rand 20.4658.

JSE Disclosure Requirements

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, 11 March 2021. All other shareholders are exempt.

- The number of shares in issue now and as at the interim dividend declaration date is 31,207,479;
- The interim gross dividend is 11.25620 SA cents;
- The interim net dividend is 9.00496 SA 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 8 March 2022
Shares trade ex-dividend (SA)	Wednesday 9 March 2022
Shares trade ex-dividend (UK)	Thursday 10 March 2022
Record date (SA and UK)	Friday 11 March 2022
Dividend Payment date	Thursday 24 March 2022

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

Shareholders registered on the South African register are advised that the dividend withholding tax will be withheld from the gross final dividend amount of 11.25620 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 9.00496 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 in South Africa. Tel: +27 11 370 5000.

Share certificates may not be de-materialised or re-materialised between Wednesday 9 March 2021 and Friday 11 March 2021, both dates inclusive. Shares may not be transferred between the registers in London and South Africa during this period either.

Statement of Directors' responsibility

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

- the unaudited interim results for the six months ended 31 December 2021, have been prepared in accordance with IAS 34, 'Interim financial reporting', 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 PLC, the Company Secretary, at 1 Ely Place, London EC1N 6RY

This announcement contains information that was previously classified as inside information for the purposes of the UK Market Abuse Regulation. Upon the publication of this announcement, this information is considered to be in the public domain.

The directors of the Company accept responsibility for the contents of this announcement.

For further information, please contact:

London Finance & Investment Group PLC +44(0) 20 7796 9060

JSE Sponsor to the Company:

**Questco Corporate Advisory Proprietary
Limited**

London Finance & Investment Group PLC

Condensed Consolidated Statement of Total Comprehensive Income

	Notes	Half year ended 31 December		Year Ended 30 June
		2021	2020	2021
		£000	£000	£000
Operating Income				
Dividends receivable		290	119	326
Rental and other income		75	75	154
(Loss)/Profit on sales of General Portfolio investments	6	(97)	61	245
Management service fees		169	159	304
		<u>437</u>	<u>414</u>	<u>1,029</u>
Administrative expenses				
Investment operations		(223)	(203)	(392)
Management services		(192)	(196)	(412)
Total administrative expenses		<u>(415)</u>	<u>(399)</u>	<u>(804)</u>
Operating profit		<u>22</u>	<u>15</u>	<u>225</u>
Unrealised changes in the carrying value of General Portfolio investments	6	543	855	1,651
Other income		-	-	36
Interest payable		(4)	(22)	(39)
		<u>561</u>	<u>848</u>	<u>1,873</u>
Profit before taxation		<u>561</u>	<u>848</u>	<u>1,873</u>
Tax expense		(159)	(167)	(337)
		<u>402</u>	<u>681</u>	<u>1,536</u>
Profit after taxation		<u>402</u>	<u>681</u>	<u>1,536</u>
Non-controlling interest		(23)	(12)	(26)
Profit attributable to shareholders		<u>379</u>	<u>669</u>	<u>1,510</u>
Other comprehensive income –				
Profit on sales of Strategic Investments		38	-	-
Unrealised changes in the carrying value of Strategic Investments		658	1,020	1,911
Corporation tax expense on these items		(51)	-	-
		<u>645</u>	<u>1,020</u>	<u>1,911</u>
Total other comprehensive income		<u>645</u>	<u>1,020</u>	<u>1,911</u>
Total comprehensive income attributable to shareholders		<u>1,024</u>	<u>1,689</u>	<u>3,421</u>
Basic, Diluted and Headline earnings per share		<u>1.2p</u>	<u>2.1p</u>	<u>4.8p</u>
Interim dividend		<u>0.55p</u>	<u>0.55p</u>	<u>0.55p</u>
Final dividend		-	-	0.60p
Total in respect of the period		<u>0.55p</u>	<u>0.55p</u>	<u>1.15p</u>

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Condensed Consolidated Statement of Changes in Shareholders' Equity

	Ordinary Share Capital	Share Premium Account	Unrealised Profits and Losses on Investments	Share of Retained profits and losses of Subsidiaries	Retained Realised Profits & Losses	Total	Non- Controlling Interests	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000
Period ended 31 Dec 2021								
Balances at 1 July 2021	1,560	2,320	4,530	4,734	5,749	18,893	129	19,022
Profit for the Period	-	-	(253)	142	490	379	23	402
Other Comprehensive Income	-	-	658	(13)	-	645	-	645
Transfer of gain on disposal of investments at fair value through other comprehensive income to retained earnings	-	-	(942)	942	-	-	-	-
Total comprehensive income	-	-	(537)	1,071	490	1,024	23	1,047
Dividends paid to shareholders	-	-	-	-	(187)	(187)	-	(187)
Balances at 31 Dec 2021	1,560	2,320	3,993	5,805	6,052	19,730	152	19,882

	Ordinary Share Capital	Share Premium Account	Unrealised Profits and Losses on Investments	Share of Retained profits and losses of Subsidiaries	Retained Realised Profits & Losses	Total	Non- Controlling Interests	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000
Period ended 31 Dec 2020								
Balances at 1 July 2020	1,560	2,320	1,708	4,712	5,498	15,798	103	15,901
Profit for the Period	-	-	492	10	167	669	12	681
Other Comprehensive Income	-	-	1,020	-	-	1,020	-	1,020
Total comprehensive income	-	-	1,512	10	167	1,689	12	1,701
Dividends paid and total transactions with shareholders	-	-	-	-	(187)	(187)	-	(187)
Balances at 31 Dec 2020	-	-	-	-	33	33	-	33

London Finance & Investment Group PLC

Condensed Consolidated Statement of Financial Position

	Notes	31 December 2021	2020	30 June 2021
		£000	£000	£000
Non-current assets				
Property, plant and equipment		17	26	22
Right of use of leased offices		113	481	145
Investments at fair value through other comprehensive income		7,487	7,311	8,202
		<u>7,617</u>	<u>7,818</u>	<u>8,369</u>
Current assets				
Listed investments at fair value through profit or loss	6	12,849	10,898	12,081
Trade and other receivables		183	128	125
Cash and cash equivalents		517	423	309
		<u>13,549</u>	<u>11,449</u>	<u>12,515</u>
Current liabilities				
Trade and other payables falling due within one year		(141)	(157)	(228)
Lease liability		(70)	(53)	(71)
Corporation tax liability		(51)	-	-
		<u>(262)</u>	<u>(210)</u>	<u>(299)</u>
Net Current Assets		<u>13,287</u>	<u>11,239</u>	<u>12,216</u>
Non-current liabilities				
Lease liability		(73)	(491)	(107)
Borrowings	5	-	(450)	(650)
Deferred taxation		(949)	(668)	(806)
Total Assets less Total Liabilities		<u>19,882</u>	<u>17,448</u>	<u>19,022</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		3,993	3,220	4,530
Share of retained profits and losses of subsidiaries		5,805	4,722	4,734
Company's retained realised profits and losses		6,052	5,511	5,749
Total Capital and Reserves attributable to owners		<u>19,730</u>	<u>17,333</u>	<u>18,893</u>
Non-controlling equity interest		152	115	129
		<u>19,882</u>	<u>17,448</u>	<u>19,022</u>
Net assets per share		63.2	55.5p	60.5p
Number of shares in issue		31,207,479	31,207,479	31,207,479

Condensed Consolidated Statement of Cash Flows

	Half year ended 31 December		Year ended 30 June
	2021	2020	2021
	£000	£000	£000
Cash flows from operating activities			
Profit before tax	561	848	1,873
Adjustments for non-cash items-			
Finance expense	4	22	39
Depreciation charges	5	5	10
Depreciation on right of use of asset	32	31	62
Lease adjustment	-	-	(36)
Unrealised changes in the fair value of General Portfolio investments	(543)	(855)	(1,651)
Loss/(Profit) on sales of General Portfolio investments	97	(61)	(245)
(Increase)/Decrease in trade and other receivables	(58)	38	41
(Decrease)/Increase in trade and other payables	(74)	(67)	10
Taxes paid	(16)	(20)	(51)
Net cash inflow/(outflow) from operating activities	8	(59)	52
Cash flows from investment activity			
Acquisition of current investments	(1,753)	(856)	(1,706)
Proceeds from disposal of current investments	1,431	821	1,469
Proceeds from disposal of strategic investments	1,411	-	-
Net cash inflow/(outflow) from investment activity	1,089	(35)	(237)
Cash flows from financing			
Interest paid	(12)	(8)	(19)
Interest paid on lease liabilities	(4)	(14)	(28)
Repayment of lease liabilities	(36)	(26)	(52)
Equity dividends paid	(187)	(187)	(326)
Unclaimed dividends	-	33	-
Net (repayment)/drawdown of loan facilities	(650)	450	650
Net cash (outflow)/inflow from financing	(889)	248	225
Increase in cash and cash equivalents	208	154	40
Cash and cash equivalents at the beginning of the period/year	309	269	269
Cash and cash equivalents at end of the period/year	517	423	309

Notes to the condensed financial statements

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 30 June 2021 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.

This report has been prepared in accordance with the accounting policies contained in the Group's 2021 Annual Report and Accounts and International Financial Reporting Standards, and complies with IAS 34, 'Interim financial reporting' as adopted by the EU. The financial information contained in this report has not been audited or reviewed by the Company's auditors.

The Group has only one operating lease and the right of use of asset and lease liability have been estimated based on 5% discount factor and the cash flow predicted over 5-year lease life. The Income statement has also been affected with additional depreciation and interest charges which replace the rent costs.

2. Earnings per share

Earnings per share are based on the profit on ordinary activities after taxation and non-controlling interests of £379,000 (2020: £669,000) and on 31,207,479 shares (2020: 31,207,479 shares) being the weighted average of number of shares in issue during the period. 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 of £379,000 (2020: £669,000) and on 31,207,479 shares (2020: 31,207,479 shares) being the weighted average of number of shares in issue during the period.

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 and its performance over the remaining six months of the financial year are disclosed on pages 8-9 of the Group's 2021 Annual Report and Accounts. The key risks and mitigating activities have not changed from these:

- Stock market volatility, and economic uncertainty;
- Possible volatility of share prices of Strategic Investments and General Portfolio investments;
- Dividend income;
- Ability to make strategic investments; and
- Liquidity of equity investments in strategic investments

5. Reconciliation of net cash flow to movement in net debt

	At start of Period £000	Cash Flow £000	Non-cash Movement £000	At end of Period £000
Half year ended				
31 December 2021				
Cash at bank	309	208	-	517
Borrowings	(650)	650	-	-
Lease liability	(178)	40	(5)	(143)
Net cash and cash equivalents	(519)	898	(5)	374
31 December 2020				
Cash at bank	269	154	-	423
Borrowings	-	(450)	-	(450)
Lease liability	(571)	40	(13)	(544)
Net cash and cash equivalents	(302)	(256)	(13)	(571)
30 June 2021				
Cash at bank	269	40	-	309
Borrowings	-	(650)	-	(650)
Lease liability	(571)	80	313	(178)
Net cash and cash equivalents	(302)	(530)	313	(519)

6. Listed investments at fair value through profit and loss ("General Portfolio")

	Half year ended 31 December		Year ended 30 June
	2021	2020	2021
	£000	£000	£000
Cost	6,975	6,038	6,038
Opening unrealised gains	5,106	3,910	3,910
Balance brought forward	12,081	9,948	9,948
Purchases	1,753	856	1,706
Sales proceeds	(1,431)	(821)	(1,469)
Realised gain on disposal	556	277	700
Net unrealised gains transferred to realised gain on disposal	(653)	(216)	(455)
Unrealised fair value gains in the period	543	855	1,651
Balance carried forward	12,849	10,898	12,081

Composition of General Portfolio

	Value	
	£000	%
Procter & Gamble	546	4.2
Nestle	519	4.0
Diageo	515	4.0
Pernod Ricard	511	4.0
AP Moeller-Maersk	503	3.9
L'Oreal	473	3.7
Givaudan	467	3.6
Compagnie Financiere Richemont	461	3.6
LVMH Moet Hennessey	449	3.5
Heineken Holding	448	3.5
Schindler-Holdings	428	3.3
Unilever	398	3.1
BHP Group	374	2.9
Phillip Morris International	359	2.8
Deutsche Post	356	2.8
Linde	334	2.6
Reckitt Benckiser Group	311	2.4
Antofagasta	308	2.4
Rio Tinto	302	2.3
Exxon Mobil Corp	299	2.3
Royal Dutch Shell B	292	2.3
3M	290	2.3
BAE Systems	275	2.1
British American Tobacco	268	2.1
Becton Dickinson	261	2.0
Chemours	259	2.0
PayPal	256	2.0
FedEx	254	2.0
Caterpillar	253	2.0
Credit Agricole	250	1.9
Holcim	249	1.9
Bank of America	249	1.9
Otis Worldwide Corp	246	1.9
Legal & General	229	1.8
Imperial Brands	226	1.8
BASF	218	1.7
Anheuser Busch Inbev	213	1.7
M&G	200	1.6
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