

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

**INTERIM STATEMENT
31ST DECEMBER
2012**

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

30 City Road
London, EC1Y 2AG

28th February 2013

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 31st December 2012, 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 13% to 35.6p at 31st December 2012 from 31.6p at 30th June 2012. Our Strategic Investments increased in value by 23.5%, following a strong performance in Finsbury Food's share price over the period. Our General Portfolio increased by 4%, compared with increases of 6% in the FTSE 100 index, and 11% in the FTSEurofirst 300 index over the half year. At the close of business on 15th February 2013, our net asset value was 39.8p.

The Group profit before tax for the half year was £1,389,000 compared to a profit of £1,233,000 for the same period last year, which included an exceptional profit on a property disposal of £2,132,000. Our profit after tax and minority interest was £1,359,000 (2011 profit: £1,108,000) giving profits per share of 4.4p (2011 – 3.6p).

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 28th February 2013, Western announced a profit after tax of £78,000 for its half year to 31st December 2012 and a profit per share of 0.4p (2010: loss 0.5p). Western's net assets at market value were £12,572,000 equivalent to 70p per share, a decrease of 3% from 72p at 30th June 2012. Western has announced an increased interim dividend of 0.85p per share, an increase of 6% on the prior year.

The market value of the Company's investment in Western at 31st December 2012 was £2,987,000 representing 27% 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 (30th June 2012: £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. Further information about Creston is available on its website: www.creston.com.

Creston's results for the half-year to 30th September 2012 show a profit after tax of £8,259,000 including a deferred consideration write-back of £3,450,000 (2011: £2,821,000). Creston declared an interim dividend of 1.0p per share, an increase of 20% on the prior year.

Western owns 3,000,000 shares in Creston (4.9%) with a market value at 31st December 2012 of £2,370,000 (30th June 2012: £1,650,000), being 19% 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 its website: www.northbridgegroup.co.uk.

Northbridge's latest results, for the half year to 30th June 2012, showed profit after tax of £1,027,000 (2011: £1,656,000). Northbridge declared an interim dividend of 1.85p per share, an increase of 6% on the prior year.

Western owns 2,200,000 shares, representing 14.2% of Northbridge's share capital. The value of this investment has been volatile and at 31st December 2012 was £5,170,000 (30th June 2012: £5,984,000), representing 41% of Western's assets.

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's latest results, for the year to 30th June 2012, showed profit after tax of £1,263,000 (2011: £1,082,000). Swallowfield declared a final dividend of 4.1p, unchanged on the prior year. Swallowfield has warned that full year results for the year ending 30th June 2013 will be below last year's results.

At 31st December 2012, Western owned 1,869,149 shares in Swallowfield (16.5% of their issued share capital). The market value of the Company's holding in Swallowfield on 31st December 2012 was £1,925,000 (30th June 2012: £2,187,000) representing 15% of the Company's assets.

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 was acquired

on 28th March 2009 and is accounted for as an associated company.

Hartim's estimated results for the half year ended 31st December 2012 showed a loss of £1,000 (2011 - £220,000) after tax and exceptional items. These results include losses incurred in turning round its Australian distributor acquired out of administration last year.

At 31st December 2012, Western owned 49.5% of Hartim. The carrying value of the Company's investment in Hartim on 31st December 2012 was £1,123,000 (30th June 2012: £1,124,000) representing 9% of the Company's assets.

Finsbury Food Group plc ("Finsbury Food")

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. On 28th February 2012, Finsbury Food announced the sale of its gluten-free businesses to its joint venture partner, Genius Foods Limited, for £21 million. Further information about Finsbury Food is available on its website: www.finsburyfoods.co.uk.

The Group increased its holding in Finsbury Food in November by 958,000 shares, at a cost of £366,000, to 8,958,000 shares, representing 12.5% of their share capital. The market value of our holding was £3,359,000 on 31st December 2012 compared to a cost of £2,259,000; this represents 30% of the net assets of Lonfin.

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 shares were suspended following that company entering administration. Full provision against the cost of this investment has now been made, an additional amount of £70,000 being made in the period.

General Portfolio

The list of investments included in the General Portfolio is set out at the end of this announcement. There have been very few changes to the portfolio in the period and we retain cash balances while waiting for an opportunity to acquire undervalued stocks.

Dividends

The Board has declared an interim of 0.4p payable on Friday 12th April 2013 to shareholders on the register at the close of business on Friday 22nd March 2013.

Outlook

Global stock markets have had a very strong start to the New Year, but the Board are cautious given the disconnect between the performance of equities and general economic conditions. However, it is the intention of the Board to get fully invested as and when buying opportunities arise.

David C. Marshall
Chairman

Interim dividend

The declared interim dividend is 0.4p per share (ZAR 5.36424 cents) (2011 - 0.35p) and will be paid on Friday 12th April 2013 to those members registered at the close of business on Friday 22nd March 2013. Shareholders on the South African register will receive their dividend in South African Rand converted from sterling at the closing rate of exchange on 27th February 2013.

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

Salient dates for dividend

| | |
|-------------------------------|---------------------------------------|
| Last day to trade (SA) | Thursday 14 th March 2013 |
| Shares trade ex dividend (SA) | Friday 15 th March 2013 |
| Shares trade ex dividend (UK) | Wednesday 20 th March 2013 |
| Record date (UK & SA) | Friday 22 nd March 2013 |
| Pay date | Friday 12 th April 2013 |

Shareholders are hereby advised that the exchange rate to be used will be GBP 1 = ZAR 13.4106. This has been calculated as the average of the bid/ask spread at 16.00 (United Kingdom time) being the close of business on 27th February 2013. Consequently the dividend of 0.4p will be equal to 5.36424 South African cents.

Since the introduction on 1st April 2012 of a new dividend withholding tax in South Africa, the JSE Listings Requirements require disclosure of additional information in relation to any dividend payments. Shareholders registered on the Johannesburg register are therefore advised that the new dividend withholding tax will be withheld from the gross final dividend amount of 5.36424 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 4.5596 SA cents per share. The Company, as a non-resident of South Africa, was not subject to the secondary tax on companies (STC) applicable before 1st April 2012, and accordingly, no STC credits are available for set-off against the dividend withholding tax liability on the final net dividend amount. 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 new 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 Friday 15th March 2013 and Friday 22nd March 2013, both dates inclusive.

Unaudited Consolidated Statement of Comprehensive Income

| | Half year ended 31 st December | | Year ended 30 th June |
|--|--|--------------|-------------------------------------|
| | 2012 | 2011 | 2012 |
| | £000 | £000 | £000 |
| Operating Income | | | |
| Dividends received | 106 | 102 | 265 |
| Interest and sundry income | - | 25 | 74 |
| Profit/(Losses) on sales of investments, including provisions | 131 | - | (32) |
| | <u>237</u> | <u>127</u> | <u>307</u> |
| Management services income | 134 | 199 | 295 |
| | <u>371</u> | <u>326</u> | <u>602</u> |
| Administrative expenses | | | |
| Investment operations | (148) | (144) | (301) |
| Management services | (146) | (150) | (337) |
| Total administrative expenses | <u>(294)</u> | <u>(294)</u> | <u>(638)</u> |
| Operating profit/(loss) | 77 | 32 | (36) |
| Unrealised changes in the carrying value of investments | 1,321 | (925) | (1,134) |
| Exceptional profit on sale of property | - | 2,132 | 2,137 |
| Interest payable | (9) | (6) | (27) |
| Profit on ordinary activities before taxation | 1,389 | 1,233 | 940 |
| Tax on result of ordinary activities | (34) | (102) | (65) |
| Profit on ordinary activities after taxation | 1,355 | 1,131 | 875 |
| Non-controlling interest | 4 | (23) | (6) |
| Total comprehensive income - profit attributable to members of the holding company | <u>1,359</u> | <u>1,108</u> | <u>869</u> |
| Reconciliation of headline earnings | | | |
| Earnings per share | 4.4 p | 3.6 p | 2.8 p |
| Adjustment for unrealised changes in the carrying value of investments and exceptional items, net of tax | (4.3)p | (3.6)p | 3.6 p |
| Headline (loss)/earnings per share | <u>0.1 p</u> | <u>0.0 p</u> | <u>6.4 p</u> |
| Interim dividend | 0.4 p | 0.35 p | 0.35 p |
| Final dividend | - | - | 0.35 p |
| Total in respect of the year | - | - | 0.70 p |

Unaudited Consolidated Changes in Shareholders' Equity

| | 31 st December | | 30 th June |
|---|---------------------------|---------------|-----------------------|
| | 2012 | 2011 | 2012 |
| | £000 | £000 | £000 |
| Total comprehensive income | 1,359 | 1,108 | 869 |
| Dividends paid to equity shareholders | (109) | (94) | (203) |
| | <u>1,250</u> | <u>1,014</u> | <u>666</u> |
| Equity shareholders' funds at start of period | 9,855 | 9,189 | 9,189 |
| Equity shareholders' funds at end of period | <u>11,105</u> | <u>10,203</u> | <u>9,855</u> |

Unaudited Consolidated Statement of Financial Position

| | 31 st December | | 30 th June |
|--|---------------------------|---------------|-----------------------|
| | 2012 | 2011 | 2012 |
| | £000 | £000 | £000 |
| Non-current assets | | | |
| Tangible assets | 3 | - | 4 |
| Principle investments:- | | | |
| MWB Group Holdings Plc | - | 290 | 70 |
| Finsbury Food Group plc | 3,359 | 2,160 | 1,880 |
| Western Selection P.L.C. | 2,987 | 2,987 | 3,144 |
| | <u>6,349</u> | <u>5,437</u> | <u>5,098</u> |
| Current assets | | | |
| Listed investments | 4,746 | 4,240 | 4,533 |
| Trade and other receivables | 269 | 348 | 272 |
| Cash, bank balances and deposits | 1,108 | 2,591 | 2,217 |
| | <u>6,123</u> | <u>7,179</u> | <u>7,022</u> |
| Total Assets | <u>12,472</u> | <u>12,616</u> | <u>12,120</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 | 1,727 | (2,675) | 336 |
| Share of undistributed profits and losses of subsidiaries and associates | (576) | 996 | (572) |
| Company's retained realised profits and losses | 6,074 | 8,002 | 6,211 |
| | <u>11,105</u> | <u>10,203</u> | <u>9,855</u> |
| Equity shareholders funds | <u>11,105</u> | <u>10,203</u> | <u>9,855</u> |
| Trade and other payables falling due within one year | 1,274 | 2,298 | 2,167 |
| Non-controlling equity interest | 93 | 115 | 98 |
| | <u>12,472</u> | <u>12,616</u> | <u>12,120</u> |
| Net assets per share | 35.6p | 32.7p | 31.6p |

Unaudited Statement of Cash Flow

| | Half year ended 31 st December | | Year ended 30 th June |
|---|--|----------------|-------------------------------------|
| | 2012 | 2011 | 2012 |
| | £000 | £000 | £000 |
| Profit before taxation | <u>1,389</u> | <u>1,233</u> | <u>940</u> |
| Adjustments for non-cash and non-operating expenses:- | | | |
| Depreciation charges | 1 | - | 5 |
| Unrealised changes in the carrying value of fixed asset investments | (1,321) | 496 | 1,134 |
| Exceptional profit on sale of property | - | (2,132) | (2,137) |
| Net interest paid | 9 | 6 | 27 |
| | <u>(1,311)</u> | <u>(1,630)</u> | <u>(971)</u> |
| Tax paid | <u>(4)</u> | <u>(102)</u> | <u>(17)</u> |
| Changes in working capital:- | | | |
| Decrease/(Increase) in debtors | 3 | (88) | (12) |
| Increase in creditors | 26 | 196 | 158 |
| Decrease/(Increase) in current asset investments | 222 | 429 | (301) |
| | <u>251</u> | <u>537</u> | <u>(155)</u> |
| Cash inflow/Outflow) on operating activities | <u>325</u> | <u>38</u> | <u>(203)</u> |
| Investment activities | | | |
| Net proceeds from sale of property | - | 2,498 | 2,495 |
| Purchase of additional shares in strategic investment | (366) | - | - |
| | <u>(366)</u> | <u>-</u> | <u>-</u> |
| Cash flows from financing | | | |
| Net interest paid | (9) | (6) | (27) |
| (Repayment)/Drawdown of loan facilities | (950) | 134 | 134 |
| Equity dividends paid | (109) | (94) | (203) |
| Net (outflow)/inflow from financing | <u>(1,068)</u> | <u>34</u> | <u>(96)</u> |
| (Decrease)/Increase in cash and cash equivalents | <u>(1,109)</u> | <u>2,570</u> | <u>2,196</u> |
| Cash and cash equivalents at start of period | <u>2,217</u> | <u>21</u> | <u>21</u> |
| Cash and cash equivalents at end of period | <u>1,108</u> | <u>2,591</u> | <u>2,217</u> |

Reconciliation of net cash flow to movement in net debt

| | At start of period | Cash Flow | At end of Period |
|---|-----------------------|--------------|---------------------|
| | £000 | £000 | £000 |
| Half year ended 31st December | | | |
| 2012 | | | |
| Cash at bank | 2,217 | (1,109) | 1,108 |
| Bank loan | (1,950) | 950 | (1,000) |
| | <u>167</u> | <u>159</u> | <u>108</u> |
| 2011 | | | |
| 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> |
| Year ended 30th June 2012 | | | |
| Cash at bank | 21 | 2,196 | 2,217 |
| Bank loan | (1,816) | (134) | (1,950) |
| | <u>(1,795)</u> | <u>2,062</u> | <u>267</u> |

Market Value of General Portfolio

31st December 2012

| | Current Value £000 | % |
|--------------------------|--------------------------|--------------|
| Nestlé | 276 | 5.8 |
| British American Tobacco | 270 | 5.7 |
| Diageo | 269 | 5.7 |
| Henkel | 259 | 5.4 |
| Schindler | 253 | 5.3 |
| Pernod Ricard | 245 | 5.2 |
| Royal Dutch Shell | 240 | 5.1 |
| L'Oreal | 241 | 5.1 |
| Heineken | 238 | 5.0 |
| Investor | 220 | 4.6 |
| Imperial Tobacco | 210 | 4.4 |
| Unilever | 209 | 4.4 |
| Novartis | 202 | 4.3 |
| BASF | 203 | 4.3 |
| Koninklijke DSM | 197 | 4.1 |
| Reckitt Benckiser | 191 | 4.0 |
| ABB | 168 | 3.5 |
| Holcim | 168 | 3.5 |
| Danone | 162 | 3.4 |
| BHP Billiton | 150 | 3.2 |
| Others | 375 | 8.0 |
| | <u>4,746</u> | <u>100.0</u> |

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 2012 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 2012, 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.