

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

**INTERIM STATEMENT
31ST DECEMBER
2013**

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 2014

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 2013, 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 1.5% to 46.4p at 31st December 2013 from 45.7p at 30th June 2013. Our Strategic Investments increased in value by 3% during the period, reflecting a strong performance in Western's share price and weakness in the share price of Finsbury Food. Our General Portfolio increased by 6%, compared with increases of 9% in the FTSE 100 index, and 14% in the FTSEurofirst 300 Index over the half year. At the close of business on 25th February 2014, our net asset value was 45.3p per share.

The Group profit before tax for the half year was £385,000 compared to a profit of £1,389,000 for the same period last year, which included the unrealised profit on a strong performance in Finsbury Food's share price. Our profit after tax and minority interest was £355,000 (2012 profit: £1,359,000) giving profits per share of 1.1p (2012 – 4.4p).

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 26th February 2014, Western announced a profit after tax of £336,000 for its half year to 31st December 2013 and a profit per share of 1.9 p (2012: profit 0.4p). Western's net assets at market value were £16,769,000 equivalent to 93p per share, an increase of 13% from 82p at 30th June 2013. Western has announced an interim dividend of 0.95p per share, an increase of 12% on the prior year.

The market value of the Company's investment in Western at 31st December 2013 was £4,323,000 representing 30% of the net assets of Lonfin. The underlying value of the investment in Western, valuing Western's own investments at market value, was £7.3million (30th June 2013: £6.5 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 digitally focussed insight and communications group with a strategy to grow within its sector to become a substantial, diversified international group. Further information about Creston is available on its website: www.creston.com.

Creston's results for the half-year to 30th September 2013 show a profit after tax of £1,148,000 (2012: £8,259,000 - including a one off item of £3,450,000 primarily deferred consideration write-back) Creston declared an interim dividend of 1.20p per share, an increase of 20% on the prior year.

Western owns 3,000,000 shares in Creston (5.0%) with a market value at 31st December 2013 of £2,790,000 (30th June 2013: £3,240,000), being 17% of Western's assets.

I am a Non-Executive Director of Creston.

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 2013, showed profit after tax of £1,949,000 (2012: £1,027,000). Northbridge declared an interim dividend of 2.00p per share, an increase of 8% on the prior year.

Western owns 2,000,000 shares, representing 11.6% of Northbridge's share capital. The market value of this investment has increased substantially and at 31st December 2013 was £9,200,000 (30th June 2013: £7,040,000), representing 55% 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.

Swallowfield's latest results, for the year to 30th June 2013, showed a loss after tax (and after restructuring costs of £491,000), of £815,000 (2012: profit of £1,263,000). Swallowfield did not declare a final dividend (2012: 4.1p).

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 31st December 2013 was £1,570,000 (30th June 2013: £1,495,000) representing 9% 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.

Our share of Hartim’s estimated results for the period ended 31st December 2013 is a profit of £161,000 (2012: £1,000) after tax, plus an exceptional profit of £167,000 due to the release of surplus provisions relating to the closure of its Australian subsidiary.

On 18th December 2013 we announced that we were making a loan of £500,000 to Hartim to provide funds to support its continuing growth. The loan is convertible into equity if not repaid by 31st December 2016, carries interest at 6% over base rate and is secured over Hartim’s principal asset, its operating subsidiary, Tudor Rose Ltd.

We also announced loans of £160,000 to Hartim’s executive management team to assist them with the purchase of shares in Hartim formerly owned by the retiring managing director. These loans bear interest at 4.5% over base rate, are repayable by 31st December 2018, and are secured over shares in Hartim. The Western board has decided that it is in the best interests of Western's shareholders that the current executive directors of Hartim should have a material stake in the success of Hartim, and these loans are a pragmatic way of achieving this objective.

These loans substantially increase Western's exposure to Hartim, but the business is performing well, the loans generate a positive return to Western, and the structure encourages the payment of a dividend on Western's original investment.

At 31st December 2013, Western owned 49.5% of Hartim. The carrying value of the Company’s equity investment in Hartim on 31st December 2013 was £514,000 (30th June 2013: £185,000) 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. Beale is a Non-Executive Director of Hartim.

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 low fat products. Further information about Finsbury Food is available on its website: www.finsburyfoods.co.uk.

The Group holding in Finsbury Food is 9,000,000 shares, representing 13.6% of their share capital. The market value of our holding was £5,400,000 on 31st December 2013 compared to a cost of £2,283,000; this represents 37% of the net assets of Lonfin.

Finsbury Food will be announcing their interim results on 24th March 2014.

I am 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 added to a few of our holdings during the period and we initiated positions in 3M and United Technologies. We also took the decision to dispose of our holdings in BHP Billiton and Siemens.

Dividends

The Board has declared an interim dividend of 0.45p per share (2013: 0.4p)

Outlook

Expansionary policies of central bankers of the developed world have been a key driver of share prices and markets in general for quite some time, but the Board remain cautious given the fragile global economic conditions. The volatile start to the calendar year comes as no surprise and we expect investor sentiment to be a lot more erratic during the remainder of the year.

David C. Marshall
Chairman

Interim Dividend

The declared interim dividend is 0.45p per share (ZAR 8.09708 cents) (2012 - 0.4p) and will be paid on Friday, 11th April 2014 to those members registered at the close of business on Thursday 20th March 2014 (SA) or Friday 21st March 2014 (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 2014.

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)	Thursday, 13th March 2014
Shares trade ex dividend (SA)	Friday, 14th March 2014
Shares trade ex dividend (UK)	Wednesday, 19th March 2014
Record date (SA)	Thursday, 20th March 2014
Record date (UK)	Friday, 21st March 2014
Pay date	Friday, 11th April 2014

Shareholders are hereby advised that the exchange rate to be used will be GBP 1 = ZAR 17.9935. 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 2014. Consequently, the dividend of 0.45p will be equal to 8.09708 South African cents.

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

Shareholders registered on the Johannesburg register are reminded that the dividend withholding tax will be withheld from the gross final dividend amount of 8.09708 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 6.88252 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 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 14th March 2014, Thursday 20th all dates inclusive.

Unaudited Consolidated Statement of Comprehensive Income

	Half year ended 31st December		Year ended 30th June
	2013	2012	2013
	£000	£000	£000
Operating Income			
Dividends received	173	106	313
Interest and sundry income	-	-	58
Profit on sales of investments, including provisions	205	131	215
	<u>378</u>	<u>237</u>	<u>586</u>
Management services income	134	134	228
	<u>512</u>	<u>371</u>	<u>814</u>
Administrative expenses			
Investment operations	(158)	(148)	(295)
Management services	(173)	(146)	(315)
Total administrative expenses	<u>(331)</u>	<u>(294)</u>	<u>(610)</u>
Operating profit	181	77	204
Unrealised changes in the carrying value of investments	206	1,321	4,629
Interest payable	(2)	(9)	(33)
	<u>385</u>	<u>1,389</u>	<u>4,800</u>
Profit on ordinary activities before taxation	385	1,389	4,800
Tax on result of ordinary activities	(45)	(34)	(180)
	<u>340</u>	<u>1,355</u>	<u>4,620</u>
Profit on ordinary activities after taxation	340	1,355	4,620
Non-controlling interest	15	4	17
Total comprehensive income - profit attributable to members of the holding company	<u>355</u>	<u>1,359</u>	<u>4,637</u>
Reconciliation of headline earnings			
Earnings per share	1.1p	4.4 p	14.9p
Adjustment for unrealised changes in the carrying value of investments and exceptional items, net of tax	(0.6)p	(4.3)p	(14.2)p
Headline earnings per share	<u>0.5p</u>	<u>0.1 p</u>	<u>0.7p</u>
Interim dividend	0.45p	0.4 p	0.4p
Final dividend			0.4p
Total in respect of the year			<u>0.8p</u>

Unaudited Consolidated Changes in Shareholders' Equity

	31st December		30th June
	2013	2012	2013
	£000	£000	£000
Total comprehensive income attributable to members	355	1,359	4,637
Dividends paid to equity shareholders	(125)	(109)	(234)
	<u>230</u>	<u>1,250</u>	<u>4,403</u>
Equity shareholders' funds at start of period	14,258	9,855	9,855
Equity shareholders' funds at end of period	<u>14,488</u>	<u>11,105</u>	<u>14,258</u>

Unaudited Consolidated Statement of Financial Position

	31st December		30th June
	2013	2012	2013
	£000	£000	£000
Non-current assets			
Tangible assets	2	3	3
Principal investments:-			
Finsbury Food Group Plc	5,400	3,359	5,490
Western Selection P.L.C.	4,323	2,987	3,930
	<u>9,725</u>	<u>6,349</u>	<u>9,423</u>
Current assets			
Listed investments	5,775	4,746	5,601
Trade and other receivables	254	269	256
Cash, bank balances and deposits	123	1,108	116
	<u>6,152</u>	<u>6,123</u>	<u>5,973</u>
Total Assets	<u>15,877</u>	<u>12,472</u>	<u>15,396</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	5,037	1,727	4,831
Share of undistributed profits and losses of subsidiaries and associates	(387)	(576)	(499)
Company's retained realised profits and losses	5,958	6,074	6,046
	<u>14,488</u>	<u>11,105</u>	<u>14,258</u>
Equity shareholders funds			
Trade and other payables falling due within one year	1,067	1,274	853
Deferred taxation	255	-	204
Non-controlling equity interest	67	93	81
	<u>15,877</u>	<u>12,472</u>	<u>15,396</u>
Net assets per share	46.4p	35.6p	45.7p
Number of shares in issue	31,207,479	31,207,479	31,207,479

Unaudited Consolidated Statement of Cash Flow

	Half year ended 31st December		Year ended 30th June
	2013	2012	2013
	£000	£000	£000
Profit before taxation	385	1,389	4,800
Adjustments for non-cash and non-operating expenses:-			
Depreciation charges	1	1	1
Unrealised changes in the carrying value of fixed asset investments	(206)	(1,321)	(4,629)
Net interest paid	2	9	33
	(203)	(1,311)	(4,595)
Taxation paid	(3)	(4)	(22)
Changes in working capital:-			
Decrease/(Increase) in debtors	11	3	(16)
Increase in creditors	69	26	64
(Increase)/Decrease in current asset investments	(300)	222	(375)
	(220)	251	(327)
Cash (outflow)/inflow on operating activities	(41)	325	(144)
Investment activities			
Purchase of additional shares in strategic investment	-	(366)	(390)
Net cash outflow from investment activities	-	(366)	(390)
Cash flows from financing			
Net interest paid	(2)	(9)	(33)
Drawdown/(Repayment) of loan facilities	175	(950)	(1,300)
Equity dividends paid	(125)	(109)	(234)
Net cash inflow/(outflow) from financing	48	(1,068)	(1,567)
Increase/(Decrease) in cash and cash equivalents	7	(1,109)	(2,101)
Cash and cash equivalents at start of period	116	2,217	2,217
Cash and cash equivalents at end of period	123	1,108	116

Reconciliation of net cash flow to movement in net debt

	At start of period £000	Cash Flow £000	At end of Period £000
Half year ended 31st December 2013			
Cash at bank	116	7	123
Bank loan	(650)	(175)	(825)
	<u>(534)</u>	<u>(168)</u>	<u>(702)</u>
2012			
Cash at bank	2,217	(1,109)	1,108
Bank loan	(1,950)	950	(1,000)
	<u>267</u>	<u>(159)</u>	<u>108</u>
Year ended 30th June 2013			
Cash at bank	2,217	(2,101)	116
Bank loan	(1,950)	1,300	(650)
	<u>267</u>	<u>(801)</u>	<u>(534)</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 2013 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 2013, 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 2013

	Current Value £000	%
Nestlé	303	5.3
L'Oreal	299	5.2
Diageo	293	5.1
British American Tobacco	283	4.9
Investor	279	4.8
Henkel	260	4.5
Schindler	259	4.5
Royal Dutch Shell 'B'	249	4.3
Pernod-Ricard	238	4.1
Heineken	237	4.1
Reckitt Benckiser	234	4.1
Philip Morris International	233	4.0
BASF	224	3.9
Unilever	218	3.8
ABB	211	3.7
Imperial Tobacco	208	3.6
Novartis	193	3.3
Danone	174	3.0
Exxon Mobil	169	2.9
Holcim	168	2.9
Procter & Gamble	162	2.8
Chevron	156	2.7
Linde	152	2.6
Anheuser Busch Inbev	111	1.9
Glencore Xstrata	110	1.9
Givaudan	110	1.9
LVMH	103	1.8
3M	72	1.2
United Technologies	67	1.2
	<u>5,775</u>	<u>100.0</u>