

LONDON FINANCE & INVESTMENT GROUP PLC

("Lonfin", "the Company" or "the Group")

Final Results for the year ended 30 June 2022 and Final Dividend Declaration

London Finance & Investment Group PLC. (LSE: LFI, JSE: LNF), the investment company whose assets primarily consist of Strategic Investments and a General Portfolio, today announces its audited Final Results for the year ended 30 June 2022 and the Board's Final Dividend Declaration.

Strategy, Business Model and Investment Policy

Lonfin is an investment company whose objective is to generate growth in shareholder value in real terms over the medium to long term whilst maintaining a progressive dividend policy.

The Group's investment policy is to invest in a range of 'Strategic', 'General Portfolio' and from time to time 'Other Investments'. General Portfolio Investments comprise liquid stock market investments, both in equity instruments and bonds, and, at the Board's discretion, 'Other Investments' are typically property and other physical assets. Strategic Investments are significant investments in smaller UK quoted companies. These are balanced by the General Portfolio, which consists of a broad range of investments in major USA, UK and other European companies which provides a diversified exposure to international equity markets.

Further information on the Group's Investment Policy can be found in the Directors' Report set out in the Company's 2022 Annual Report which will be published shortly.

The Group's net assets per share for 2022 have decreased from the previous year to 54.8p and decreased 16.2% over the last five years. Shareholders' total dividends for 2022 remains the same at 1.15p. Information on the Group's performance against the Board's key performance indicators (KPIs) is included in the Strategic Report set out in the Company's 2022 Annual Report.

Results

- * Net assets have decreased to 54.8p per share (2021 – 60.5p per share)
- * The sale of 4,200,000 shares in Finsbury Food Group Plc for £3,445,000 has led to decrease in value of the Strategic Investments, from £8,202,000 to £3,957,000.
- * The value of the General Portfolio has increased, including investment purchases and sales, over the year, by 16.3% from £12,081,000 to £14,055,000
- * The fair value of the General Portfolio investments over the period has decreased by £508,000.
- * No significant increase in Group operating costs
- * A final dividend of 0.60p per share is recommended, making a total of 1.15p per share for the year (2021 – 1.15p)

The Company and its subsidiaries ("Group") recorded an operating profit for the year, before interest, tax and changes to the fair value adjustments of investments of £180,000, compared to operating profit for the previous year, before tax and changes to the fair value adjustments of investments, of £225,000. The significant decrease in fair value of Strategic Investments that occurred during the year has led to Total Comprehensive loss for the year of £1,439,000 compared to Total Comprehensive income of £3,241,000 for the previous year. Basic and headline losses per share are (1.4)p (2021 - profit of 4.8p).

Strategic Investments

The value of the Strategic Investments has decreased by £4,245,000 due to the disposal of Finsbury Food Group Plc shares during the year and the market movements in the share prices.

Western Selection PLC (“Western”)

The Group holds 7,860,515 ordinary shares, being 43.8% of the issued share capital of Western.

On 28 September 2022, Western announced unaudited preliminary results showing a loss after tax of £438,000 for the year to 30 June 2022 (2021 loss – £109,000). Losses per share are 2.4p (2021 - losses of 0.62p).

Western’s Board has not recommended payment of an interim or a final dividend for the year.

Western’s net assets at market value at 30 June 2022 were £9,963,000 equivalent to 56p per share, which remains the same level with the 56p last year.

Our share of the net assets of Western, including the value of Western’s investments at market value, was £4,364,000 (2021 – £4,396,000). The fair value for Western recorded in the Statement of Financial Position is the market value of £2,751,000 (2021 - £2,712,000). This represents 15.8% (2021 – 14.2%) of the net assets of the Group.

Western’s objective is to generate growth in value for shareholders over the medium to long-term. Western also aspires to pay a progressive dividend, when in the best interest of the shareholders and the company, including ensuring any dividend paid would not have a negative effect on the ability to maintain continued growth.

Recently some of the Core Holdings held by Western have not performed well. The Western Board has fully engaged with those companies’ boards to encourage change and ensure a focus on shareholder value. The Western Board is delighted to see a recovery in value in some cases and continues to be fully engaged investors. At present, Western is not seeking to invest in new Core Holdings. Western continues to actively invest through its treasury operations which consist of a mix of cash and debt facilities as well as the liquid investments. These liquid investments are primarily in blue-chip companies in the USA, UK and Europe.

Western is a strategic investment which is technically a subsidiary of the Company that has not been consolidated due to the application of the investment entity exemption under IFRS 10.

David Marshall is the Chairman of Western and Edward Beale is non-executive director.

Western’s main Core Holdings are Crestchic Plc (formerly Northbridge Industrial Services plc) and Kinovo Plc (formerly Bilby plc).

An extract from Western’s announcement on 28 September 2022 relating to its main Core Holdings is set out below:

Core Holdings

Crestchic Plc (previously Northbridge Industrial Services Plc)

Crestchic designs, manufactures 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, China and Singapore, Crestchic 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 and oil tools. Further information about Crestchic is available on their website: www.crestchicplc.com

Crestchic, which is admitted to trading on AIM, announced its results for the year ended 31 December 2021 on 12 April 2022 and recorded a total comprehensive loss of £5,515,000 for the year (2021 - total comprehensive loss of £7,400,000). A final dividend of £0.01p was announced and paid by Crestchic in June this year (2021 - £Nil).

Western has disposed of 2,234,500 shares in Crestchic and now holds 1,065,500 Crestchic shares which represents 3.6% of Crestchic's issued share capital. Following the disposal, the market value of this investment on 30 June 2022 was £2,024,450 (2021 - £3,828,000) which represents approximately 20.3% (2021 - 38.1%) of Western's net assets.

Kinovo Plc ("Kinovo") (formerly Bilby Plc)

Kinovo is an established, and award winning, provider of gas installation, maintenance and general building services to local authority and housing associations across London and South-East England. They have a strategy of growing organically and by acquisition. Further information about Kinovo is available on their website: www.kinovopl.com.

Kinovo, which is admitted to trading on AIM, announced its results for the year ended 31 March 2022 on 19 August 2022 showing a total comprehensive loss of £10,882,000 compared to a total comprehensive profit of £157,000 for the previous year ended 31 March 2021. Interim dividends of £0.05p per share were paid during the year (2021 - Nil). No final dividend (2021 - £0.05p per share) was recommended.

Western holds 7,500,000 Kinovo shares which represents 12.07% of Kinovo's issued share capital. The market value of this investment on 30 June 2022 was £1,125,000 (2021- £2,775,000), which represents approximately 11.3% (2021 - 27.7%) of Western's net assets.

Associated Companies

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, whose shares are admitted to trading on AIM, is available on its website: www.finsburyfoods.co.uk

At 30 June 2022, Lonfin held 1,800,000 Finsbury shares, representing 1.4% of Finsbury's issued share capital. The market value of the holding was £1,206,000 as at 30 June 2022 (cost - £517,065) and represents approximately 7% (2021 - 29%) of Lonfin's net assets.

On 21 February 2022, Finsbury announced their interim results, with total comprehensive profit of £4,667,000 for the 26 weeks ended 25 December 2021 (52 weeks to 26 June 2021 -£13,645,000).

A total of £154,030 in dividends were received from Finsbury during the year (2021 - £Nil).

As of 8 September 2022, all the remaining 1,800,000 shares have been disposed of.

General Portfolio

The investments comprising the General Portfolio at 30 June 2022 are listed in the Company's 2022 Annual Report.

The 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 30 June 2022, the number of holdings in the General Portfolio was 40 (2021 - 36). The value of the General Portfolio over the year has increased by £1,974,000 (2021 - increased by £2,133,000) from £12,081,000 to £14,055,000. This 16.3% increase includes investment purchases during the year of £5,152,000 and investment sales (including selling expenses) during the same period of £1,735,000.

The fair value of the General Portfolio investments, after adjusting for sales, has decreased by 12.2% as at 30 June 2022.

Board Changes

Whilst the Board is satisfied that it has a sufficient spread of skills, experience and support within the Board to operate the Company and to develop the Company's investment business, the Board will continue to seek further suitable Board candidates who can add value to the Board.

Operations, Directors and Employees

All of our operations and those of Western, with the exception of investment selection, are outsourced to our subsidiary, City Group PLC ("City Group"). City Group also provides office accommodation, company secretarial, finance and head office services to a number of other companies. City Group is responsible for the initial identification and appraisal of potential new strategic investments for the Company and the day to day monitoring of existing strategic investments and employs 6 people.

Dividend

The Board recommends a final dividend of 0.60p (ZAR 11.89206 cents) per share, making a total of 1.15p (ZAR 22.7932 cents) per ordinary share for the year (2021 – 1.15p). Subject to shareholders' approval at the Company's Annual General Meeting ("AGM") to be held on 10 November 2022, the dividend will be paid on 21 December 2022 to those shareholders on the register at the close of business on 9 December 2022. Shareholders on the South African register will receive their dividend in South African rand converted from Pounds sterling ("Sterling") at the closing rate of exchange on Thursday, 22 September 2022 being GBP1= ZAR 19.8201.

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, 9 December 2022.

- The number of shares in issue as at the dividend declaration date is 31,207,479;
- The dividend has been declared from income reserves. 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 date to trade (SA)	Tuesday, 6 December 2022
Shares trade ex-dividend (SA)	Wednesday, 7 December 2022
Shares trade ex-dividend (UK)	Thursday, 8 December 2022
Record date (UK and SA)	Friday, 9 December 2022
Pay date	Wednesday, 21 December 2022

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

Shareholders registered on the South African register are advised that a dividend withholding tax will be withheld from the gross final dividend amount of ZAR 11.89206 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 ZAR 9.51365 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, Tel: +27 11 370 5000.

Share certificates may not be de-materialised or re-materialised between Wednesday, 7 December 2022 and Friday, 9 December 2022, both days inclusive. Shares may not be transferred between the registers in London and South Africa during this period either.

Outlook

The UK economy continues to adapt to the effects of Covid-19 and Brexit which have led to staff shortages across the UK and continued disruption to supply chains. The UK is now having to deal with new challenges. The invasion of Ukraine by Russia has significantly increased geopolitical risk and created considerable uncertainty in the UK and internationally. Supply chains have been disrupted further, interest rates and inflation are rising rapidly and the prospect of recession is a major concern for the UK's new administration. Further volatility and turbulence in the markets, as interest rates continue to increase, can be expected. The last 12 months have been challenging, and will continue to be so, for the Group's investments, particularly its Strategic Investments, However, the Board is pleased to see its Strategic Investments reporting positive trading results and that one of the Strategic Investments has already committed to return to the payment of dividends. The Board is confident that the Group has a solid base of investments which can lead to further capital growth in the medium to long term.

Future Developments

The Group's development and its financial performance are dependent on the success of its Investment Strategy and the continued support of its shareholders. Against a background of challenging and uncertain times in the markets due to the continued presence of Covid-19 and the emergence of new variants, and the more recent concerns with the war in Ukraine, energy supply and food shortages and the rising cost of living alongside increasing inflation, the Board continues to seek out investments which will generate growth in shareholder value. The Board also continues to monitor and enhance the quality of investments in the General Portfolio. The Board continues to pursue its current Investment Policy and has no plans to make any further changes to the policy in the near future. As at 30 June 2022, the Company held 40 investments in the General Portfolio.

30 September 2022

The Company's 2022 Annual Report and Accounts will be finalised shortly and sent to shareholders.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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

For further information, please contact:

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Consolidated Statement of Total Comprehensive Income

For the year ended 30 June

Operating Income	2022	2021
	£000	£000
Dividends receivable	652	326
Management service fees	327	304
Rental and other income	136	154
(Loss)/Profits on disposal of General portfolio investments	(111)	245
	<u>1,004</u>	<u>1,029</u>
Administrative expenses		
Investment operations	(394)	(392)
Management services	(430)	(412)
Total administrative expenses	<u>(824)</u>	<u>(804)</u>
Operating profit	180	225
Unrealised changes in the carrying value of General Portfolio investments	(508)	1,651
Other income	-	36
Interest payable	(6)	(39)
(Loss)/Profit before taxation	<u>(334)</u>	<u>1,873</u>
Tax expense	(96)	(337)
(Loss)/Profit after taxation	<u>(430)</u>	<u>1,536</u>
Non-controlling interest	(12)	(26)
(Loss)/Profit attributable to shareholders	<u>(442)</u>	<u>1,510</u>
Other comprehensive income/(expense)		
<i>Items that will not be reclassified to profit or loss</i>		
Loss on disposal of Strategic investments	(398)	-
Unrealised changes in the carrying value of Strategic investments	(402)	1,911
Other taxation -		
Tax on disposal of strategic investments	(198)	-
Total Other Comprehensive (Loss)/Income attributable to shareholders	<u>(998)</u>	<u>1,911</u>
Total Comprehensive (Loss)/Income attributable to owners of the parent	<u>(1,440)</u>	<u>3,421</u>
Reconciliation of headline earnings		
Basic and diluted (loss)/earnings per share	(1.4)p	4.8p
Adjustment for the unrealised changes in the carrying value of investments, net of tax	-	-
Headline earnings per share	<u>(1.4)p</u>	<u>4.8p</u>

Consolidated Statement of Financial Position

At 30 June

	2022 £000	2021 £000
Non-current Assets		
Property, Plant and Equipment	12	22
Right of use asset	81	145
Strategic investments at fair value through other comprehensive income	3,957	8,202
	<u>4,050</u>	<u>8,369</u>
Current Assets		
General portfolio investments at fair value through profit and loss	14,055	12,081
Trade and other receivables	109	125
Cash and cash equivalents	407	309
	<u>14,571</u>	<u>12,515</u>
Current Liabilities		
Overdraft	(66)	-
Trade and other payables	(171)	(228)
Lease liabilities	(75)	(71)
Corporation tax	(198)	-
	<u>(510)</u>	<u>(299)</u>
Net Current Assets	14,061	12,216
Non-current Liabilities		
Lease liabilities	(33)	(107)
Borrowings	-	(650)
Deferred Taxation	(843)	(806)
	<u>(876)</u>	<u>(1,563)</u>
Total Assets less Total Liabilities	<u>17,235</u>	<u>19,022</u>
Capital and Reserves		
Ordinary share capital	1,560	1,560
Share premium	2,320	2,320
Unrealised profits and losses on investments	11	4,530
Share of retained realised profits and losses of subsidiaries	5,331	4,734
Company's retained realised profits and losses	7,872	5,749
Capital and reserves attributable to owners	<u>17,094</u>	<u>18,893</u>
Non-controlling interests	141	129
Total Capital and Reserves	<u>17,235</u>	<u>19,022</u>

Company Statement of Financial Position

At 30 June

	2022	2021
	£000	£000
Non-current Assets		
Investments in Group companies	89	2,079
Current Assets		
General portfolio investments at fair value through profit or loss	14,055	12,081
Trade and other receivables	13	17
Cash and cash equivalents	124	23
	14,192	12,121
Current Liabilities		
Overdraft	(66)	-
Trade and other payables	(90)	(106)
	(156)	(106)
Net Current Assets	14,036	11,365
Non-current Liabilities		
Borrowings	-	(650)
Deferred Taxation	(843)	(806)
	(843)	(1,456)
Total Assets less Total Liabilities	13,282	12,639
Capital and Reserves		
Ordinary share capital	1,560	1,560
Share premium	2,320	2,320
Unrealised profits and losses on investments	1,530	3,010
	5,410	6,890
Realised Profit and Loss		
Balance at 1 July	5,749	5,498
Net Profit for the period	2,482	577
Dividends paid	(359)	(326)
Balance at 30 June	7,872	5,749
Equity shareholders' funds	13,282	12,639
Total Comprehensive income	1,002	1,488

Consolidated Statement of Cash Flows

For the year ended 30 June

	2022 £000	2021 £000
Cash flows from operating activities		
(Loss)/Profit before tax	(334)	1,873
<i>Adjustments for non-cash items -</i>		
Finance expense	6	39
Depreciation charges	10	10
Depreciation on right of use asset	64	62
Lease adjustment	-	(36)
Unrealised changes in the fair value of general portfolio investments	508	(1,196)
Realised gain on disposal of general portfolio investments	111	(700)
Decrease in trade and other receivables	17	41
(Decrease)/Increase in trade and other payables	(49)	10
Taxes paid	(59)	(51)
Net cash inflow from operating activities	<u>274</u>	<u>52</u>
Cash flows from investment activity		
Acquisition of general portfolio investments	(5,152)	(1,706)
Proceeds from disposal of general portfolio investments	2,559	1,469
Proceeds from disposal of strategic investments	3,445	-
Net cash inflow/(outflow) from investment activity	<u>852</u>	<u>(237)</u>
Cash flows from financing activities		
Interest paid	(5)	(19)
Interest paid on lease liabilities	(9)	(28)
Repayment of lease liabilities	(71)	(52)
Equity dividends paid	(359)	(326)
Net (repayments)/drawdown of loan facilities	(650)	650
Net cash (outflow)/inflow from financing activities	<u>(1,094)</u>	<u>225</u>
Increase in cash and cash equivalents	32	40
Cash and cash equivalents at the beginning of the year	309	269
Net Cash and cash equivalents at end of the year	<u>341</u>	<u>309</u>
Cash and cash equivalents	407	309
Overdraft	(66)	-
Net Cash and cash equivalents	<u>341</u>	<u>309</u>

Company Statement of Cash Flows

	2022	2021
	£000	£000
Cash flows from operating activities		
Profit before tax	1,098	1,825
<i>Adjustments for non-cash items -</i>		
Finance (income)/expense	(3)	11
Unrealised changes in the fair value of general portfolio investments	508	(1,197)
Realised gain on disposal of general portfolio investments	111	(700)
Decreased/(Increase) in trade and other receivables	4	(1)
Decrease in trade and other payables	(6)	(18)
Overseas Taxes paid	(59)	(51)
Net cash inflow/(outflow) from operating activities	1,653	(131)
Cash flows from investment activity		
Acquisition of general portfolio investments	(5,152)	(1,706)
Proceeds from disposal of general portfolio investments	2,559	1,469
Net cash outflow from investment activity	(2,593)	(237)
Cash flows from financing activities		
Interest paid	(6)	(19)
Equity dividends paid	(359)	(326)
Decrease/(Increase) in loan to subsidiary	1,990	(5)
Net (repayment)/drawdown of loan facilities	(650)	650
Net cash inflow from financing activities	975	300
Increase/(Decrease) in cash and cash equivalents	35	(68)
Cash and cash equivalents at the beginning of the year	23	91
Net Cash and cash equivalents at end of the year	58	23
Cash and cash equivalents	8	23
Overdraft	(66)	-
Net Cash and cash equivalents	58	23

Consolidated Statement of Changes in Shareholders' Equity

	Ordinary Share Capital	Share Premium Account	Unrealised profits and losses on Investments	Share of retained realised profits and losses of Subsidiaries	Company's retained realised profits and losses	Total	Non- Controlling Interests	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000
Year ended 30 June 2022								
Balances at 1 July 2021	1,560	2,320	4,530	4,734	5,749	18,893	129	19,022
Profit for the Year	-	-	(1,480)	(1,444)	2,482	(442)	12	(430)
Other Comprehensive Income	-	-	(3,039)	2,041	-	(998)	-	(998)
Total comprehensive income	-	-	(4,519)	597	2,482	(1,440)	12	(1,428)
Dividends paid and total transactions with shareholders	-	-	-	-	(359)	(359)	-	(359)
Balances at 30 June 2022	1,560	2,320	11	5,331	7,872	17,094	141	17,235
Year ended 30 June 2021								
Balances at 1 July 2020	1,560	2,320	1,708	4,712	5,498	15,798	103	15,901
Profit for the Year	-	-	911	22	577	1,510	26	1,536
Other Comprehensive Income	-	-	1,911	-	-	1,911	-	1,911
Total comprehensive income	1,560	2,320	2,822	22	577	3,421	26	3,447
Dividends paid and total transactions with shareholders	-	-	-	-	(359)	(359)	-	(359)
Unclaimed dividends	-	-	-	-	33	33	-	33
Balances at 30 June 2021	1,560	2,320	4,530	4,734	5,749	18,893	129	19,022

Company Statement of Changes in Shareholders' Equity

	Ordinary Share Capital	Share Premium Account	Unrealised profits and losses on Investments	Realised profits and losses	Equity Total
	£000	£000	£000	£000	£000
Year ended 30 June 2022					
Balances at 1 July 2021	1,560	2,320	3,010	5,749	12,639
Profit for the Year and total comprehensive income	-	-	(1,480)	2,482	1,002
Dividends paid and total transactions with shareholders	-	-	-	(359)	(359)
Balances at 30 June 2022	1,560	2,320	1,530	7,872	13,282
Year ended 30 June 2021					
Balances at 1 July 2020	1,560	2,320	2,099	5,498	11,477
Profit for the Year and total comprehensive income	-	-	911	577	1,488
Dividends paid and total transactions with shareholders	-	-	-	(359)	(359)
Unclaimed dividends	-	-	-	33	33
Balances at 30 June 2021	1,560	2,320	3,010	5,749	12,639

Notes:

Reconciliation of basic and headline (loss)/earnings

Basic and headline (loss)/earnings per share, based on the loss attributable to the shareholders after tax and non-controlling interests of £(442,000) (2021 – profit £1,510,000) and on 31,207,479 shares issued.

Diluted (loss)/earnings per share, based on the loss attributable to the shareholders after tax and non-controlling interests of £(442,000) (2021 – profit £1,510,000) and on 31,207,479 shares issued plus 80,000 share options granted in 2016.

1. Net assets per share

The net assets per share are calculated taking investments at fair value and on 31,207,479 shares (2021 – 31,207,479) being the weighted average of the number of shares in issue during the year.

2. Financial information

The financial information in this preliminary announcement does not constitute the Company's statutory accounts for the year ended 30 June 2022 within the meaning of Section 435 of the Companies Act 2006.

The consolidated financial statements of the London Finance & Investment Group PLC have been prepared in accordance with UK-adopted international accounting standards ('UK-adopted IAS') and with Companies Act 2006.

The accounts have been prepared in accordance with UK-adopted IAS and with the requirements of the Companies Act 2006.

The accounts are prepared on the historical cost bases, except for certain assets and liabilities which are measured at fair value, in accordance with UK-adopted IAS. The audited accounts for the Group for the year ended 30 June 2022 were reported on with an unqualified audit report and did not contain an emphasis of matter paragraph or any statement under section 498 of the Companies Act 2006 and have been delivered to the Registrar of Companies.

3. Copies of this Announcement

Copies of this announcement are held at the Company's registered office, 1 Ely Place, London, EC1N 6RY (tel. 020 7796 9060) and are available for a period of 14 days from the date of this announcement.