



LONDON FINANCE &  
INVESTMENT GROUP P.L.C.



INTERIM STATEMENT  
31<sup>ST</sup> DECEMBER  
2015

# 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

23rd February 2016

## 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 2015, 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 16.0% to 58.1p at 31st December 2015 from 50.1p at 30th June 2015. Our Strategic Investments, adjusting for the disposal of part of the investment in Finsbury Foods, which realised a profit of £1,409,000, increased in value by 14.0% during the period, reflecting a strong performance in Finsbury Food's share price. Our General Portfolio increased by 4.5%, compared with decreases of 3.8% and 4.5% in the FTSE 100 index and the FTSEurofirst 300 Index respectively, over the half year. At the close of business on 22nd February 2016, our net asset value was 57.5p per share.

The Group profit before tax for the half year was £3,296,000 compared to a profit of £1,017,000 for the same period last year, which reflects the profit realised from the disposal of part of the investment in, and the unrealised profit arising from the strong performance of, Finsbury. Our profit after tax and minority interest was £2,683,000 (2014: £810,000) giving profits per share of 8.6p (2014: 2.6p).

### 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 22<sup>nd</sup> February 2016, Western announced a profit after tax of £77,000 for its half year to 31st December 2015 and a profit per share of 0.4p (2014: profit 1.2p). Western's net assets at market value were £14,272,000 equivalent to 80p per share, an increase of 6% from 75p at 30th June 2015. Western has announced an interim dividend of 1.05p per share (prior year: 1.05p).

The market value of the Company's investment in Western at 31st December 2015 was £3,537,000 representing 19% of the net assets of Lonfin. The underlying value of the investment in Western, valuing Western's own investments at market value, was £6.3 million (30th June 2015: £5.9 million). I am the Chairman of Western and Mr. Robotham is a Non-Executive Director. Western's principal core holdings are in Northbridge Industrial Services plc, Swallowfield plc, Bilby Plc and Hartim Limited. Extracts from Western's announcement on its core holdings are set out below:

#### 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 2015, showed a loss after tax of £1,936,000 (2014: £2,568,000 profit). Northbridge declared an interim dividend of 1p per share (2014: 2.2p).

During the period we increased our investment in Northbridge by 600,000 shares at a cost of £422,000 and Western now owns 2,500,000 shares, representing 13.57% of the total voting rights in Northbridge's issued share capital. The market value of this investment at 31st December 2015 was £2,050,000 (30th June 2015: £3,895,000), representing 14% 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 30th June 2015 in September 2015 showing a profit after tax of £746,000 compared to a profit of £157,000 for the prior year. We received a dividend from Swallowfield during the period of £37,383 (2014 - Nil).

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 2015 was £3,570,000 (30th June 2015: £2,019,000), representing 25% of the Company's assets.

Mr Beale is a Non-Executive Director of Swallowfield.

#### **Bilby Plc**

In July 2015 we invested £1,500,000 in acquiring 1,875,000 shares in Bilby which is 5.5% of their issued share capital.

Bilby 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 Bilby is available on their website: [www.bilbyplc.com](http://www.bilbyplc.com).

Bilby announced its interim results for the six month period to 30 September 2015 on 9th December 2015 showing a profit after tax of £55,000. Bilby paid a final dividend of 2.32p per share in August 2015 which provided us with income of £43,500 and an interim dividend of 0.75p per ordinary share in January 2016 which provided us with an income of £14,063.

The market value of the Company's holding in Bilby on 31st December 2015 was £2,775,000, representing 19% 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 is accounted for as an associated company.

Our share of Hartim's estimated results for the period ended 31st December 2015 is a profit after tax of £51,000 (2014 - £23,000).

At 31st December 2014, Western owned 49.5% of Hartim. The carrying value of the Company's equity investment in Hartim on 31st December 2015 was £613,000 (2014: £591,000) representing 4% of the Company's assets. In addition, loans of £660,000 (equivalent to a further 5% 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 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).

In October 2015, the Group disposed of 2,000,000 shares in Finsbury Food for £1,985,000 and now holds 8,000,000 shares, representing 6.25% of their issued share capital. The market value of our holding was £9,040,000 on 31st December 2015 compared to a cost of £2,300,000; this represents 50% of the net assets of Lonfin.

Finsbury Food will be announcing their interim results on 16th March 2016.

Mr 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 26 investments, having taken £60,000 out of the amount invested.

### **Outlook**

The Board expect to see a continuation of the volatility in equity and currency markets and remain cautious about the remainder of the year.

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

### **Statement of directors' responsibility**

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

- the unaudited interim results for the six months ended 31st December 2015, have been prepared in accordance with IAS 34 as adopted by the EU; and
- the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules.

**By order of the Board  
David C. Marshall  
Chairman**

### **Interim Dividend**

The declared interim dividend is 0.50p per share (ZAR 10.73075 cents) (prior year: 0.50p) and will be paid on Friday, 8th April 2016 to those members registered at the close of business on Friday 18th March 2016 (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 22nd February 2016.

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.

This dividend should be regarded as a foreign dividend by South African shareholders.

### **Salient dates for dividend**

Last day to trade (SA)	Friday, 11th March 2016
Shares trade ex dividend (SA)	Monday, 14th March 2016
Shares trade ex dividend (UK)	Thursday, 17th March 2016
Record date (SA and UK)	Friday, 18th March 2016
Pay date	Friday, 8th April 2016

Share certificates may not be dematerialised or rematerialised between Monday, 14th March 2016 and Friday 18th March 2016, both dates inclusive. Shares may not be transferred between registers during this period either.

Shareholders are hereby advised that the exchange rate to be used will be GBP 1 = ZAR 21.4615. This has been calculated as the average of the bid/ask spread at 16.00 (United Kingdom time) being the close of business on 22nd February 2016. Consequently, the dividend of 0.50p will be equal to ZAR 10.73075 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 10.73075 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 9.12114 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.

## Unaudited Consolidated Statement of Comprehensive Income

	Half year ended 31st December		Year ended 30th June
	2015	2014	2015
	£000	£000	£000
<b>Operating Income</b>			
Dividends received	270	197	487
Rental and other income	41	41	82
Profit on sales of investments, including provisions	<u>1,448</u>	<u>91</u>	<u>175</u>
	<b>1,759</b>	<b>329</b>	<b>744</b>
Management services income	<u>122</u>	<u>108</u>	<u>233</u>
	<b>1,881</b>	<b>437</b>	<b>977</b>
<b>Administrative expenses</b>			
Investment operations	(175)	(171)	(345)
Management services	<u>(112)</u>	<u>(111)</u>	<u>(298)</u>
Total administrative expenses	<u>(287)</u>	<u>(282)</u>	<u>(643)</u>
<b>Operating profit</b>	<b>1,594</b>	<b>155</b>	<b>334</b>
Unrealised changes in the carrying value of investments	1,718	879	2,049
Interest payable	<u>(16)</u>	<u>(17)</u>	<u>(48)</u>
<b>Profit on ordinary activities before taxation</b>	<b>3,296</b>	<b>1,017</b>	<b>2,335</b>
Tax on result of ordinary activities	<u>(588)</u>	<u>(188)</u>	<u>(357)</u>
<b>Profit on ordinary activities after taxation</b>	<b>2,708</b>	<b>829</b>	<b>1,978</b>
Non-controlling interest	<u>(25)</u>	<u>(19)</u>	<u>(10)</u>
<b>Total comprehensive income - profit attributable to members of the holding company</b>	<b><u>2,683</u></b>	<b><u>810</u></b>	<b><u>1,968</u></b>
<b>Reconciliation of headline earnings</b>			
Earnings per share	<b>8.6p</b>	2.6p	6.3p
Adjustment for unrealised changes in the carrying value of investments and exceptional items, net of tax	<u>(3.6p)</u>	<u>(2.8)p</u>	<u>(5.5)p</u>
Headline earnings per share	<b><u>5.0p</u></b>	<b><u>(0.2)p</u></b>	<b><u>0.8p</u></b>
Interim dividend	<b>0.50p</b>	0.50p	0.50p
Final dividend			<u>0.50p</u>
Total in respect of the year			<b><u>1.00p</u></b>

## Unaudited Consolidated Changes in Shareholders' Equity

	31st December		30th June
	2015	2014	2015
	£000	£000	£000
Total comprehensive income attributable to members	2,683	810	1,968
Dividends paid to equity shareholders	<u>(162)</u>	<u>(141)</u>	<u>(296)</u>
	<b>2,521</b>	<b>669</b>	<b>1,672</b>
Equity shareholders' funds at start of period	<u>15,622</u>	<u>13,950</u>	<u>13,950</u>
Equity shareholders' funds at end of period	<b><u>18,143</u></b>	<b><u>14,619</u></b>	<b><u>15,622</u></b>

## Unaudited Consolidated Statement of Financial Position

	31st December		30th June
	2015	2014	2015
	£000	£000	£000
<b>Non-current assets</b>			
Tangible assets	26	35	31
Principal investments:-			
Finsbury Food Group Plc	9,040	5,900	8,000
Western Selection P.L.C.	3,537	4,559	3,694
	<u>12,603</u>	<u>10,494</u>	<u>11,725</u>
<b>Current assets</b>			
Listed investments	6,040	5,899	5,801
Trade and other receivables	232	252	218
Cash, bank balances and deposits	649	83	115
	<u>6,921</u>	<u>6,234</u>	<u>6,134</u>
<b>Total Assets</b>	<u>19,524</u>	<u>16,728</u>	<u>17,859</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	7,439	5,280	6,304
Share of undistributed profits and losses of subsidiaries and associates	767	(125)	26
Company's retained realised profits and losses	6,057	5,584	5,412
<b>Equity shareholders funds</b>	<u>18,143</u>	<u>14,619</u>	<u>15,622</u>
<b>Trade and other payables</b> falling due within one year	256	1,729	1,720
<b>Deferred taxation</b>	1,025	296	442
<b>Non-controlling equity interest</b>	<u>100</u>	<u>84</u>	<u>75</u>
	<u>19,524</u>	<u>16,728</u>	<u>17,859</u>
<b>Net assets per share</b>	<b>58.1p</b>	46.4p	50.1p
<b>Number of shares in issue</b>	<b>31,207,479</b>	31,207,479	31,207,479

## Unaudited Consolidated Statement of Cash Flow

	Half year ended		Year ended
	31st December		30th June
	2015	2014	2015
	£000	£000	£000
<b>Profit before taxation</b>	<b>3,296</b>	<b>1,017</b>	<b>2,335</b>
Adjustments for non-cash and non-operating expenses:-			
Depreciation charges	3	4	8
Profit on non-current asset disposal	(1,409)	-	-
Unrealised changes in the carrying value of fixed asset investments	(1,718)	(879)	(2,049)
Net interest paid	16	17	48
	<b>(3,108)</b>	<b>(858)</b>	<b>(1,993)</b>
<b>Taxation paid</b>	<b>(5)</b>	<b>(4)</b>	<b>(26)</b>
Changes in working capital:-			
(Increase)/Decrease in debtors	(15)	(8)	27
Increase/(Decrease) in creditors	39	(244)	(5)
Decrease in current asset investments	20	67	100
	<b>44</b>	<b>(185)</b>	<b>122</b>
<b>Cash outflow on operating activities</b>	<b>227</b>	<b>(30)</b>	<b>438</b>
<b>Investment activities</b>			
Disposal of part of/purchase of additional shares in, strategic investment	1,985	(593)	(593)
<b>Net cash outflow from investment activities</b>	<b>1,985</b>	<b>(593)</b>	<b>(593)</b>
<b>Cash flows from financing</b>			
Net interest paid	(16)	(17)	(48)
Drawdown of loan facilities	(1,500)	825	575
Equity dividends paid	(162)	(141)	(296)
<b>Net cash inflow/(outflow) from financing</b>	<b>(1,678)</b>	<b>667</b>	<b>231</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>534</b>	<b>44</b>	<b>76</b>
<b>Cash and cash equivalents at start of period</b>	<b>115</b>	<b>39</b>	<b>39</b>
<b>Cash and cash equivalents at end of period</b>	<b>649</b>	<b>83</b>	<b>115</b>



## 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 2015</b>			
Cash at bank	115	534	649
Bank loan	<u>(1,500)</u>	<u>1,500</u>	<u>-</u>
	<b><u>(1,385)</u></b>	<b><u>2,034</u></b>	<b><u>649</u></b>
<b>2014</b>			
Cash at bank	39	44	83
Bank loan	<u>(650)</u>	<u>(825)</u>	<u>(1,475)</u>
	<b><u>(611)</u></b>	<b><u>(781)</u></b>	<b><u>(1,392)</u></b>
<b>Year ended 30th June 2015</b>			
Cash at bank	39	76	115
Bank loan	<u>(925)</u>	<u>(575)</u>	<u>(1,500)</u>
	<b><u>(886)</u></b>	<b><u>(499)</u></b>	<b><u>(1,385)</u></b>

### Notes:-

#### 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 30th June 2015 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 Company's Annual Report and Accounts 2015, International Financial Reporting Standards and comply with IAS34.

#### 2. Earnings per share:

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.

#### 3. Going Concern:

Based on the Group's cash flow forecasts and projections, 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 remain on pages 8-9 of the Group's Annual Report and Accounts 2015. The key risks and mitigating activities have not changed from these:

- Stock market vulnerability and economic uncertainty;
- Possible volatility of share prices of investments;
- Dividend income;
- Ability to make strategic investments; and
- Liquidity of equity investments in strategic investments.

## Composition of General Portfolio

31st December 2015

	Value £000	%
British American Tobacco	330	5.5
Investor	328	5.4
Imperial Tobacco	319	5.3
Heineken	317	5.2
Schindler-Holdings	315	5.2
Reckitt Benckiser	309	5.1
Nestle	307	5.1
Henkel	300	5.0
Pernod-Ricard	269	4.5
Diageo	269	4.5
Philip Morris International	266	4.4
Unilever	258	4.3
L'Oreal	244	4.0
Anheuser Busch Inbev	233	3.9
Novartis	195	3.2
3M	191	3.2
Exxon	190	3.2
Danone	186	3.1
BASF	181	3.0
Procter & Gamble	179	3.0
Chevron	164	2.7
ABB	162	2.7
United Technologies	156	2.6
Givaudan	151	2.5
Linde	118	2.0
LVMH	103	1.7
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	6,040	100.0

