

London Finance & Investment Group PLC

(‘Lonfin’ or the ‘Company’)

Unaudited Condensed Interim Financial statements for the six months ended 31 December 2022 and dividend declaration

The Company today announces its unaudited interim results and interim dividend declaration for the six months ended 31 December 2022 (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.

During the period we sold the remainder of our holding in Finsbury Food Group Plc, and at 31 December 2022, we held only one Strategic Investment: Western Selection PLC. Detailed comments on our Strategic Investment are given below.

Results

Our net assets per share increased by 4.3% to 57.2p at 31 December 2022 from 54.8p at 30 June 2022. We sold the remaining 1,800,000 Finsbury Food shares in the period and made some changes to the General Portfolio Investments, realising net cash of £528,000 and net profits of £864,000 compared to the cost of these investments. The fair value of our General Portfolio increased by 8.0% compared with increases of 1.9% and 5.7% in the FTSE 100 index and the FTSEurofirst 300 Index respectively, over the half year. At the close of business on 29 March 2023, our net asset value was 56.5 per share.

The Group profit before tax for the half year was £1,313,000 including revaluation of General Portfolio investments only (2021 - £561,000), resulting in earnings per share of 3.1p (2021: earnings per share 1.2p). Our total comprehensive profit after tax and minority interest, including revaluation of all investments, was £943,000 (2021: £1,024,000)

Strategic Investments

Western Selection PLC (“Western”)

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

On 31st March 2023, Western announced profit before tax of £400,000 for the half year to 31 December 2022 (2021: profit before tax of £117,000) and earnings per share of 2.18p (2021: 0.64p). Western also announced that it was not recommending the payment of an interim dividend (2021: £Nil).

The market value of the Company’s investment in Western at 31 December 2022 was £2,673,000 representing 14.8% of the net assets of Lonfin (30 June 2022: £2,751,000). Our share of the net assets of Western, including the value of Western’s investments at market value, was £6,000,000 (30 June 2022 - £4,364,000).

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

Western’s main Core Holdings are Crestchic Plc and Kinovo Plc. An extract from Western’s interim results announcement relating to its main Core Holdings is set out below:

Crestchic Plc (previously Northbridge Industrial Services Plc)

Crestchic 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, 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 load banks, and transformers.

During the period, we sold 65,500 Crestchic shares realising £124,000. On 8 December 2022, a Recommended Cash Offer by Aggreko Limited for Crestchic was announced at a price of 401 pence per share. At 31 December 2022, Western owned 1,000,000 Crestchic shares which represented 3.4% of Crestchic's issued ordinary share capital. The market value of this investment on 31 December 2022 was £3,960,000 (30 June 2022: £2,024,000), representing 29% of Western's net assets. The offer completed in February 2023 and Western has received £4,011,000 on disposal of this investment.

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 2022 on 28 November 2022 showing a profit after tax of £1,344,000 (2021: profit after tax - £834,000). No interim dividend has been recommended during the current financial year.

Western owns 7,500,000 Kinovo shares, which represents 12.1% of Kinovo's issued ordinary share capital. The market value of this investment at 31 December 2022 was £2,400,000 (30 June 2022: £3,075,000) representing 17.6% 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.

Outlook

Lonfin has invested an additional £854,000 in the general portfolio in the period and had cash on hand at the period end of £624,000 and borrowing facilities to add further to the portfolio as opportunities arise. At 31 December 2022, the number of holdings in the General Portfolio was 40 (2021: 38). The Board expects the current period of market uncertainty will provide opportunities to invest further in the general portfolio at attractive prices.

The Board has declared an interim dividend of 0.55p per share (2021: 0.55p).

31 March 2023

D.C. MARSHALL
Chairman

Interim Dividend

The Board recommends an interim gross dividend of 0.55p per share (12.24003 SA cents) (2021: 0.55p) which will be paid on Thursday 4 May 2023 to those members registered at the close of business on Friday 21 April 2023 (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 23 March 2023, being GBP 1 = SA Rand 22.2546.

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 21 April 2023. 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 12.24003 SA cents;
- The interim net dividend is 9.79202 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 18 April 2023
Shares trade ex-dividend (SA)	Wednesday 19 April 2023
Shares trade ex-dividend (UK)	Thursday 20 April 2023
Record date (SA and UK)	Friday 21 April 2023
Dividend Payment date	Thursday 4 May 2023

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 12.24003 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 9.79202 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 19 April 2023 and Friday 21 April 2023, 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 2022, have been prepared in accordance with IAS 34, 'Interim financial reporting', as adopted by the UK; 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

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JSE Sponsor to the Company:

**Questco Corporate Advisory Proprietary
Limited**

Condensed Consolidated Statement of Total Comprehensive Income

	Notes	Half year ended 31 December 2022	2021	Year Ended 30 June 2022
		£000	£000	£000
Operating Income				
Dividends receivable		243	290	652
Management service fees		179	169	327
Rental and other income		64	75	136
Loss on sales of General Portfolio investments	6	-	(97)	(111)
Total operating income		486	437	1,004
Administrative expenses				
Investment operations		(225)	(223)	(394)
Management services		(203)	(192)	(430)
Total administrative expenses		(428)	(415)	(824)
Operating profit		58	22	180
			1	
Unrealised changes in the carrying value of General Portfolio investments	6	1,259	543	(508)
Interest payable		(4)	(4)	(6)
Profit/(Loss) before taxation		1,313	561	(334)
Tax expense		(315)	(159)	(96)
Profit after taxation		998	402	(430)
Non-controlling interest		(18)	(23)	(12)
Profit/(Loss) attributable to shareholders		980	379	(442)
Other comprehensive income –				
Profit/(loss) on sales of Strategic Investments		119	38	(398)
Unrealised changes in the carrying value of Strategic Investments		(79)	658	(402)
Corporation tax expense on these items		(77)	(51)	(198)
Total other comprehensive (expense)/income		(37)	645	(998)
Total comprehensive income/(expense) attributable to shareholders		943	1,024	(1,440)
Basic, Diluted and Headline earnings/(loss) per share		3.1p	1.2p	(1.4)p
Interim dividend		0.55p	0.55p	0.55p
Final dividend		-	-	0.60p
Total in respect of the period		0.55p	0.55p	1.15p

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 2022								
Balances at 1 July 2022	<u>1,560</u>	<u>2,320</u>	<u>11</u>	<u>5,331</u>	<u>7,872</u>	<u>17,094</u>	<u>141</u>	<u>17,235</u>
Profit for the Period	-	-	916	17	47	980	18	998
Other Comprehensive Income	-	-	(79)	42	-	(37)	-	(37)
Transfer of gain on disposal of investments at fair value through other comprehensive income to retained earnings	-	-	(689)	689	-	-	-	-
Total comprehensive income	<u>-</u>	<u>-</u>	<u>148</u>	<u>748</u>	<u>47</u>	<u>943</u>		<u>961</u>
Dividends paid to shareholders	-	-	-	-	(187)	(187)	-	(187)
Balances at 31 Dec 2022	<u>1,560</u>	<u>2,320</u>	<u>159</u>	<u>6,079</u>	<u>7,732</u>	<u>17,850</u>	<u>159</u>	<u>18,009</u>

	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	<u>1,560</u>	<u>2,320</u>	<u>4,530</u>	<u>4,734</u>	<u>5,749</u>	<u>18,893</u>	<u>129</u>	<u>19,022</u>
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	<u>-</u>	<u>-</u>	<u>(537)</u>	<u>1,071</u>	<u>490</u>	<u>1,024</u>	<u>23</u>	<u>1,047</u>
Dividends paid and total transactions with shareholders	-	-	-	-	(187)	(187)	-	(187)
Balances at 31 Dec 2021	<u>1,560</u>	<u>2,320</u>	<u>3,993</u>	<u>5,805</u>	<u>6,052</u>	<u>19,730</u>	<u>152</u>	<u>19,882</u>

Condensed Consolidated Statement of Financial Position

	Notes	31 December 2022	2021	30 June 2022
		£000	£000	£000
Non-current assets				
Property, plant and equipment		7	17	12
Right of use of leased offices		49	113	81
Investments at fair value through other comprehensive income		2,673	7,487	3,957
		<u>2,729</u>	<u>7,617</u>	<u>4,050</u>
Current assets				
Listed investments at fair value through profit or loss	6	16,113	12,849	14,055
Trade and other receivables		127	183	109
Cash and cash equivalents		624	517	407
		<u>16,864</u>	<u>13,549</u>	<u>14,571</u>
Current liabilities				
Overdraft		-	-	(66)
Trade and other payables falling due within one year		(109)	(141)	(171)
Lease liability		(70)	(70)	(75)
Corporation tax liability		(275)	(51)	(198)
		<u>(454)</u>	<u>(262)</u>	<u>(510)</u>
Net Current Assets		<u>16,410</u>	<u>13,287</u>	<u>14,061</u>
Non-current liabilities				
Lease liability		-	(73)	(33)
Deferred taxation		(1,130)	(949)	(843)
Total Assets less Total Liabilities		<u>18,009</u>	<u>19,882</u>	<u>17,235</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		159	3,993	11
Share of retained profits and losses of subsidiaries		6,079	5,805	5,331
Company's retained realised profits and losses		7,732	6,052	7,872
Total Capital and Reserves attributable to owners		<u>17,850</u>	<u>19,730</u>	<u>17,094</u>
Non-controlling equity interest		159	152	141
		<u>18,009</u>	<u>19,882</u>	<u>17,235</u>
Net assets per share		57.2p	63.2p	54.8p
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 2022	2021	Year ended 30 June 2022
	£000	£000	£000
Cash flows from operating activities			
Profit/(Loss) before tax	1,313	561	(334)
Adjustments for non-cash items-			
Finance expense	4	4	6
Depreciation charges	5	5	10
Depreciation on right of use of asset	32	32	64
Unrealised changes in the fair value of General Portfolio investments	(1,202)	(543)	508
(Profit)/Loss on sales of General Portfolio investments	(57)	97	111
Foreign exchange	10	-	-
(Increase)/Decrease in trade and other receivables	(19)	(58)	17
Decrease in trade and other payables	(63)	(74)	(49)
Taxes paid	(28)	(16)	(59)
Net cash (outflow)/inflow from operating activities	(5)	8	274
Cash flows from investment activity			
Acquisition of current investments	(1,785)	(1,753)	(5,152)
Proceeds from disposal of current investments	988	1,431	2,559
Proceeds from disposal of strategic investments	1,325	1,411	3,445
Net cash inflow from investment activity	528	1,089	852
Cash flows from financing			
Interest paid	(2)	(12)	(5)
Interest paid on lease liabilities	(3)	(4)	(9)
Repayment of lease liabilities	(37)	(36)	(71)
Equity dividends paid	(187)	(187)	(359)
Net repayment of loan facilities	-	(650)	(650)
Net cash outflow from financing	(229)	(889)	(1,094)
Increase in cash and cash equivalents	293	208	32
Cash and cash equivalents at the beginning of the period/year	341	309	309
Effects of exchange rate changes on cash and cash equivalents	(10)	-	-
Cash and cash equivalents at end of the period/year	624	517	341
Cash and cash equivalents	624	517	407
Overdraft	-	-	(66)
Net Cash and cash equivalents	624	517	341

Notes to the condensed financial statements

1. Basis of preparation

This condensed interim financial report has been prepared in accordance with the accounting policies contained in the Group's 2022 Annual Report and Accounts and complies with the UK-adopted IAS 34 'Interim financial reporting'. The financial information contained in this report has not been audited or reviewed by the Group's auditors.

The information contained in this interim financial 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 2022 have been reported on by the Group's auditors and have been delivered to the Registrar of Companies. The report of the auditors was unqualified.

The Group has only one operating lease and the right of use of asset and lease liability have been estimated based on a 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.

New standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for financial periods beginning after 1 January 2022 and have not been applied in preparing these condensed interim consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

Estimates and judgments

When preparing the condensed interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the condensed interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

2. Earnings per share

Earnings per share are based on the profit on ordinary activities after taxation and non-controlling interests of £980,000 (2021: £379,000) and on 31,207,479 shares (2021: 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 £980,000 (2021: £379,000) and on 31,207,479 shares (2021: 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 2022 Annual Report and Accounts. The key risks and mitigating activities have not changed from these:

- Stock market volatility, and economic uncertainty including potential impact on banking system;
- 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 2022				
Cash at bank	407	227	(10)	624
Overdraft	(66)	66	-	-
Lease liability	(108)	40	(2)	(70)
Net cash and cash equivalents	233	333	(12)	554
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
30 June 2022				
Cash at bank	309	98	-	407
Overdraft	-	(66)	-	(66)
Borrowings	(650)	650	-	-
Lease liability	(178)	80	(10)	(108)
Net cash and cash equivalents	(519)	762	(10)	233

6. Financial Instruments

Financial assets and liabilities are classified in their entirety into one of the three levels determined on the basis of the lowest input that is significant to the fair value measurement.

Listed prices (unadjusted) in active markets for identical assets or liabilities – Level 1.

Values other than listed prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) – Level 2.

Values for the asset or liability that are not based on observable market data (that is unobservable inputs) –Level 3.

6. Financial Instruments (continued)

The categories of financial instruments used by the Group are:

	Fair Value Hierarchy Level	Half year ended 31 December		Year ended 30 June
		2022 £000	2021 £000	2022 £000
Financial assets				
<i>At fair value through Other comprehensive income</i>				
Non-current investments (strategic investments)	1	2,673	7,487	3,957
<i>At fair value through profit or loss</i>				
Current asset investments (listed investments)	1	16,113	12,849	14,055
<i>Loans and receivables at amortised costs</i>				
Trade and other receivables	n/a	104	163	82
Cash at bank	n/a	624	517	407
Financial liabilities				
<i>At amortised costs</i>				
Trade and other payables	n/a	(109)	(136)	(171)
Corporation tax liability	n/a	(275)	(51)	(198)
Lease liabilities	n/a	(70)	(143)	(108)
Borrowings	n/a	-	-	(66)
<i>At fair value through profit or loss</i>				
Derivative financial instrument	2	-	(5)	-

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

	Half year ended 31 December		Year ended 30 June
	2022 £000	2021 £000	2022 £000
Cost	10,392	6,975	6,975
Opening unrealised gains	3,663	5,106	5,106
Balance brought forward	14,055	12,081	12,081
Purchases	1,785	1,753	5,152
Sales proceeds	(988)	(1,431)	(2,559)
Realised gain on disposal	57	556	824
Net unrealised gains transferred to realised gain on disposal	(57)	(653)	(935)
Unrealised fair value gains in the period	1,259	543	(508)
Balance carried forward	16,113	12,849	14,055

Composition of General Portfolio

	Value £000	%
Exxon Mobil Corp	605	3.8
TotalEnergies SE	600	3.7
LVMH Moet Hennessey	570	3.5
Procter & Gamble	567	3.5
Glencore	566	3.5
Unilever	538	3.3
Shell	525	3.3
Caterpillar	512	3.2
Rio Tinto	487	3.0
Nestle	482	3.0
Legal & General	477	3.0
Pernod Ricard	469	2.9
Diageo	465	2.9
Compagnie Financiere Richemont SA	447	2.7
BHP Group	437	2.7
Deutsche Post	435	2.7
BAE Systems	428	2.7
Heineken Holding	421	2.6
Bank of America	414	2.6
Chemours	407	2.5
JPMorgan Chase	407	2.5
Linde AG	404	2.5
Holcim	400	2.5
L'Oreal	400	2.5
Halliburton	360	2.2
Michelin	360	2.2
Antofagasta	355	2.2
Reckitt Benckiser Group	334	2.1
British American Tobacco	326	2.0
Schindler	323	2.0
Wells Fargo	323	2.0
Imperial Brands	289	1.8
BASF	280	1.7
Walt Disney	277	1.7
Fedex	267	1.7
Credit Agricole	260	1.6
Otis Worldwide Corp	248	1.5
Microsoft	241	1.5
Givaudan	206	1.3
Apple	201	1.2
	<u>16,113</u>	<u>100</u>