

London Finance & Investment Group PLC

(“Lonfin” or the “Company”)

Unaudited Condensed Interim Financial statements for the six months ended 31 December 2023 and dividend declaration

The Company today announces its unaudited interim results and interim dividend declaration for the six months ended 31 December 2023 (the “Interim Statement”).

Introduction

As an investment company, Lonfin’s 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. Whilst we have not identified any suitable Strategic Investments for acquisition in recent years, we continue to believe that a combination of Strategic Investments and a General Portfolio is the most effective way of achieving our aims; whilst keeping this under review. 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 and the benefits of socially responsible long-term investment.

As at 31 December 2023 we held only one Strategic Investment, Western Selection PLC.

Results

Lonfin’s net assets per share increased by 19.1% to 70.3p at 31 December 2023 from 59.2p at 30 June 2023. We have made some changes to our General Portfolio Investments, investing additional net cash of £723,000 and realising profit of £509,000. The fair value of our General Portfolio increased by 8% compared with increases of 3% in both the FTSE 100 index and the FTSEurofirst 300 Index respectively, over the half year. At the close of business on 23 February 2024, our net asset value was 70.6p per share.

The profit before tax for the Company and its subsidiaries (the “Group”) for the half year was £572,000 including revaluation of General Portfolio investments only (2022 - £1,313,000), resulting in earnings per share of 1.5p (2022: earnings per share 3.1p).

The Group’s total comprehensive profit after tax and minority interest, including revaluation of all investments, was £3,639,000 (2022: £943,000)

Strategic Investments

Western Selection PLC (“Western”)

As at 31 December 2023, the Company owned 7,860,515 Western shares, representing 43.8% of Western’s issued share capital.

On 28 December 2023, Western announced its intention to return cash to shareholders at 80.5 per share by means of a return of surplus capital (the “Return of Capital”). The Return of Capital was to be effected by means of a capital reduction. The Board of Western determined that the most effective way to achieve this was for Western’s admission to trading on the AQSE Growth Market to be cancelled and for Western to be re-registered as a private limited company.

Western’s proposals were approved by shareholders at General Meetings held on 25 January and 16 February 2024. Under the Return of Capital, Lonfin elected to retain 45,786 ordinary shares in Western which will represent 43.8% of Western’s reduced issued share capital. Subsequent to the period end, Lonfin received £6,291,000 in cash in exchange for the ordinary shares it chose not to retain, and these shares have now been cancelled. Western will continue to operate as a private company and the Western Board will work on the realisation of its illiquid investments in Industrial & Commercial Holdings PLC (“ICH”) and City Group PLC (“City Group”).

The market value of the Company's investment in Western at 31 December 2023, based on the 80.5p per share return of capital, was £6,328,000 representing 28.5% of the net assets of the Group (30 June 2023: £3,144,000).

Edward Beale and Warwick Marshall are non-executive directors of Western.

General Portfolio

Lonfin's general portfolio is diverse with a spread of high-quality equities, as shown in the composition of our General Portfolio at the end of this announcement. . We believe that the portfolio of quality companies we hold has the potential to outperform the market in the medium to long term.

Board Changes

Mr. David Marshall, the current Chairman, has decided to step down from his role as Chairman and as a member of the Lonfin Board with immediate effect. David has been with the Company since 1971 and the Board wishes to express its profound gratitude to David for his contribution to and stewardship of the Company during this time.

The Board is pleased to announce that Mr Warwick Marshall has agreed to be appointed as the new Chairman of the Company with immediate effect.

Warwick is a non-executive director of the Board, the Chief Executive Officer of Marshall Monteagle PLC and is also a director of various other group operating companies. Warwick has extensive investment experience in his private capacity and brings his extensive skills, knowledge and experience to his new role as Chairman of Lonfin. The Board welcomes Warwick and thanks him for taking on the responsibility of Chairman.

Outlook

£6,291,000 has just been received from Western Selection and, over time, these funds will be utilised to increase the General Portfolio. This substantial increase in the General Portfolio will increase dividend income. The economic outlook globally remains uncertain so the General Portfolio will remain invested in major blue chip international stocks.

The Board has declared an interim dividend of 0.60p per share (2022: 0.55p).

1 March 2024

Interim Dividend

Interim Dividend

The Board recommends an interim gross dividend of 0.60p per share (14.39034 SA cents) (2022: 0.55p) which will be paid on Thursday 4 April 2024 to those members registered at the close of business on Friday 22 March 2024 (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 22 February 2024, being GBP 1 = SA Rand 23.98390.

JSE Disclosure Requirements

In respect of the normal gross cash dividend, and in terms of the South African Tax Act, the dividend tax ruling set out below only applies to those shareholders who are registered on the South African register on Friday 22 March 2024. 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 14.39034 SA cents;
- The interim net dividend is 11.51227 SA cents;
- The dividend has been declared from income reserves, which funds are sourced from the Company's main bank account in Switzerland 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)	Monday 18 March 2024
Shares trade ex-dividend (SA)	Tuesday 19 March 2024
Shares trade ex-dividend (UK)	Thursday 21 March 2024
Record date (SA and UK)	Friday 22 March 2024
Dividend Payment date	Thursday 4 April 2024

Share certificates may not be de-materialised or re-materialised between Tuesday 19 March 2024 and Friday 22 March 2024, both dates inclusive. Shares may not be transferred between the registers in London and South Africa during this period either.

The JSE Listing Requirements require disclosure of the following additional information in relation to any dividend payments.

Dividend tax ruling

Shareholders registered on the South African register are advised that the dividend withholding tax will be withheld from the gross final dividend amount of 14.39034 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 11.51227 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.

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 2023, 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.

London Finance & Investment Group PLC

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 Suite 1.01, Central Court, 25 Southampton Buildings, London, WC2A 1AL.

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 2023	Half year ended 31 December 2022	Year Ended 30 June 2023
		£000	£000	£000
Operating Income				
Dividends receivable		241	243	586
Management service fees		192	179	352
Rental and other income		25	64	97
Profit on disposal of General portfolio investments	7	52	-	633
		510	486	1,668
Administrative expenses				
Investment operations		(187)	(225)	(495)
Management services		(205)	(203)	(411)
Total administrative expenses		(392)	(428)	(906)
Operating profit		118	58	762
Unrealised changes in the carrying value of General Portfolio investments	7	453	1,259	956
Net interest income/(expense)		1	(4)	(7)
Profit before taxation		572	1,313	1,711
Tax expense		(110)	(315)	(312)
Profit after taxation		462	998	1,399
Non-controlling interest		(6)	(18)	(16)
Profit attributable to shareholders		456	980	1,383
Other comprehensive income –				
Profit on sales of Strategic Investments		-	119	118
Unrealised changes in the carrying value of Strategic Investments		3,183	(79)	393
Corporation tax expense on these items		-	(77)	(146)
Total other comprehensive (expense)/income		3,183	(37)	365
Total comprehensive income attributable to shareholders		3,639	943	1,748
Basic, Diluted and Headline earnings per share		1.5p	3.1p	4.4p
Interim dividend		0.60p	0.55p	0.55p
Final dividend		-	-	0.60p
Total in respect of the period		0.60p	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 2023								
Balances at 1 July 2023	1,560	2,320	225	4,906	9,472	18,483	157	18,640
Profit for the Period	-	-	1	1	454	456	6	462
Other Comprehensive Income	-	-	3,183	-	-	3,183	-	3,183
Total comprehensive income	-	-	3,184	1	454	3,639	6	3,645
Dividends paid to shareholders	-	-	-	-	(187)	(187)	-	(187)
Balances at 31 Dec 2023	1,560	2,320	3,409	4,907	9,739	21,935	163	22,098

	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	1,560	2,320	11	5,331	7,872	17,094	141	17,235
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	-	-	148	748	47	943	-	961
Dividends paid and total transactions with shareholders	-	-	-	-	(187)	(187)	-	(187)
Balances at 31 Dec 2022	1,560	2,320	159	6,079	7,732	17,850	159	18,009

London Finance & Investment Group PLC

Condensed Consolidated Statement of Financial Position

	Notes	31 December 2023	2022	30 June 2023
		£000	£000	£000
Non-current assets				
Property, plant and equipment		3	7	3
Right of use of leased offices		-	49	17
Investments at fair value through other comprehensive income	6	6,328	2,673	3,144
		<u>6,331</u>	<u>2,729</u>	<u>3,164</u>
Current assets				
Listed investments at fair value through profit or loss	6,7	16,736	16,113	15,496
Trade and other receivables		198	127	100
Cash and cash equivalents		211	624	1,264
		<u>17,145</u>	<u>16,864</u>	<u>16,860</u>
Current liabilities				
Trade and other payables falling due within one year		(97)	(109)	(151)
Lease liability		-	(70)	(33)
Corporation tax liability		(263)	(275)	(188)
		<u>(360)</u>	<u>(454)</u>	<u>(372)</u>
Net Current Assets		<u>16,785</u>	<u>16,410</u>	<u>16,488</u>
Non-current liabilities				
Deferred taxation		(1,018)	(1,130)	(1,012)
Total Assets less Total Liabilities		<u>22,098</u>	<u>18,009</u>	<u>18,640</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		3,409	159	225
Share of retained profits and losses of subsidiaries		4,907	6,079	4,906
Company's retained realised profits and losses		9,739	7,732	9,472
Total Capital and Reserves attributable to owners		<u>21,935</u>	<u>17,850</u>	<u>18,483</u>
Non-controlling equity interest		163	159	157
		<u>22,098</u>	<u>18,009</u>	<u>18,640</u>
Net assets per share		70.3p	57.2p	59.2p
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		Year ended 30 June
	2023	2022	2023
	£000	£000	£000
Cash flows from operating activities			
Profit before tax	572	1,313	1,711
Adjustments for non-cash items-			
Net finance (income)/expense	(1)	4	7
Depreciation charges	4	5	9
Depreciation on right of use of asset	11	32	64
Profit on early lease termination	(15)	-	-
Unrealised changes in the fair value of General Portfolio investments	(7)	(1,202)	(679)
Profit on sales of General Portfolio investments	(509)	(57)	(911)
Foreign exchange	-	10	-
(Increase)/Decrease in trade and other receivables	(98)	(19)	8
Decrease in trade and other payables	(54)	(63)	(20)
Taxes paid	(28)	(28)	(300)
Net cash outflow from operating activities	(125)	(5)	(111)
Cash flows from investment activity			
Acquisition of IT equipment	(4)	-	-
Acquisition of current investments	(2,979)	(1,785)	(4,258)
Proceeds from disposal of current investments	2,256	988	4,407
Proceeds from disposal of strategic investments	-	1,325	1,325
Net cash (outflow)/inflow from investment activity	(727)	528	1,474
Cash flows from financing			
Net Interest received/(paid)	1	(2)	(1)
Interest paid on lease liabilities	-	(3)	(5)
Repayment of lease liabilities	(15)	(37)	(75)
Equity dividends paid	(187)	(187)	(359)
Net cash outflow from financing	(201)	(229)	(440)
(Decrease)/Increase in cash and cash equivalents	(1,053)	293	923
Cash and cash equivalents at the beginning of the period/year	1,264	341	341
Effects of exchange rate changes on cash and cash equivalents	-	(10)	-
Cash and cash equivalents at end of the period	211	624	1,264

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 Company's 2023 Annual Report and Accounts except for our Strategic holding valuation as explained in "Estimates and judgments" below. This condensed interim financial report 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 Company'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 Company and its subsidiaries (the "Group") for the year ended 30 June 2023 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.

The Group had only one operating lease and the right of use of asset and lease liability were 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. The lease was terminated on 31 August 2023. At 31 December 2023 the Group has no operating leases.

New standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for financial periods beginning after 1 January 2023 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 judgements

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 2023.

At 31 December 2023 the valuation of our strategic investment, Western Selection PLC, was based on 80.5p per share and not on a quoted market price as per our Accounting policy. This is as a result of the Return of Capital proposals, set out in Western's circular, published on 28 December 2023, which advised that there would be a return of surplus capital of 80.5p per share available to all Western shareholders in respect of some or all of their shareholdings in Western. This is the basis on which the Company's investment in Western has been valued at 80.5 per share.

2. Earnings per share

Earnings per share are based on the profit on ordinary activities after taxation and non-controlling interests of £456,000 (2022: £980,000) and on 31,207,479 shares (2022: 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 £456,000 (2022: £980,000) and on 31,207,479 shares (2022: 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 7 and 8 of the Company's 2023 Annual Report and Accounts. The key risks and mitigating activities include the following:

- Stock market volatility, and economic uncertainty;
- Dividend income; and
- Ability to make 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 2023				
Cash at bank	1,264	(1,053)	-	211
Lease liability	(33)	33	-	-
Net cash and cash equivalents	1,231	(1,020)	-	211
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
30 June 2023				
Cash at bank	407	857	-	1,264
Overdraft	(66)	66	-	-
Lease liability	(108)	(80)	(5)	(33)
Net cash and cash equivalents	407	1,003	(5)	1,231

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
		2023 £000	2022 £000	2023 £000
Financial assets				
<i>At fair value through Other comprehensive income</i>				
Non-current investments (strategic investments)	1	6,328	2,673	3,144
<i>At fair value through profit or loss</i>				
Current asset investments (listed investments)	1	16,736	16,113	15,496
<i>Loans and receivables at amortised costs</i>				
Trade and other receivables (excluding non-financial assets)	n/a	180	104	73
Cash at bank	n/a	211	624	1,264
Financial liabilities				
<i>At amortised costs</i>				
Trade and other payables	n/a	(97)	(109)	(151)
Lease liabilities	n/a	-	(70)	(33)

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

	Half year ended 31 December		Year ended 30 June
	2023 £000	2022 £000	2023 £000
Cost	11,154	10,392	10,392
Opening unrealised gains	4,342	3,663	3,663
Balance brought forward	15,496	14,055	14,055
Purchases	2,979	1,785	4,258
Sales proceeds	(2,256)	(988)	(4,407)
Realised gain on disposal	509	57	911
Net unrealised gains transferred to realised gain on disposal	(445)	(57)	(277)
Unrealised fair value gains in the period	453	1,259	956
Balance carried forward	16,736	16,113	15,496

8. Events after the reporting period

On 28 December 2023, Western announced its intention to return cash to shareholders at 80.5 per share by means of a return of surplus capital (the "Return of Capital"). The Return of Capital was to be effected by means of a capital reduction. The Board of Western determined that the most effective way to achieve this was for Western's admission to trading on the AQSE Growth Market to be cancelled and for Western to be re-registered as a private limited company.

Western's proposals were approved by shareholders at General Meetings held on 25 January and 16 February 2024. Under the Return of Capital, Lonfin elected to retain 45,786 ordinary shares in Western which will represent 43.8% of Western's reduced issued share capital. Lonfin received £6,291,000 in cash in exchange for the ordinary shares it chose not to retain, and these shares have now been cancelled. Western will continue to operate as a private company and the Western Board will work on the realisation of its illiquid investments in Industrial & Commercial Holdings PLC and City Group PLC.

Composition of General Portfolio

	Value £000	%
Rio Tinto	583	3.5
Legal & General	564	3.4
Unilever	488	2.9
Linde AG	480	2.9
Holcim	479	2.9
Aviva	474	2.8
TotalEnergies SE	470	2.8
Shell	468	2.8
BHP Group	459	2.7
Nestle	455	2.7
Reckitt Benckiser Group	449	2.7
Imperial Brands	445	2.7
Kraft Heinz	443	2.6
Michelin	439	2.6
Coca-Cola	437	2.6
Heineken Holding	427	2.6
Procter & Gamble Co	417	2.5
Deere & Co	414	2.5
L'Oreal	410	2.5
Mercedes-Benz Group	407	2.4
Schindler	400	2.4
Pernod Ricard	399	2.4
Bank of America	397	2.4
British American Tobacco	397	2.4
Chevron Corp	397	2.4
LVMH Moet Hennessey	390	2.3
JPMorgan Chase	388	2.3
Exxon Mobil Corp	386	2.3
BAE Systems	382	2.3
Nutrien Ltd	378	2.3
Diageo	364	2.2
Microsoft	357	2.1
Barclays	354	2.1
NatWest	346	2.1
Glencore	344	2.1
BASF	331	2.0
Caterpillar	322	1.9
Halliburton	322	1.9
Deutsche Post	319	1.9
Fedex	288	1.7
Otis Worldwide Corp	267	1.6
	16,736	100