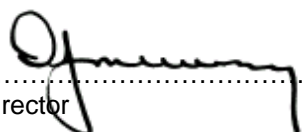


Appendix 4D

Half Year Report for the period ending 31 December 2017

Results for Announcement to the market:

<i>Reporting Period / Previous corresponding period</i>	6 months to 31 Dec 2017	6 months to 31 Dec 2016
<i>2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities</i>	\$487,000 (Up 200%)	\$162,000
<i>2.2 The amount of and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.</i>	\$164,000 (Up 368%)	\$35,000
<i>2.3 The amount of and percentage change up or down from the previous corresponding period of the net profit (loss) for the period attributable to members.</i>	\$164,000 (Up 368%)	\$35,000
<i>2.4 The amount per security and franked amount per security of final and interim ordinary dividends.</i>	See Below	See Below
<i>2.5 The record date for determining entitlements to the dividends (if any)</i>	London City does not pay interim dividends	London City does not pay interim dividends
<i>2.6 A brief explanation of any of the figures in 2.1 and 2.4 necessary to enable the figures to be understood.</i>	See formal accounts.	See formal accounts.
<i>3.0 Net Tangible Assets per security with the comparative figure for the previous corresponding period.</i>	49 cents	36 cents
<i>4.0 Details of entities over which control has been gained or loss over the period.</i>	NA	NA
<i>5.0 Details of individual and total dividends including dates of distribution.</i>	\$311,800 - 1.375 cent in fully franked dividends paid on 12 Oct 2017	\$269,889 - 1.25 cent in fully franked dividends paid on 11 Oct 2016
<i>6.0 Details of Dividend Distribution plan in operation.</i>	Dividend Reinvestment Plan suspended.	Dividend Reinvestment Plan suspended.
<i>7.0 Details of associates and joint venture entities including names and details of investments and contribution to profits.</i>	NA	NA
<i>8.0 Foreign entities requirements</i>	NA	NA
<i>9.0 Whether the accounts are subject to audit dispute or qualification.</i>	No	No



 Director

15 February 2018



ABN 59 003 200 664

Half-Yearly Report

31 December 2017

Established in 1986



Website: www.londoncity.com.au



Chairman's Key Points

Half Year – Significant enhancement produced by our Investment Portfolio

London City's investment portfolio appreciated \$2,600,000 in the December six months, while the profitability remained at subdued levels. The end result was a major upward move in net assets and these have passed \$11,000,000 by 31 December. Net Assets a share then moved up to 49 cents a share.

Furthermore, franking credit levels have been increased by 25% through our participation in an unlisted group's Share Buy Back Scheme and increasing levels of dividends received from 6.4% owned Fiducian Group Limited.

Special mention has to be made here of the continuing stock market recognition of **Fiducian Group Limited**. As the second largest shareholder in Fiducian, we congratulate the Board and management of that company.

Comfortable Operating Results

This latest six months produced a good profit after tax of \$162,000, up from a modest \$42,000 in 2016. Noteworthy is the increase in dividend income, especially from Fiducian Group.

Net Assets - 49 cents at 31 December

London City's net assets stood at \$11.1 million at balance date, an excellent increase on the \$9.1 million recorded at 30 June 2017. The Board's approach to the value of Future Income Tax Benefit has been deliberately conservative because of high stock market levels and the need for complete confidence in recording FITB.

Other

As previously advised, through associated company Imperial Pacific Fund Managers Pty Limited, London City is participating in a group of parties seeking to take action to recover funds from the demise of Penrice Soda. On 31 January 2018 London City announced it has commenced legal proceedings against Ernst & Young, the auditors of Penrice.

Outlook

The Board is pleased to see the value its share portfolio rise in a significant way over the last 18 months. Broker's research on our key investment, Fiducian Group Limited, has been positive and we have noted target share prices well in excess of current Fiducian levels. Recent adverse market conditions have, however, reduced London City's portfolio value by around \$1.5 million. London City's dividend income is now surpassing its operating costs and this move should continue. All these factors are positive for London City.

Peter E.J. Murray
Chairman of Directors

15 February 2018

London City Equities Limited



Statutory Directors' Report **For the Half Year ended 31 December 2017**

The Directors of London City Equities Limited submit their report together with the consolidated financial report for the above period.

Directors

The names of Directors who held office at any time during the half year and up to the date of this report are Mr Peter E.J. Murray, Mr David G Butel and Mr David A. Sutherland.

Review of Operations - Overview

The share portfolio rose in value significantly through the six months by some \$2.6 million. The 6.4% shareholding in financial services house Fiducian Group Limited was a major contributor, supported by a sound business and a quality management team. Again time was spent on alternatives available regarding Penrice and on specific potential investments. London City's cash on deposit with its bankers continues at comfortable levels, around \$0.6 million.

Review of Operations - Results

London City recorded an improved operating profit of \$164,000 for the half year (\$35,000 in 2016).

Review of Operations – Dividend

London City paid an increased 1.375 Cent fully franked dividend to shareholders in October. The Dividend Reinvestment Plan has been suspended for many years and did not apply to this payout. London City does not pay interim dividends.

Events occurring after Balance Date

The major significant event occurring since balance date is the Statement of Claim lodged recently in the Supreme Court of NSW seeking damages and other relief from Ernst & Young. The matter should become more clarified over forthcoming months. Directors also note that recent adverse stock-market conditions have reduced the value of the investment portfolio by around \$1.5 million

Auditor's Independence Declaration

The auditors, Cutcher & Neale, have provided us with the enclosed declaration of independence.

This Report is made in accordance with a resolution of the Directors. Dated at Sydney this 15th day of February 2018.

On behalf of the Board

P.E.J. Murray - Director.

D.G. Butel – Director

London City Equities Limited

ABN 59 003 200 664



Income Statement For the Half Year to 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
Revenue	(2)		
Dividends - investment portfolio		454,337	128,630
Interest - deposits and bank bills		8,594	20,205
Proceeds - Sale of Trading Securities		213,528	12,689
		<u>676,459</u>	<u>161,524</u>
Operating Expenses	(2)		
Cost of Securities Sold		(339,221)	(10,055)
Management Fees		(53,851)	(37,387)
Directors' Fees		(42,500)	(24,903)
Other Operating Expenses		<u>(76,755)</u>	<u>(54,109)</u>
Profit (Loss) from Ordinary Activities before Income Tax	(2)	164,132	35,070
Income Tax Expense relating to ordinary activities		-	-
Net Profit (Loss) attributable to members of the parent entity		<u>164,132</u>	<u>35,070</u>
Total changes in equity other than those resulting from transactions with owners as owners:		<u>164,132</u>	<u>35,070</u>
Basic Earnings Per Share (Cents per share)		0.72	0.16

The accompanying notes form part of this financial report

London City Equities Limited

ABN 59 003 200 664



Statement of Financial Position as at 31 December 2017

	31 Dec 2017 \$	30 June 2017 \$
Current Assets		
Cash and cash equivalents	850,494	1,166,599
Trade and other receivables	69,559	37,480
Total Current Assets	920,053	1,204,079
Non-Current Assets		
Investment Portfolio	10,848,794	8,190,751
Deferred Tax Assets	1,849,000	1,317,000
Total Non-Current Assets	12,697,794	9,507,751
Total Assets	13,617,847	10,711,830
Current Liabilities		
Trade and other payables	187,828	101,823
Total Current Liabilities	187,828	101,823
Non-Current Liabilities		
Deferred Tax Liabilities - Investment Portfolio	2,268,000	1,498,000
Total Non-Current Liabilities	2,268,000	1,498,000
Total Liabilities	2,455,828	1,599,823
Net Assets	11,162,019	9,112,007
Shareholders' Equity		
Contributed Equity	4,507,475	4,507,475
Realised Capital Gains Reserve	(6,860,117)	(6,726,795)
Unrealised Revaluation Reserve	6,872,000	4,541,000
Retained Profits	6,642,661	6,790,327
Total Equity	11,162,019	9,112,007

The accompanying notes form part of this financial report

London City Equities Limited

ABN 59 003 200 664



Statement in Changes in Equity For the Half Year to 31 December 2017

2017	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2017	4,507,475	(6,726,795)	4,541,000	6,790,327	9,112,007
Available-for-sale financial assets					
Realised losses		(133,322)			(133,322)
- Net unrealised gains taken to equity			2,569,000		2,569,000
- Net Tax on unrealised gains			(238,000)		(238,000)
Net Income for period				164,132	164,132
Dividends Paid				(311,798)	(311,798)
At 31 December 2017	4,507,475	(6,860,117)	6,872,000	6,642,661	11,162,019

2016	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2016	4,240,881	(6,726,795)	1,657,551	7,024,954	6,196,591
Available-for-sale financial assets					
- Net unrealised gains taken to equity			2,449,845		2,449,845
- Net Tax on unrealised gains			(362,000)		(362,000)
Increased Capital	267,519				267,519
Net Income for period				#REF!	35,070
Dividends Paid				(269,888)	(269,888)
At 31 December 2016	4,508,400	(6,726,795)	3,745,396	#REF!	8,317,137

The accompanying notes form part of this financial report

London City Equities Limited

ABN 59 003 200 664



Cash Flow Statement For the Half Year to 31 December 2017

	31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities		
Interest received	8,594	20,202
Dividends Received	451,667	128,030
Proceeds from sale of trading investments	213,529	12,689
Purchase of trading investments	(96,545)	(42,800)
Payments to suppliers and management	(124,513)	(167,651)
Net Cash provided by (used in) operating activities	452,732	(49,530)
Cash flows from investing activities		
Proceeds from sale of investments	37,730	-
Purchase of investments	(502,770)	(3,142)
Net Cash provided by (used in) investing activities	(465,040)	(3,142)
Cash flows from financing activities		
Increase (reduction) in related corporations	8,000	9,500
Increase in Issued Share Capital	-	273,500
Dividends paid to shareholders	(311,797)	(269,889)
Net Cash provided by (used in) financing activities	(303,797)	13,111
Net increase / (decrease) in cash held	(316,105)	(39,561)
Cash at beginning of half year	1,166,599	1,867,064
Cash at end of the period	850,494	1,827,503
Comprising:		
Cash and cash equivalents	850,494	1,827,503
	850,494	1,827,503

The accompanying notes form part of this financial report.

London City Equities Limited

ABN 59 003 200 664



Notes to the Accounts as at 31 December 2017

Note 1 Statement of Significant Accounting Policies

(a) Basis of Preparation

This general purpose half-year condensed financial report has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 and other applicable Accounting Standards and other mandatory professional reporting requirements.

This interim financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that this report should be read in conjunction with the 2017 Annual Report and public announcements made by the company during the half year, in accordance with the continuous disclosure obligations arising out of the Corporations Act 2001.

This half-year financial report also has been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards).

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention

The accounting policies adopted have been consistently applied by the company and are consistent with those applied in the 30 June 2017 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2017 will not have any effect on the financial position performance of the company.

(b) Other Disclosure

The financial report of London City Equities Limited for the six months ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 15 February 2018.

London City Equities Limited is a company limited by shares incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange

London City Equities Limited

ABN 59 003 200 664



Notes to the Accounts as at 31 December 2017 (Cont'd)

Note 2 Profit (Loss) from ordinary activities

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

(a) crediting as revenue

	31 Dec 2017 \$	31 Dec 2016 \$
Dividends	454,337	128,630
Interest	8,594	20,205
Proceeds - Sale of Trading Securities	213,528	12,689
	<u>676,459</u>	<u>161,524</u>

(b) charging as expense:

Payable to Auditors - Audit	(1,700)	(4,500)
Payable to Auditors - Other Services	(200)	800
Directors Fees - Paid or accrued	(42,500)	(24,903)
Legal Expenses	(34,091)	-
Management Fees (Base) - Related Corporation	(53,851)	(37,387)
Management Fees (Performance) - Related Corporation	-	-
Cost of Trading Securities	(339,221)	(10,055)
Other Operating Expenses	(40,764)	(50,409)
	<u>(512,327)</u>	<u>(126,454)</u>

Profit (Loss) from Ordinary Activities before Income Tax

164,132	35,070
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Note 3 Unrealised Revaluation Reserve

Unrealised gains on listed securities available-for-sale
Income Tax applicable

7,561,000	4,257,396
(689,000)	(512,000)
<u>6,872,000</u>	<u>3,745,396</u>

Note 4 Shares on Issue

Ordinary Shares - 1 July 2017

Change during Period

Ordinary Shares - 31 December 2017

Number	Number
22,676,099	21,591,099
-	1,085,000
<u>22,676,099</u>	<u>22,676,099</u>

Average Shares on Issue during period

22,676,099	22,133,599
------------	------------

The company has in existence a Dividend Reinvestment Plan under which shareholders elect to have all or part of their dividend reinvested in new ordinary shares at a discount to the market price. The scheme has been suspended since 2010 .

Note 5 Dividends Paid

The following dividends were recognised in the accounting period:

A fully franked ordinary dividend of 1.375 cents per share was paid to shareholders on 12 October 2017 (previous year - 1.25 cent fully franked dividend.)

There are no interim dividends proposed for payment.

31 Dec 2017 \$	31 Dec 2016 \$
311,796	
-	269,888

London City Equities Limited

ABN 59 003 200 664



Notes to the Accounts as at 31 December 2017 (Cont'd)

Note 6 Taxation

A future income tax benefit of \$1,849,000 has been brought to account in respect of estimated recoupable tax losses available to the company. While market values indicate higher recoupment of past tax losses, Directors have cautiously opted not to bring the full amount of future income tax benefit to account because of perceived high market valuations. This has resulted in some \$500,000 in future tax benefit not being adopted.

At the present levels there remain some \$2,000,000 in tax losses still available for the future. These tax losses have not been confirmed by tax authorities and the tax benefits will only be obtained if:

- (i) Assessable income is derived of a nature and of amount sufficient to enable the benefit of the deductions to be realised;
- (ii) Conditions for deductibility imposed by the law complied with; and
- (iii) No changes in tax legislation adversely affect the realisation of the benefit and of the deductions

Note 7 Segmental Information

The economic entity acted through the period as a strategic investment holding company

	Equity Investment	Other	Total
December 2017			
Revenue	\$	\$	\$
Investment /other revenue	667,865	8,594	676,459
Segment result			
Profit after tax	242,091	(77,959)	164,132
Segment assets	12,732,574	887,944	13,617,847
Segment liabilities	(2,331,395)	(127,104)	(2,455,828)
Net cash inflow from operating activities	506,395	(53,663)	452,732
	Equity Equity Investment	Other Other	Total Total
December 2016			
Revenue	\$	\$	\$
Investment /other revenue	141,319	20,205	161,524
Segment result			
Profit after tax	73,065	(37,995)	35,070
Segment assets	7,803,293	1,854,862	9,658,155
Segment liabilities	(1,309,009)	(32,009)	(1,341,018)
Net cash inflow from operating activities	44,205	(93,735)	(49,530)

Note 8 Contingent Assets and Contingent Liabilities

On 17 June and on 25 July 2011 London City Equities Limited was granted judgment in its favour by the Federal Court of Australia to access certain records and documents of Penrice Soda Holdings Limited ("Penrice"). This followed legal action by London City to assess the conduct of the directors of Penrice and the provision of information at the time London City made investments in Penrice. On 31 January 2018 London City announced it had commenced legal proceedings in relation to Ernst & Young and that firm's role as auditor of Penrice. Relief including damages is sought. There is insufficient information at the date of this report to estimate any future benefit that may arise.

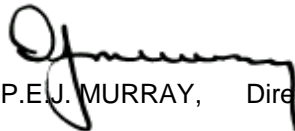


Directors' Declaration

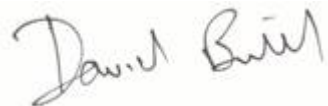
In the Directors' opinion:

1. the financial statements and notes set out on pages 3 to 9 are in accordance with the Corporations Act 2001, including
 - (i) complying with Accounting Standards , the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2017 and its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.
2. there are reasonable grounds to believe that London City Equities Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



P.E.J. MURRAY, Director



D.G. BUTEL, Director

Sydney

Dated this 15th day of February 2018

Auditor's Independence Declaration to the Directors of London City Equities Limited

In relation to our review of the financial report of London City Equities Limited for the half year ended 31 December 2017, to the best of my knowledge and belief there have been:

- (a) no contravention of the auditor independence requirements of the Corporation Act 2001;
- (b) no contravention of any applicable code of professional conduct.



Mark O'Connor CA
Partner



Cutcher & Neale
Chartered Accountants

25 Bolton Street
Newcastle NSW 2300

9 February 2018

Independent Review Report to the Members of London City Equities Limited

Report on the Half-Year Financial Report

We have reviewed the financial report of London City Equities Ltd (“the Company”) for the half year ended 31 December 2017 as set out on pages 3 to 10. The financial report comprises the statement of financial position as at 31 December 2017, the income statement, cash flow statement, and statement of changes in equity for the half-year ended on that date, accompanying notes to the financial statements, and the directors’ declaration.

Directors’ Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity’s financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of London City Equities Limited and its consolidated entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

- 12 -

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors, would be in the same terms if given to the Directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of London City Equities Ltd is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Mark O'Connor CA
Partner



Cutcher & Neale
Chartered Accountants

25 Bolton Street
Newcastle NSW 2300

15 February 2018