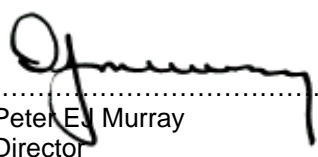


Appendix 4D

Half Year Report for the period ending 31 December 2019

Results for Announcement to the market:

<i>Reporting Period / Previous corresponding period</i>	6 months to 31 Dec 2019	6 months to 31 Dec 2018
<i>2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities</i>	\$253,000 (Up 8%)	\$235,000
<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>	\$36,000 (Up to Profit)	(\$18,000)
<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>	(\$36,000) (Up to Profit)	(\$18,000)
<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	38 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 10 Oct 2019	\$311,800 – 1.375 cent in fully franked dividends paid on 11 Oct 2018
<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



 Peter E. Murray
 Director

20 February 2020



ABN 59 003 200 664

Half-Yearly Report

31 December 2019

Established in 1986



Website: www.londoncity.com.au



Chairman's Key Points

Half Year 2019 – Positive in terms of Assets and Profits

Directors can report London City's Investment Portfolio has improved markedly over the six months and its financial results have been good, despite costs and time being spent on the serious litigation pursuing Ernst & Young, the former auditors of Penrice Soda Holdings Limited, now in liquidation.

Financials – Small Profit for the half - Dividend of 1.375 cents maintained

Although dividend income has risen 8% in the period, the net profit number at \$36,000 has been restrained by the ongoing outlay on the Ernst & Young legal case. Nonetheless, London City has maintained the payment of a solid fully franked dividend of 1.375 Cents, paid in October.

Portfolio values increased significantly since 30 June – Net Assets now 53 Cents a share.

London City's **7% shareholding in Fiducian Group Limited** has continued to strengthen, reflecting the quality of its management team and business. This has assisted London City's net asset enhancement. In addition, London City's participation in an associated group shareholding of **5% of Excelsior Capital Limited** should help over the medium term. Excelsior Capital is a modest Sydney based investment group that pays regular fully franked dividends,

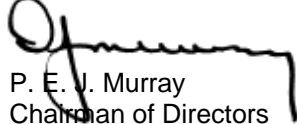
Supported by increasing stock-market values since the last Annual Report the Investment Portfolio has seen its value over cost appreciate a further \$900,000 since 30 June. The improvement has continued since 31 December by another \$900,000. Accordingly, Directors are pleased to report the unaudited Net Assets per Share are now estimated to be 53 Cents a share.

Other

In regard to its serious legal action against Ernst & Young, Justice Fullerton of the Supreme Court of NSW handed down what London City Directors believe was a favourable Judgment on 1 August. In broad terms it confirmed that London City's Statement of Claim be accepted (subject to adjustment) and that there was a tenable case on the question of duty of care owed to London City and fellow plaintiffs by Ernst & Young. New solicitors have been appointed by London City and an Amended Statement of Claim is expected to be lodged in the Court within two weeks. The issue will now proceed to a full hearing.

Directors are aware of the company's funding status and its current reliance on associates. They are endeavouring to firm up structures and arrangements for a solid equity issue. We will keep shareholders informed if and when matters progress.

For and on behalf of the Board


P. E. J. Murray
Chairman of Directors

20 February 2020

London City Equities Limited



Statutory Directors' Report **For the Half Year ended 31 December 2019**

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 Neil E. Schafer.

Review of Operations - Overview

The share portfolio appreciated in market value through the six months by some \$900,000 with a particular gain resulting from London City's 7% shareholding in Fiducian Group Limited. With a fully invested position, Directors have been reviewing capital management alternatives to replace short term funding from associates.

Review of Operations – Results Improve

London City recorded an operating profit of \$36,000 for the half year (loss of \$18,000 in 2018). Revenue improved from higher dividends, while these gains were impacted by ongoing legal costs. .

Review of Operations – Dividend Maintained

London City paid a 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 has been the positive market appreciation of the Investment Portfolio, including the company's 7% shareholding in Fiducian Group Limited, with net assets rising by some \$900,000 in recent weeks. In terms of the legal action against Ernst & Young, an expanded and amended Statement of Claim is being lodged in the Supreme Court in the next two weeks.

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 20th day of February 2020.

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 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Revenue	(2)		
Dividends - investment portfolio		252,963	233,927
Interest - deposits and bank bills		2	1,200
Proceeds - Sale of Trading Securities		-	-
		<u>252,965</u>	<u>235,127</u>
Operating Expenses	(2)		
Cost of Securities Sold		-	-
Management Fees		(60,290)	(48,531)
Directors' Fees		(45,000)	(45,000)
Other Operating Expenses		<u>(112,138)</u>	<u>(159,478)</u>
Profit (Loss) from Ordinary Activities before Income Tax	(2)	35,537	(17,882)
Income Tax Expense relating to ordinary activities		-	-
Net Profit (Loss) attributable to members of the parent entity		<u>35,537</u>	<u>(17,882)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>35,537</u>	<u>(17,882)</u>
Basic Earnings Per Share (Cents per share)		0.16	(0.08)

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 2019

	31 Dec 2019 \$	30 June 2019 \$
Current Assets		
Cash and cash equivalents	2,163	15,566
Trade and other receivables	54,457	55,016
Total Current Assets	56,620	70,582
Non-Current Assets		
Investment Portfolio	12,374,880	11,241,225
Deferred Tax Assets	2,160,000	2,160,000
Total Non-Current Assets	14,534,880	13,401,225
Total Assets	14,591,500	13,471,807
Current Liabilities		
Trade and other payables	1,058,540	544,446
Total Current Liabilities	1,058,540	544,446
Non-Current Liabilities		
Deferred Tax Liabilities - Investment Portfolio	2,391,000	2,126,000
Total Non-Current Liabilities	2,391,000	2,126,000
Total Liabilities	3,449,540	2,670,446
Net Assets	11,141,960	10,801,361
Shareholders' Equity		
Contributed Equity	4,507,475	4,507,475
Realised Capital Gains Reserve	(6,739,135)	(6,739,135)
Unrealised Revaluation Reserve	7,469,493	6,852,634
Retained Profits	5,904,127	6,180,387
Total Equity	11,141,960	10,801,361

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 2019

2019	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2019	4,507,475	(6,739,135)	6,852,634	6,180,387	10,801,361
Investment Portfolio at fair value					
Realised losses		-			-
- Net unrealised gains taken to equity			881,859		881,859
- Net Tax on unrealised gains			(265,000)		(265,000)
Net Income for period				35,537	35,537
Dividends Paid				(311,797)	(311,797)
At 31 December 2019	4,507,475	(6,739,135)	7,469,493	5,904,127	11,141,960

2018	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2018	4,507,475	(6,739,136)	5,874,346	6,502,282	10,144,967
Investment Portfolio at fair value					
Realised losses		-			-
- Net unrealised gains taken to equity			(1,544,430)		(1,544,430)
- Net Tax on unrealised gains			463,000		463,000
Net Income for period				(17,882)	(17,882)
Dividends Paid				(311,798)	(311,798)
At 31 December 2018	4,507,475	(6,739,136)	4,792,916	6,172,602	8,733,857

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 2019

	31 Dec 2019 \$	31 Dec 2018 \$
Cash flows from operating activities		
Dividends Received	252,963	233,926
Interest received	2	1,201
Proceeds from sale of trading investments	-	-
Purchase of trading investments	-	-
Payments to suppliers and management	(196,995)	(175,441)
Net Cash provided by (used in) operating activities	55,970	59,686
Cash flows from investing activities		
Proceeds from sale of investments	-	-
Purchase of investments	(257,996)	(64,223)
Net Cash provided by (used in) investing activities	(257,996)	(64,223)
Cash flows from financing activities		
Increase (reduction) in related corporations	500,897	(21,712)
Dividends paid to shareholders	(311,797)	(311,797)
Net Cash provided by (used in) financing activities	189,100	(333,509)
Net increase / (decrease) in cash held	(12,926)	(338,046)
Cash at beginning of half year	15,089	342,894
Cash at end of the period	2,163	4,848
Comprising:		
Cash and cash equivalents	2,163	4,848
	2,163	4,848

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 2019

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 2019 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 Company has two discrete types of investments - the Trading Portfolio (Current Assets) and the Investment Portfolio (Non-Current Assets). The Company is a long term investor. All investment are initially recognised at the fair value of the consideration given. After initial recognition investments (classified as either Trading or Investment) are measured at their fair value. Fair Value of listed securities is determined by reference to the last sale price at the close of business at balance date. Gains or losses on Trading Portfolio investments are recognised in the Income Statement. Gains or losses on Portfolio investments are recognised as a separate component of equity in the Unrealised Revaluation Reserve.

The accounting policies adopted have been consistently applied by the company and are consistent with those applied in the 30 June 2019 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2019 will not have any effect on the financial position or performance of the company. In relation to AASB16 (Right of Use Asset - Lease Liability) the changes have been assessed as immaterial.

(b) Other Disclosure

The financial report of London City Equities Limited for the six months ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 19 February 2020.

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 2019 (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 2019 \$	31 Dec 2018 \$
Dividends	252,963	233,927
Interest	2	1,200
Proceeds - Sale of Trading Securities	-	-
	<u>252,965</u>	<u>235,127</u>

(b) charging as expense:

Payable to Auditors - Audit	(4,000)	(5,700)
Payable to Auditors - Other Services	500	500
Directors Fees - Paid or accrued	(45,000)	(45,000)
Litigation Expenses	(56,107)	(106,265)
Management Fees (Base) - Related Corporation	(60,290)	(48,531)
Management Fees (Performance) - Related Corporation	-	-
Cost of Trading Securities	-	-
Other Operating Expenses	(52,531)	(48,013)
	<u>(217,428)</u>	<u>(253,009)</u>

Profit (Loss) from Ordinary Activities before Income Tax

	<u>35,537</u>	<u>(17,882)</u>
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Note 3 Unrealised Revaluation Reserve

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

	7,970,493	4,329,914
	(501,000)	463,000
	<u>7,469,493</u>	<u>4,792,914</u>

Note 4 Shares on Issue

Ordinary Shares - 1 July 2019

Change during Period

Ordinary Shares - 31 December 2019

Number	Number
22,676,099	22,676,099
-	-
<u>22,676,099</u>	<u>22,676,099</u>

Average Shares on Issue during period

22,676,099	22,676,099
------------	------------

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 10 October 2019 (previous year - 1.375 cent fully franked dividend).

There are no interim dividends proposed for payment.

31 Dec 2019 \$	31 Dec 2018 \$
(311,797)	(311,798)

London City Equities Limited

ABN 59 003 200 664



Notes to the Accounts as at 31 December 2019 (Cont'd)

Note 6 Taxation

A future income tax benefit of \$2,160,000 (2018 - \$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.

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 2019			
Revenue			
Investment /other revenue	252,963	2	252,965
Segment result			
Profit after tax	144,249	(108,712)	35,537
Segment assets	14,556,759	34,741	14,591,500
Segment liabilities	(2,439,965)	(1,009,575)	(3,449,540)
Net cash inflow from operating activities	193,865	(137,895)	55,970
	Equity Investment	Other	Total
	\$	\$	\$
December 2018			
Revenue			
Investment /other revenue	233,927	1,200	235,127
Segment result			
Profit after tax	107,423	(125,305)	(17,882)
Segment assets	10,346,891	46,673	10,393,564
Segment liabilities	(1,482,699)	(177,008)	(1,659,707)
Net cash inflow from operating activities	146,206	(86,520)	59,686

Note 8. Legal Matter - Ernst & Young

Legal action has taken place with Penrice Soda Holdings Limited ("Penrice") since 2010. On 31 July 2014 liquidators were appointed over Penrice and the operations closed. London City incurred substantial direct and indirect losses regarding its investment in Penrice. During 2018 London City and other parties began legal proceedings in Supreme Court of NSW by lodging a Statement of Claim against Ernst & Young, the former auditor of Penrice, seeking appropriate recompense. Following a Court hearing on 29 March 2019 Justice Fullerton handed down on 1 August 2019 her judgment that London City's Statement of Claim be accepted and that there was an arguable case on the question of duty of care owed to LCE plaintiffs altering their behaviour on the basis of EY's conduct as auditors. The matter will now proceed to a full hearing under the direction of new solicitors and an Amended Statement of Claim will be lodged within the next two weeks. There is insufficient information at this date to estimate the extent of future benefit or costs that may arise.

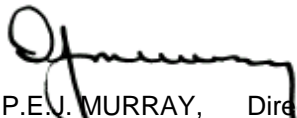


Directors' Declaration

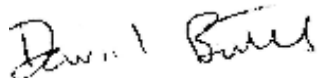
In the Directors' opinion:

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 2019 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 20th day of February 2020

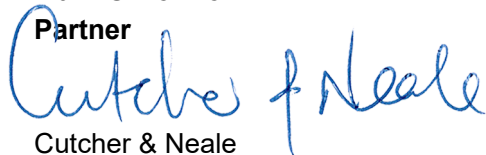
Auditor's Independence Declaration to the Directors of London City Equities Limited

In relation to our review of the financial report of London City Equities Limited for the half year ended 31 December 2019, 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

19 February 2020

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 2019 as set out on pages 3 to 10. The financial report comprises the statement of financial position as at 31 December 2019, 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 2019 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.

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 2019 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

20 February 2020