

Appendix 4D

Half Year Report for the period ending 31 December 2014

Results for Announcement to the market:

<i>Reporting Period / Previous corresponding period</i>	6 months to 31 Dec 2014	6 months to 31 Dec 2013
<i>2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities</i>	\$100,620 (down 71%)	\$352,154
<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>	\$20,014 (down 77%)	\$260,458
<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>	\$20,014 (down 77%)	\$260,458
<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>	22.1 cents	21.5 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>	\$215,911 - 1.0 cent in fully franked dividends paid on 9 Oct 2014.	\$215,911 - 1.0 cent in fully franked dividends paid on 24 Sept 2013.
<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

20 February 2015



ABN 59 003 200 664

Half-Yearly Report

31 December 2014

Established in 1986



Website: www.londoncity.com.au

London City Equities Limited



Chairman's Key Points

Half Year – Portfolio increased, franking credit levels enhanced.

Since July we have expanded the portfolio by over \$1.0 million to take advantage of higher dividend income on offer from equities and activating some appropriate opportunities. Franking credit levels have been maintained and Directors consider London City has the ability to pay fully franked dividends at the current rate for at least the next three years.

In particular, our shareholding in **Fiducian Portfolio Services** Limited, where we now own 4.2%, was increased in the period. Our consistent view on the company has been rewarded with its shares rising 34% over the last year and paying increasing dividends. **IMB's** Share Buy-Back was deferred from the December to the June half so there was no abnormal dividend from IMB in the reporting period. We are considering the latest offer for our present reduced shareholding. This new proposal offers the payment of three quarters of the consideration as a fully franked dividend.

We have continued to pursue our options with **Penrice** and associated parties with lawyers. Given the extraordinary losses incurred by Penrice since floating in 2005 of some \$240 million suffered by public investors and the NAB and Westpac banks – without any government enquiry so far - it is pleasing to hear that the liquidators McGrath Nicol and ASIC are looking into the behaviour of the relevant participants.

Modest Operating Results – steady dividend

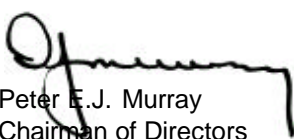
This latest six months produced a modest profit after tax of \$20,000 (\$260,000 in 2013). The period was impacted adversely by the lack of an IMB buy-back in the period and the focus by the Board on long term capital gain. A steady fully franked dividend of one cent a share was again paid in the period.

Net Assets – 22.1 cents - after paying the October dividend.

London City's net assets stood at 22.1 cents at balance date, a slight increase on June 2014, accepting the payment of a One cent dividend in September. Directors remind shareholders that the Board has adopted a conservative stance on the value of Future Tax Benefits where most of potential future benefits have not been accounted for.

Outlook

London City will be investing further in the next six months by increasing our targeted shareholdings to meaningful percentage ownership levels, especially ones where our cash resources and skills might be employed to enhance London City's assets over the medium term.



Peter E.J. Murray
Chairman of Directors

20 February 2015

London City Equities Limited



Statutory Directors' Report For the Half Year ended 31 December 2014

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 Rob Chenery and Mr David A Sutherland.

Review of Operations - Overview

The share portfolio expanded by around \$1.0 million from June through the purchase of additional investments and by some market appreciation. Shareholdings in Fiducian (4.2% owned) and some targeted companies increased since 30 June. Time was spent on options available regarding Penrice and on specified new potential investments. At balance date London City retained \$1.4 million on deposit with its bankers.

Review of Operations - Results

London City recorded a profit of \$20,000, compared to \$260,000 in 2013.

Review of Operations – Dividend

London City paid a one cent fully franked dividend to shareholders in October. The Dividend Reinvestment Plan has been suspended and did not apply to this payout. London City does not pay interim dividends.

Events occurring after Balance Date

No material event has taken place since balance date.

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 2015.

On behalf of the Board

P.E.J. Murray
Director.

D.A. Sutherland
Director

London City Equities Limited

ABN 59 003 200 664



Income Statement For the Half Year to 31 December 2014

	Note	31 Dec 2014 \$	31 Dec 2013 \$
Revenue	(2)		
Dividends - investment portfolio		66,175	319,636
Interest - deposits and bank bills		31,388	32,509
Other Income		3,057	-
		<hr/> 100,620	<hr/> 352,145
Operating Expenses	(2)		
Management Fees		(23,863)	(23,176)
Directors' Fees		(25,000)	(25,000)
Other Operating Expenses		(31,743)	(109,341)
		<hr/> (79,506)	<hr/> (157,517)
Profit (Loss) from Ordinary Activities before Income Tax	(2)	20,014	194,628
Income Tax Expense relating to ordinary activities		-	65,830
		<hr/> 20,014	<hr/> 128,798
Net Profit (Loss) attributable to members of the parent entity		20,014	260,458
Total changes in equity other than those resulting from transactions with owners as owners		<hr/> 20,014	<hr/> 260,458
Basic Earnings Per Share (Cents per share)		0.09	1.21

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 2014

	31 Dec 2014 \$	30 June 2014 \$
Current Assets		
Cash and cash equivalents	1,394,398	2,506,727
Trade and other receivables	18,200	24,545
Total Current Assets	1,412,598	2,531,272
Non-Current Assets		
Investment Portfolio	3,352,177	2,374,872
Deferred Tax Assets	270,000	270,000
Total Non-Current Assets	3,622,177	2,644,872
Total Assets	5,034,775	5,176,144
Current Liabilities		
Trade and other payables	56,019	19,621
Total Current Liabilities	56,019	19,621
Non-Current Liabilities		
Deferred Tax Liabilities - Investment Portfolio	217,000	210,000
Total Non-Current Liabilities	217,000	210,000
Total Liabilities	273,019	229,621
Net Assets	4,761,756	4,946,523
Shareholders' Equity		
Contributed Equity	4,240,881	4,240,881
Realised Capital Gains Reserve	(7,145,327)	(7,140,370)
Unrealised Revaluation Reserve	506,000	489,913
Retained Profits	7,160,202	7,356,099
Total Equity	4,761,756	4,946,523

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 2014

2014	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2014	4,240,881	(7,140,370)	489,913	7,356,099	4,946,523
Available-for-sale financial assets:					
- Net realised loss taken to equity		(4,957)			(4,957)
- Net unrealised gains taken to equity			23,087		23,087
- Net Tax on unrealised gains			(7,000)		(7,000)
Net Income for period				20,014	20,014
Dividends Paid				(215,911)	(215,911)
At 31 December 2014	<u>4,240,881</u>	<u>(7,145,327)</u>	<u>506,000</u>	<u>7,160,202</u>	<u>4,761,756</u>

2013	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2013	4,240,881	(6,839,215)	(256,269)	7,153,167	4,298,564
Available-for-sale financial assets:					
- Net realised loss taken to equity		(119,850)			(119,850)
- Net unrealised gains taken to equity			585,535		585,535
- Net Tax on unrealised gains			(175,660)		(175,660)
Net Income for period				260,458	260,458
Dividends Paid				(215,911)	(215,911)
At 31 December 2013	<u>4,240,881</u>	<u>(6,959,065)</u>	<u>153,606</u>	<u>7,197,714</u>	<u>4,633,136</u>

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 2014

	31 Dec 2014 \$	31 Dec 2013 \$
Cash flows from operating activities		
Interest received	37,841	35,315
Dividends Received	66,174	319,636
Proceeds from sale of trading investments	43,057	6,480
Purchase of trading investments	(40,000)	-
Payments to suppliers and management	(46,956)	(189,344)
Net Cash provided by (used in) operating activities	60,116	172,087
Cash flows from investing activities		
Proceeds from sale of investments	193,745	94,275
Purchase of investments	(1,150,279)	(385,674)
Net Cash provided by (used in) investing activities	(956,534)	(291,399)
Cash flows from financing activities		
Increase (reduction) in related corporations		(2,280)
Dividends paid to shareholders	(215,911)	(215,911)
Net Cash provided by (used in) financing activities	(215,911)	(218,191)
Net increase / (decrease) in cash held	(1,112,329)	(337,503)
Cash at beginning of half year	2,506,727	2,142,902
Cash at end of the period	1,394,398	1,805,399
Comprising:		
Cash and cash equivalents	1,394,398	1,805,399
	1,394,398	1,805,399

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 2014

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 2014 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 2014 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2014 will not have any effect on the financial position or performance of the company.

(b) Other Disclosure

The financial report of London City Equities Limited for the six months ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 20 February 2015.

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 2014 (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 2014 \$	31 Dec 2013 \$
Dividends	66,175	319,636
Interest	31,388	32,509
Other Income	3,057	-
	<u>100,620</u>	<u>352,145</u>

(b) charging as expense:

Payable to Auditors - Audit	(2,000)	(2,700)
Payable to Auditors - Other Services	(1,000)	(5,450)
Directors Fees - Paid or accrued	(25,000)	(25,000)
Management Fees (Base) - Related Corporation	(23,863)	(23,176)
Management Fees (Performance) - Related Corporation	-	-
Loss on Sale of Shares	-	(70,292)
Other Operating Expenses	(28,743)	(30,899)
	<u>(80,606)</u>	<u>(157,517)</u>

Profit (Loss) from Ordinary Activities before Income Tax

20,014	194,628
--------	---------

Note 3 Unrealised Revaluation Reserve

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

723,000	219,436
(217,000)	(65,830)
<u>506,000</u>	<u>153,606</u>

Note 4 Shares on Issue

Ordinary Shares - 1 July 2014
Less: Shares purchased under Buy-back scheme
Ordinary Shares - 31 December 2014

Number	Number
21,591,099	21,591,099
-	-
<u>21,591,099</u>	<u>21,591,099</u>

Average Shares on Issue during period

21,591,099	21,591,099
------------	------------

The company operates 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. It operated in 2010 but has been suspended since. The normal discount is 5%.

Note 5 Dividends Paid

The following dividends were recognised in the accounting period:

A fully franked ordinary dividend of 1.0 cent per share was paid to shareholders on 9 October 2014 (previous year - 1.0 cent fully franked ordinary dividend)

There are no interim dividends proposed for payment.

31 Dec 2014 \$	31 Dec 2013 \$
215,911	215,911

London City Equities Limited

ABN 59 003 200 664



Notes to the Accounts as at 31 December 2014 (Cont'd)

Note 6 Taxation

A future income tax benefit has been brought to account in the accounts in respect of estimated recoupable tax losses of \$900,000. Other than the likely recoupment of recognised portfolio gains at 31 December and the applicable future tax benefit the Directors have opted not to bring other future income tax benefit to account in respect of estimated past revenue losses of \$900,000 and realised capital tax losses of \$6,900,000. 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 2014			
Revenue	\$	\$	\$
Investment /other revenue	69,232	31,388	100,620
Segment result			
Profit after tax	28,929	(8,915)	20,014
Segment assets	3,631,277	1,403,498	5,034,775
Segment liabilities	(239,303)	(33,716)	(273,019)
Net cash inflow from operating activities	45,753	14,363	60,116
December 2013			
Revenue	\$	\$	\$
Investment /other revenue	319,636	32,509	352,145
Segment result			
Profit after tax	258,752	1,706	260,458
Segment assets	2,863,513	1,892,859	4,756,372
Segment liabilities	(106,014)	(17,222)	(123,236)
Net cash inflow from operating activities	191,631	(19,544)	172,087

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. This investigatory process may ultimately lead to legal action being taken against the directors of Penrice, or that company itself, for the recovery of substantial investment losses. There is insufficient information at the date of this report to estimate any future benefit that may arise. Directors note that Penrice has since been placed into liquidation.

London City Equities Limited

ABN 59 003 200 664



Directors' Declaration

In the Directors' opinion:

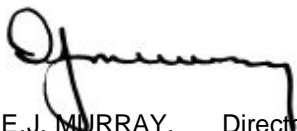
1. the financial statements and notes set out on pages 3 to 9 are in accordance with the Corporations Act 2001, including

(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 2014 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.A. SUTHERLAND, Director

Sydney

Dated this 20th day of February 2015

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 2014, 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.


Ian Neale FCA
Partner

25 Bolton Street
Newcastle NSW 2300

Cutcher & Neale
Chartered Accountants

20 February 2014

Independent Review Report to the Members of London City Equities Limited

Scope

The financial report and director's responsibility

We have reviewed the financial report of London City Equities Limited for the half year ended 31 December 2014 as set out on pages 3 to 10. The financial report comprises the statement of financial position, income statement, cash flow statement, statement of changes in equity, accompanying note to the financial statements, and the directors' declaration for London City Equities Limited for the half year ended 31 December 2014.

The company's directors are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards AASB 134 "Interim Financial Reporting", in accordance with the corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our Review was conducted in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134: "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position, and of its performance as measured by the results of its operations and its cash flows. In addition, ASRE 2410 requires compliance with the ethical requirements relevant to the audit of the annual financial report.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than that given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

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 Limited is not in accordance with:

(a) the Corporations Law, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2014 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; and

(a) other mandatory financial reporting requirements in Australia.



Ian Neale FCA
Partner

25 Bolton Street
Newcastle NSW 2300

Cutcher & Neale
Chartered Accountants

20 February 2014