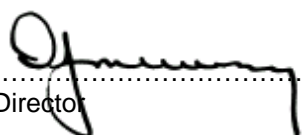


## Appendix 4D

### Half Year Report for the period ending 31 December 2015

#### Results for Announcement to the market:

<i>Reporting Period / Previous corresponding period</i>	<b>6 months to 31 Dec 2015</b>	<b>6 months to 31 Dec 2014</b>
<i>2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities</i>	\$480,998 (Up 240%)	\$140,620
<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>	\$525,000 (Up 419%)	\$20,014
<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>	\$525,000 (Up 419%)	\$20,014
<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>	30.2 cents	22.1 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 15 Oct 2015	\$215,911 - 1.0 cent in fully franked dividends paid on 9 Oct 2014
<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

22 February 2016



ABN 59 003 200 664

## **Half-Yearly Report**

**31 December 2015**

***Established in 1986***



**Website: [www.londoncity.com.au](http://www.londoncity.com.au)**

# London City Equities Limited



## Chairman's Key Points

### **Half Year – Profit, net assets and franking credit levels enhanced**

The six months saw three major events taking place. In the first place our profits were boosted by the enhancement of our future tax benefit. Secondly, this arose because our long term investment portfolio recorded one of its best performances for years - with a gain of some \$2.6 million in market value surplus. This was helped by a major valuation gain in our 5.1% **Fiducian Group Limited** of some \$1.5 million. Also our 2% shareholding in **Coffey International Limited** becoming the subject of a takeover offer. Thirdly we can report that **franking credit levels** have been maintained and London City has the ability to pay fully franked dividends at the current rate for at least the next three years.

### **Comfortable Operating Results**

This latest six months produced a comfortable profit after tax of \$525,000 (\$86,000 in 2014). The recognition of future tax benefit was a key feature of this operating result.

### **Board Change**

On 9 February Mr Rob Chenery retired as a Director of the group. His place was taken by Mr David G Butel who we knew closely as Managing Director of CCI Holdings Limited. David is presently a Vice President of Bureau Veritas Minerals. His executive skills and resources experience will be particularly positive to the group. We welcome Mr Butel to the Board.

### **Net Assets – 30.2 cents at December – now 28.4 cents.**

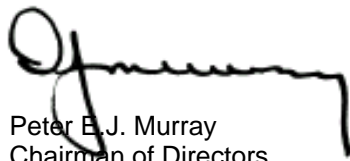
London City's net assets stood at \$6.5 million at balance date, a major increase on the June figures of \$4.4 million, despite the payment of a One cent fully franked dividend in October.

### **Other**

Furthermore, 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. London City is not keen to expend more funds on Penrice. Imperial Pacific Fund Managers has acquired for a nominal sum a series of Penrice debts amounting to \$5 million, some unsecured and some secured. Imperial Pacific Fund Managers intends to work in with others, including London City to expedite matters, with no cost to London City. As our group involvement has been elevated to the status of a creditor, rather than a shareholder, the Liquidator, McGrath Nicol, might now tell us what is happening.

### **Outlook**

Directors have noticed the current plunging stock-market. While our long term investments are experiencing some of this downturn the Board is comfortable that London City is sitting on \$2.2 million of cash funds – 10 cents a share. These will protect some downside but more importantly be available for increasing the share portfolio at attractive price levels.



Peter E.J. Murray  
Chairman of Directors

22 February 2016

# London City Equities Limited



## **Statutory Directors' Report** **For the Half Year ended 31 December 2015**

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. Since the end of the period Mr Chenery retired on 9 February 2016 and the Board appointed Mr David G Butel a Director on the same date..

### **Review of Operations - Overview**

The share portfolio rose in value significantly through the six months. The 5% shareholding in financial services house Fiducian Group Limited rose some \$1.5 million. Our 2% shareholding in Coffey International was subjected to a takeover from a US group and this enhanced the portfolio by \$1.0 million. Again time was spent on options available regarding Penrice and on specific potential investments. Following the receipt of the Coffey takeover proceeds London City's cash on deposit with its bankers has risen to \$2.2 million, or 10 Cents a share.

### **Review of Operations - Results**

London City recorded a profit of \$525,000, of which a tax credit of \$500,000 was a key component. This was justified by the re-shaped positive investment portfolios arising from the company's cautious investment policy.

### **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, other than the receipt of the proceeds arising out of the takeover of 2% owned Coffey International Limited, namely \$1.9 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 22nd day of February 2016.

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 2015

	Note	31 Dec 2015 \$	31 Dec 2014 \$
<b>Revenue</b>	(2)		
Dividends - investment portfolio		92,364	66,175
Interest - deposits and bank bills		8,821	31,388
Proceeds - Sale of Trading Securities		379,813	43,057
		<u>480,998</u>	<u>140,620</u>
<b>Operating Expenses</b>	(2)		
Cost of Securities Sold		(367,741)	(40,000)
Management Fees		(28,179)	(23,863)
Directors' Fees		(25,000)	(25,000)
Other Operating Expenses		<u>(34,814)</u>	<u>(31,743)</u>
<b>Profit (Loss) from Ordinary Activities before Income Tax</b>	(2)	25,264	20,014
Income Tax Expense relating to ordinary activities		500,000	-
<b>Net Profit (Loss) attributable to members of the parent entity</b>		<u>525,264</u>	<u>20,014</u>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<u>525,264</u>	<u>20,014</u>
Basic Earnings Per Share (Cents per share)		2.43	0.09

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 2015

	31 Dec 2015 \$	30 June 2015 \$
<b>Current Assets</b>		
Cash and cash equivalents	430,156	970,186
Investment Portfolio - Trading	328,951	0
Trade and other receivables	19,753	12,850
<b>Total Current Assets</b>	<b>778,860</b>	<b>983,036</b>
<b>Non-Current Assets</b>		
Investment Portfolio	5,861,078	3,342,078
Deferred Tax Assets	770,000	270,000
<b>Total Non-Current Assets</b>	<b>6,631,078</b>	<b>3,612,078</b>
<b>Total Assets</b>	<b>7,409,938</b>	<b>4,595,114</b>
<b>Current Liabilities</b>		
Trade and other payables	50,807	64,336
<b>Total Current Liabilities</b>	<b>50,807</b>	<b>64,336</b>
<b>Non-Current Liabilities</b>		
Deferred Tax Liabilities - Investment Portfolio	835,000	80,000
<b>Total Non-Current Liabilities</b>	<b>835,000</b>	<b>80,000</b>
<b>Total Liabilities</b>	<b>885,807</b>	<b>144,336</b>
<b>Net Assets</b>	<b>6,524,131</b>	<b>4,450,778</b>
<b>Shareholders' Equity</b>		
Contributed Equity	4,240,881	4,240,881
Realised Capital Gains Reserve	(7,175,256)	(7,175,256)
Unrealised Revaluation Reserve	1,950,000	186,000
Retained Profits	7,508,506	7,199,153
<b>Total Equity</b>	<b>6,524,131</b>	<b>4,450,778</b>

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 2015

<b>2015</b>	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
<b>At 1 July 2015</b>	4,240,881	(7,175,256)	186,000	7,199,153	4,450,778
Available-for-sale financial assets					
- Net unrealised gains taken to equity			2,519,000		2,519,000
- Net Tax on unrealised gains			(755,000)		(755,000)
Net Income for period				525,264	525,264
Dividends Paid				(215,911)	(215,911)
<b>At 31 December 2015</b>	<u>4,240,881</u>	<u>(7,175,256)</u>	<u>1,950,000</u>	<u>7,508,506</u>	<u>6,524,131</u>

<b>2014</b>	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
<b>At 1 July 2014</b>	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)
<b>At 31 December 2014</b>	<u>4,240,881</u>	<u>(7,145,327)</u>	<u>506,000</u>	<u>7,160,202</u>	<u>4,761,756</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 2015

	31 Dec 2015 \$	31 Dec 2014 \$
<b>Cash flows from operating activities</b>		
Interest received	8,972	37,841
Dividends Received	92,364	66,174
Proceeds from sale of trading investments	43,812	43,057
Purchase of trading investments	(38,790)	(40,000)
Payments to suppliers and management	(67,347)	(46,956)
Net Cash provided by (used in ) operating activities:	<b>39,011</b>	<b>60,116</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	-	193,745
Purchase of investments	(363,130)	(1,150,279)
Net Cash provided by (used in) investing activities:	<b>(363,130)</b>	<b>(956,534)</b>
<b>Cash flows from financing activities</b>		
Increase (reduction) in related corporations		
Dividends paid to shareholders	(215,911)	(215,911)
Net Cash provided by (used in) financing activities	<b>(215,911)</b>	<b>(215,911)</b>
<b>Net increase / (decrease) in cash held</b>	<b>(540,030)</b>	<b>(1,112,329)</b>
Cash at beginning of half year	970,186	2,506,727
<b>Cash at end of the period</b>	<b>430,156</b>	<b>1,394,398</b>
<b>Comprising:</b>		
Cash and cash equivalents	430,156	1,394,398
	<b>430,156</b>	<b>1,394,398</b>

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 2015

### 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 2015 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 2015 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2015 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 2015 was authorised for issue in accordance with a resolution of the Directors on XXX February 2016.

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 2015 (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 2015 \$	31 Dec 2014 \$
Dividends	92,364	66,175
Interest	8,821	31,388
Proceeds - Sale of Trading Securities	379,813	43,057
	<u>480,998</u>	<u>140,620</u>

#### (b) charging as expense:

Payable to Auditors - Audit	(4,000)	(2,000)
Payable to Auditors - Other Services	(1,000)	(1,000)
Directors Fees - Paid or accrued	(25,000)	(25,000)
Management Fees (Base) - Related Corporation	(28,179)	(23,863)
Management Fees (Performance) - Related Corporation	-	-
Cost of Trading Securities	(367,741)	(40,000)
Other Operating Expenses	(29,814)	(28,743)
	<u>(455,734)</u>	<u>(120,606)</u>

### Profit (Loss) from Ordinary Activities before Income Tax

	<u>25,264</u>	<u>20,014</u>
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### Note 3 Unrealised Revaluation Reserve

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

	2,785,000	723,000
	<u>(835,000)</u>	<u>(217,000)</u>
	<u>1,950,000</u>	<u>506,000</u>

### Note 4 Shares on Issue

Ordinary Shares - 1 July 2015

Ordinary Shares - 31 December 2015

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 2014 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 15 October 2015 (previous year - 1.0 cent fully franked ordinary dividend)

There are no interim dividends proposed for payment.

31 Dec 2015 \$	31 Dec 2014 \$
215,911	215,911
<u>215,911</u>	<u>215,911</u>

# London City Equities Limited

ABN 59 003 200 664



## Notes to the Accounts as at 31 December 2015 (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 \$2,600,000. 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 \$1,100,000 and realised capital tax losses of \$4,800,000. 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 deduction

### Note 7 Segmental Information

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

	Equity Investment	Other	Total
<b>December 2015</b>			
Revenue	\$	\$	\$
Investment /other revenue	472,177	8,821	480,998
Segment result			
Profit after tax	560,440	(35,176)	525,264
Segment assets	6,969,906	440,033	7,409,939
Segment liabilities	(844,802)	(41,005)	(885,807)
Net cash inflow from operating activities	63,713	(24,702)	39,011
<b>December 2014</b>			
Revenue	\$	\$	\$
Investment /other revenue	472,177	31,388	503,565
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

### 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. The 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 2015 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 22<sup>nd</sup> day of February 2016

**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 2015, 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

22 February 2016

## 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 2015 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 2015.

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:

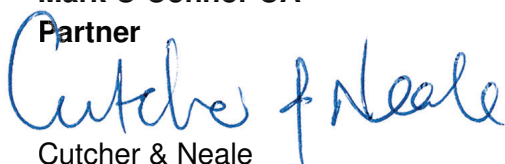
(a) the Corporations Law, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2015 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.



**Mark O'Connor CA**  
**Partner**



**Cutcher & Neale**  
Chartered Accountants

25 Bolton Street  
Newcastle NSW 2300

22 February 2016