London Finance & Investment Group P.L.C.

Report & Accounts

30TH JUNE

2011

LONDON FINANCE & INVESTMENT GROUP P.L.C.
(“Lonfin”)

Lonfin is a United Kingdom investment finance and management company. Its core portfolio centres on the larger companies in the FTSE 100 and FTSE Eurofirst 300 indices. Additionally, Lonfin holds investments in United Kingdom listed companies where it has directors in common. Lonfin is also a 43.8% shareholder in its associate Western Selection P.L.C. (“Western”), a strategic investment company. Western’s share capital is admitted to trading on the Plus-quoted markets.

Lonfin’s shares are quoted in the official lists of the London and Johannesburg stock exchanges.

CITY GROUP P.L.C.
(“City Group”)

City Group, which is owned by Lonfin and Western, provides management, office and secretarial services to both companies and to other clients requiring a London presence, including companies in which Lonfin and Western hold investments.

THE CITY OF LONDON

- is astride the Greenwich Meridian as the centre of the world’s global markets.
- is one of the key financial centres of the world.
- is at one of the crossroads of capital for the world’s largest corporations.
- is an important source of capital for entrepreneurs.

Contents

Directors

D.C. MARSHALL, *Chairman,* age 67 ♦
Mr. Marshall joined the board in 1971 and was appointed Chairman in 1984. He resides in South Africa, where he has extensive interests in listed trading, financial and property companies. He is the chairman of Western Selection P.L.C., an associate of Lonfin, and is a non-executive director of Creston plc, Finsbury Food Group plc, MWB Group Holdings Plc and Northbridge Industrial Services PLC. He is the chief executive of Marshall Monteagle PLC and chairman of Halogen Holdings P.L.C.

F.W.A. LUCAS, BSc, PhD, Independent *Non-executive*, age 44 * †
Dr. Lucas was appointed a director in 1999. He is a mining geologist by profession and one of the founding shareholders and a director of Loeb Aron & Company Ltd, an authorised and regulated investment and issuing house, which specialises in corporate finance and is a Member of the London Stock Exchange and of PLUS Markets.

L.H. MARSHALL, *Non-executive,* age 40 ♦
Mr. Marshall joined the board in 2011. He is the finance director of Marshall Monteagle PLC and has extensive investment management experience. He is a non-executive director of Hartim Limited, Halogen Holdings P.L.C. and Heartstone Inns Limited. Mr. L.H. Marshall is the son of Mr. D.C. Marshall, the Chairman.

J.H. MAXWELL, CA, CCMI, FRSA, Senior *Independent Non-executive*, age 66 *
Mr. Maxwell, who is a Chartered Accountant, was appointed a director of the Company in 2003. He currently serves as a non-executive director of RSA Insurance Group PLC, First Assist Insurance Services Limited and The Royal Automobile Club Motor Sports Association Limited.

J.M. ROBOTHAM, OBE, FCA, *Non-executive,* age 78 †
Mr. Robotham joined the board in 1984. He is the non-executive chairman of Marshall Monteagle PLC and a non-executive director of Western Selection P.L.C. He is a chartered accountant and a Member of the Securities Institute.

* Member of the audit committee
† Member of nomination committee
♦ Member of the investment committee

	United Kingdom	**Republic of South Africa**
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Registered Number	201151	
Registrars	Capita Registrars The Registry 34 Beckenham Road. Beckenham, Kent, BR3 4TU Tel: 0871 664 0300 (Calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Monday-Friday) From outside the UK +44 20 8639 3399	Computershare Investor Services (Pty.) Limited 70 Marshall Street, Johannesburg, 2001 (P.O. Box 61051, Marshalltown 2107) Tel: +27 11 370 5000

Summary of Investments

At 30th June	2011	2010
	£000	£000
Investment in associate at market value:		
Western Selection P.L.C.	**3,458**	2,672
Strategic Investments at market value:		
Finsbury Food Group plc	**1,700**	1,200
MWB Group Holdings Plc	**775**	795
	5,933	4,667
General Equity Portfolio at market value	**4,668**	4,225
Tangible Non-current assets *	**2,093**	1,575
Cash, bank balances and deposits	**21**	17
Bank Loans	**(1,816)**	(2,081)
Other net assets	**108**	135
Non-controlling interests	**(92)**	(84)
Net assets, including investments at market value	**10,915**	8,454
Net assets per share	**35.0p**	27.1p

* Including a leasehold property valued at £2,150,000 (2010: £1,575,000) less estimated tax payable on sale at this value of £57,000 (2010: nil). The carrying value in the accounts is £367,000 (2010 - £377,000)

Dividends		
Interim	**0.3p**	0.3p
Proposed final	**0.3p**	0.3p
Profit/(Loss) per share (excluding unrealised changes in the market value of investments):	**0.4p**	(0.3)p

Financial Calendar

Interim dividend	Paid on 1st April 2011
Annual General Meeting	[ ] 2011
Final dividend for 2011	Payable on ● November 2011 to holders on ● October 2011.
Half-year results	Announced in February

Analysis of Shareholders

		Number	%	Total	%
1-	500	1,228	58.8	235,666	0.7
501-	1,000	340	16.3	280,203	0.9
1,001-	5,000	361	17.3	829,337	2.7
5,001-	10,000	56	2.7	437,401	1.4
10,001	50,000	65	3.1	1,640,438	5.3
50,001-	100,000	13	0.6	966,589	3.1
100,001-	250,000	10	0.5	1,697,185	5.4
250,001-	500,000	9	0.4	3,203,955	10.3
500,001-	1,000,000	1	0.1	635,000	2.0
Over	1,000,000	5	0.2	21,281,705	68.2
		2,088	100.0	31,207,479	100.0

The current price of the Company's shares can be found on the share prices pages of the Financial Times, the Daily Telegraph and in the business section of the major South African newspapers.

Directors' Report

Business Review

Lonfin is an investment company whose assets primarily consist of three Strategic Investments and a General Portfolio. Strategic Investments are significant investments in smaller U.K. quoted companies and these are balanced by a General Portfolio, which consists mainly of investments in major U.K. and European equities.

At 30th June 2011, the three Strategic Investments, in which we have directors in common, were our associated company Western Selection P.L.C. and MWB Group Holdings Plc and Finsbury Food Group plc. Detailed comments on our Strategic Investments are given below.

Our objective is to achieve capital growth in real terms over the medium term, while maintaining a progressive dividend policy.

* Net assets including our investment property at its latest valuation net of tax have increased by 29% from 27.1p per share to 35.0p per share
* The General Portfolio is yielding 3.1 % (2010 – 2.9%) up 7%.
* Borrowings are 17% (2010 - 23%) of the value of liquid stock market investments
* Operating costs have been reduced.

Results

Our net assets per share as recorded in the statement of financial position have increased 26% to 29p from 23p last year, reflecting the recovery in the associated company and Strategic Investments values. These increased in value by 29% and 24% respectively, after taking into account additions and disposals of investments. The General Portfolio increased by 23%, outperforming the markets. These movements compare with the increases in the FTSE 100 index of 21% and 13% in the FTSE Eurofirst 300 index over the year. In addition our investment property has been revalued from £1,575,000 to £2,150,000 (from £1,575,000 to £2,093,000 net of tax), but accounting standards do not permit us to include these values in the statement of financial position.

The Group achieved a profit before tax for the year of £2,145,000 (2010 - £705,000). The profit after tax and non-controlling interest was £2,118,000 (2010 - £693,000) giving a profit per share of 6.8p (2010 –2.2p).

Strategic Investments

Western Selection P.L.C. ("Western")

The Group owns 7,864,412 shares, being 43.8% of the issued share capital of Western.

On 6th September 2011, Western announced a profit before associates and tax of £136,000 for its year to 30th June 2011 (2010 – £128,000). Including associates and after exceptional items and tax, profits per share were 2.6p (2010 – 1.4p).

Western has paid an interim dividend of 0.65p and proposes an increased final dividend of 0.85p (2010 - 0.65p). Western's net assets at market value were £15,022,000, equivalent to 84p per share, an increase of 38% from 61p last year.

Our share of the net assets of Western including the value of Western's investments at market value, was £6.6 million (2010 - £4.8 million). The fair value recorded in the statement of financial position is the market value of £3,458,000 (2010 - £2,672,000). This represents 37% of the net assets of the Group.

Mr. D. C. Marshall is the Chairman of Western and Mr. Robotham and Mr. Beale, the chief executive of our subsidiary company (City Group P.L.C.), are non-executive directors. Western has strategic investments in Creston plc, Northbridge Industrial Services plc, Swallowfield plc and Hartim Limited. An extract from Western's announcement of its strategic investments is set out below:

Creston plc

Creston is a marketing services group whose strategy is to grow within its sector both by organic growth and through selective acquisition to become a substantial, diversified marketing services group. The audited results for *the year to 31st March 2011, show a profit after tax of £10,400,000 (2010 - £5,133,000), equivalent to fully diluted earnings of 12.39p per share (2010 – 8.74p). Western maintained it's holding of 3,000,000 shares in Creston (4.9%) with a value at 30th June 2011 of £3,390,000 (2010 - £2,752,000) being 23% (2010 - 25%) of Western's assets.*

Northbridge Industrial Services PLC

Northbridge was formed for the purpose of acquiring companies that hire and sell specialist industrial equipment supplying a non-cyclical customer base including utility companies, the public sector and the oil and gas industries. In particular it will seek to acquire specialist businesses that have the potential for expansion into complete outsourcing providers. Sales are made to the U.K., U.S.A., Brazil, Singapore, Germany, UAE and Korea; Northbridge also has subsidiaries operating in Perth, Dubai and Azerbaijan.

Northbridge announced profits of £3,036,000 for the year ended 31st December 2010 (2009 - £1,571,000) and declared a final dividend of 3.05p per share, making 4.6p for the year (2009 – 4.1p).

Northbridge acquired Tasman Oil Tools Pty Ltd, based in Perth, Western Australia, which specialises in the rental of equipment for the onshore and off-shore oil industry throughout Australia, after raising approximately £8 million by way of an open offer. Western took up 325,000 shares in that offer at a cost of £406,250, increasing its holding to 2,200,000 shares in Northbridge, which is 14.19% of the issued share capital. The value of the investment at 30th June 2011 was £6,094,000 (2010 - £2,508,000) being 40% (2010 - 23%) of Western's assets.

Swallowfield plc

Swallowfield is involved in the development, formulation, manufacture and supply of cosmetics, toiletries and related household products for global brands and retailers operating in the cosmetics, personal care and household goods market. Swallowfield announced its interim results to January 2011 showing a profit after tax of £519,000 compared to £533,000 for the comparable period last year. Dividends of £116,000 (2010 - £87,000) were received from Swallowfield during the year.

Western increased its holding in Swallowfield during the year and since the year end. At 31st August 2011 it owns 1,868,149 shares which is 16.52% of the issued share capital. The market value of the Company's holding in Swallowfield on 30th June 2011 was £1,922,000 (2010 - £1,816,000), being 13% (2010 - 17%) of Western's net assets.

Swallowfield has had turnover of £52.4 million, £49.1 million and £44.8 million over the last three years and despite this their market capitalisation remains at £13 million. Whilst Western has played a role in bringing about some changes to the board during the year, we believe there may still be scope for improvement, and Western will continue to monitor board performance.

Investments in Associates

Hartim Limited

Hartim is the unquoted holding company for Tudor Rose International Limited ("TRI") which was founded in 1984. It works closely with a number of leading UK branded fast moving consumer goods companies, offering a complete sales, marketing and logistical service. Based in Stroud, Gloucestershire, TRI sells into 78 countries worldwide including USA, Spain, Portugal, Italy, Czech Republic, Russia, Turkey, South Africa, Saudi Arabia, UAE, Malaysia, Australia and China. Hartim has recently acquired a distribution business in Australia to improve the service that it can offer to principals.

Western holds 49.5% of Hartim, which has a 31st December year end and achieved profits in 2010 of £540,000 after tax on turnover of £22,282,000. Western's share of the consolidated profit after tax for the twelve months to 30th June 2011 was £337,000 (2010 – £150,000) and the book value of the investment at 30th June 2011 was £1,465,000 (2010 - £1,129,000), being 10% (2010 - 10%) of Western's assets.

MWB Group Holdings Plc ("MWB")

The Group holding in MWB was unchanged from the 2 million shares held at June 2010, representing 1.22% of MWB's issued share capital. The market value at 30th June 2011 was £775,000 (2010 - £795,000), compared with the book value of £1,681,000, and represents 8% (2010 – 11%) of the net assets of the Group.

MWB is in the process of maturing and realising its assets for the benefit of all stakeholders through an orderly disposal programme.

Mr. D.C. Marshall is a non-executive director of MWB.

Finsbury Food Group plc ("Finsbury")

The Group holding in Finsbury remains at 8 million shares, representing 15.18% of their share capital. The market value of the holding was £1,700,000 on 30th June 2011 (cost - £1,893,000) and represents 18% of the net assets of the Group.

Finsbury is one of the largest producers and suppliers of premium cakes, bread and morning goods in the UK. The Group currently supplies most of the UK's major supermarket chains, including Asda, Co-op, Morrisons, Sainsbury, Somerfield, Tesco and Waitrose.

Mr. D.C. Marshall and Mr. Beale, the Chief Executive of our subsidiary company City Group P.L.C., are non-executive directors of Finsbury.

General Portfolio

The investments comprising the General Portfolio at 30th June 2011 are listed on page 11. The General Portfolio is well spread with material interests in Food and Beverages, Oil, Natural Resources, Chemicals, and Tobacco. We believe that the portfolio of quality companies we hold has the potential to outperform the market in the medium to long term, especially in respect of our Western European holdings.

The number of holdings in the General Portfolio has decreased to 23 from 25. We have decreased the amount invested in the General Portfolio by £464,000 (2010: decreased by £669,000) over the year.

We have a £2 million bank facility, and at 30th June 2011 had net borrowings of £1.8 million. This leaves £200,000 available for further investment when the Board feels appropriate. The increase in value of our investments over the period has decreased borrowings as a percentage of the market value of all stock market investments from 23% to 17 %.

Operations & Employees

All of our operations and those of our associate, Western, except investment selection, are outsourced to our subsidiary, City Group P.L.C. City Group also provides office accommodation, company secretarial and head office finance services to a number of other U.K., Jersey and Luxembourg clients. City Group has responsibility for the initial identification and appraisal of potential new strategic investments for the Group and the day to day monitoring of existing strategic investments.

Dividend

The Board recommend a final dividend is 0.3p, making 0.6 p per share for the year (2010 - 0.6p). Subject to member's approval, the dividend will be paid on ● November 2011 to those members on the register at the close of business on ● October 2011. Shareholders on the South African register will receive their dividend in South African rand converted from sterling at the closing rate of exchange on ● October 2011.

Outlook

The outlook for stock markets remains very uncertain. We will continue to adopt a cautious stance, with our general portfolio invested in the best European companies.

Financial Instruments & Risks

The financial instruments of the Group, in addition to the investment portfolio, comprise borrowings to finance those investments and cash. As an investment company our principal risks arise from the Group's financial instruments, and are market price risk, interest rate risk and liquidity risk. The depth of experience of directors means that there is no key-man dependency. Note 20 also sets out the policies of the Board, which have remained substantially unchanged for the year under review, for managing risks associated with its financial instruments. In addition the Group is exposed to investment risk arising from the selection of investments which it mitigates by drawing on the investment experience of its directors.

Trends in Key Performance Indicators

Key Performance Indicators ("KPIs") are the yardsticks against which the Board measures the performance of the Company. Our objectives are real growth over the long term in dividends and net assets per share. Comments on the movement of these indicators over the year are detailed above.

	2011	2010	2009	2008
Net assets per share	**35.0p**	27.1p	25.1p	39.0p
Dividends (net) per share	**0.6p**	0.60p	Nil	1.20p

Definition of KPIs used above

Net Assets per share - Net assets including investments at market value and long leasehold properties at their most recent valuation divided by the number of shares in issue at the year end. This definition has changed in the year to include our investment property at its most recent valuation, rather than its carrying value in the statement of financial position, and comparatives have been restated.

Dividends per share - Dividends declared for the year.

Directors

A list of the directors of the Company is shown on page 2. The interests in the Company's shares of the directors who have held office in the period from 1 July 2011 were as follows:

	30th June 2011 Shares	30th June 2010 Shares
D.C. Marshall – Beneficial	**2,301,000**	2,301,000
- Non-beneficial *	**10,589,693**	10,589,693
F.W.A. Lucas †	**142,500**	75,000
J.M. Robotham – Beneficial	**30,000**	30,000
- Non-beneficial *	**11,717,474**	11,067,693
J.H. Maxwell	**65,000**	65,000
L. H. Marshall (Appointed 3rd August 2011)	**-**	-

* These holdings arise as the individuals concerned are trustees and/or directors of entities that hold shares in the Company. The non-beneficial interest of Mr. Robotham overlaps with the non-beneficial interest of Mr. D.C. Marshall.

† Of this figure Dr. Lucas owns 60,000 shares personally and 82,500 shares are owned by Loeb Aron & Company Ltd, of which Dr. Lucas is a director and shareholder.

There have been no changes in directors' share interests between 1st July 2011 and the date of this report.

The appointment or removal of directors is determined by shareholders at a General Meeting. Between General Meetings the Board may appoint additional directors who are required to stand for election at the next General Meeting. Mr L. H. Marshall has been appointed by the Board in this manner and is standing for election at the Annual General Meeting. In addition the Company's Articles of Association require one third of directors to stand for re-election every year, accordingly Dr. F.W.A. Lucas retires by rotation and, being eligible, offers himself for re-election at the Annual General Meeting.

Substantial Interests

In addition to the directors' shareholdings shown above, the Company has been notified under Section 808 of the Companies Act 2006 of the following interests in 3% or more of its shares:

	Shareholding	% interest
W.T. Lamb Holdings Limited	4,600,000	14.7
Philip J. Milton & Company PLC	2,081,308	6.7
IFG Trust Company (Jersey) Limited *	1,200,000	3.8

* The trustees have discretion over how to vote these shares.

Corporation Taxes Act 2010

The company is not a close company as defined in this Act.

Auditors

A resolution to re-appoint Steele Robertson Goddard as Auditors will be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

The Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

Payment of Suppliers

The Company does not follow any code or statement on payment practice, but the policy of the Company is to abide by such payment terms as are agreed with suppliers within the terms of supply. The Company does not have a significant level of trade creditors.

Financing Structure

The Group is financed by a mixture of debt and equity. The Board believes that a reasonable level of gearing can enhance returns to shareholders. The Group has bank facilities of £2 million which expire in April 2013.

At 30th June 2011 the Company had only one class of share, namely Ordinary Shares of 5p each, of which there were 31,207,479 in issue. The rights and obligations attached to these shares are set out in the Company's Articles which may only be amended by a vote of shareholders at a General Meeting. Each share entitles the holder to one vote on each shareholder resolution. There are no special arrangements or restrictions relating to any of these shares, whether in terms of transfers, voting or other rights, or relating to changes in control of the company.

In 2008 the Company issued Warrants to shareholders which allowed shareholders to subscribe for additional Ordinary Shares in the company during the period to 1st November 2010. The unexercised Warrants lapsed on the Final Exercise Date of 1st November 2010.

To provide directors with flexibility over the management of the Company's capital, shareholders are being asked to approve resolutions at the AGM which would permit the Company to issue new shares as explained below. Similar resolutions were approved at the last AGM.

Special Business to be transacted at the Annual General Meeting

In addition to the ordinary business to be transacted at the Annual General Meeting of the Company referred to in resolutions 1 to 6 of the Notice of Meeting, the Directors propose certain special business as set out in Resolutions 7 and 8 for the purposes summarised below:

Resolution 7 - Authority to allot shares - Ordinary resolution

A resolution will be proposed, as an ordinary resolution, at the forthcoming Annual General Meeting, to renew the Directors authority to allot shares up to the level of the authorised share capital. If passed, this resolution will grant the Directors power to allot authorised but unissued capital for a maximum period of 15 months.

Resolution 8 - Pre-emption rights - Special resolution

Section 570 of the Companies Act 2006 requires that, when Directors propose to allot shares for cash, they must first offer such shares to existing shareholders in proportion to their existing shareholdings, unless powers have previously been given to the directors under section 563 of the Act to disapply these provisions. The directors consider it desirable for shareholders to approve this disapplication until the next Annual General Meeting, in order to permit the allotment of shares for cash in limited circumstances to persons other than shareholders. This limited disapplication will be in respect of 1,560,000 shares equal to 5% of the issued share capital of the Company.

The Directors have no present intention of issuing any part of the unissued share capital and no issue will be made which would effectively alter the control of the Company without the approval of the shareholders in general meeting.

By Order of the Board

CITY GROUP P.L.C.
Secretaries

29th September 2011

Composition of General Portfolio
at 30th June 2011

	£000	%
Nestle	264	5.7
Royal Dutch Shell	243	5.2
British American Tobacco	238	5.1
L'Oreal	227	4.9
Henkel	220	4.7
Schindler-Holdings	217	4.7
Heineken	217	4.7
ABB	213	4.6
BASF	212	4.5
Pernod-Ricard	212	4.5
Koninklijke	209	4.5
Investor	199	4.3
Carlsberg	198	4.2
Novartis	198	4.2
Diageo	188	4.0
Danone	186	4.0
Imperial Tobacco	184	3.9
Beiersdorf	182	3.9
Unilever	176	3.8
Holcim	174	3.7
BHP Billiton	172	3.7
Total	170	3.6
Reckitt Benckiser	169	3.6
	4,668	100

Analysis by currency of share price	**£000**	**%**
Euro	1,835	39.3
Sterling	1,370	29.4
Swiss franc	1,066	22.8
Swedish kroner	199	4.3
Danish kroner	198	4.2
	4,668	100.0

Consolidated Statement of Comprehensive Income

For the year ended 30th June	Notes	**2011 £000**	2010 £000
Dividends - Listed investments		**251**	174
Interest receivable		**-**	1
Rental and other income		**94**	86
Profits realised on sales of investments		**266**	119
Management services fees		**398**	405
Operating income		**1,009**	785
Administration expenses	**3**	**(749)**	(757)
Operating profit	**2**	**260**	28
Unrealised changes in the carrying value of investments	**1. iii)**	**1,995**	791
Interest payable		**(110)**	(114)
Profit on ordinary activities before taxation		**2,145**	705
Tax on result of ordinary activities	**6**	**(19)**	(18)
Profit on ordinary activities after taxation		**2,126**	687
Non-controlling interest		**(8)**	6
Profit for the financial year attributable to members of the holding company	**7**	**2,118**	693
Other comprehensive income		**-**	-
Total comprehensive income attributable to shareholders		**2,118**	693

Reconciliation of headline earnings

	Notes	2011	2010
Basic profit per share	**8**	**6.8 p**	2.2 p
Adjustment for the unrealised changes in the carrying value of investments, net of tax		**(6.4)p**	(2.5)p
Headline profit/(loss) per share	**8**	**0.4 p**	(0.3)p

All profits and losses are on continuing activities.

The notes on pages 16 to 29 form part of these accounts.

Consolidated Statement of Changes in Shareholders' Equity

	Ordinary Share Capital £000	Share premium account £000	Revaluation Reserve £000	Unrealised profits/(losses) on investments £000	Share of undistributed results of Subsidiaries and associates £000	Retained realised profits & losses £000	Total £000	Non-Controlling interests £000	Total equity £000
Year ended 30th June 2010									
Balances at 1st July 2009	1,560	2,318	330	(4,538)	747	6,239	6,656	90	6,746
Total comprehensive income	-	-	-	791	44	(142)	693	(6)	687
Interim dividend paid	-	-	-	-	-	(93)	(93)	-	(93)
Total transactions with shareholders	-	-	-	-	-	(93)	(93)	-	(93)
Balances at 30th June 2010	1,560	2,318	330	(3,747)	791	6,004	7,256	84	7,340

	Ordinary Share Capital £000	Share premium account £000	Revaluation Reserve £000	Unrealised profits/(losses) on investments £000	Share of undistributed results of Subsidiaries and associates £000	Retained realised profits & losses £000	Total £000	Non-Controlling interests £000	Total equity £000
Year ended 30th June 2011									
Balances at 1st July 2010	1,560	2,318	330	(3,747)	791	6,004	7,256	84	7,340
Total comprehensive income	**-**	**-**	**-**	**1,997**	**113**	**8**	**2,118**	**8**	**2,126**
Shares issued	**-**	**2**	**-**	**-**	**-**	**-**	2	-	2
Dividends paid	**-**	**-**	**-**	**-**	-	(187)	(187)	-	(187)
Total transactions with shareholders	**-**	**2**	**-**	**-**	**-**	**(187)**	**(185)**		**(185)**
Balances at 30th June 2011	**1,560**	**2,320**	**330**	**(1,750)**	**904**	**5,825**	**9,189**	**92**	**9,281**

The notes on pages 16 to 29 form part of these accounts.

Consolidated Statement of Financial Position

At 30th June	Notes	**2011 £000**	2010 £000
Non-current Assets			
Tangible assets	9	**367**	377
Investments	11(a)	**5,933**	4,667
		6,300	5,044
Current Assets			
Listed investments	11(b)	**4,668**	4,225
Trade and other receivables	12	**260**	294
Bank balance and deposits		**21**	17
		4,949	4,536
Current Liabilities			
Trade and other payables: falling due within one year	13	**(1,968)**	(2,240)
Net Current Assets		**2,981**	2,296
Total Assets less Current Liabilities		**9,281**	7,340
Capital and Reserves			
Called up share capital	15	**1,560**	1,560
Share premium account		**2,320**	2,318
Revaluation reserve		**330**	330
Unrealised profits and losses on investments		**(1,750)**	(3,747)
Share of retained realised profits and losses of subsidiaries and associates		**904**	791
Company's retained realised profits and losses		**5,825**	6,004
		9,189	7,256
Non-controlling equity interests		**92**	84
		9,281	7,340

Approved and authorised by the Board on 29th September 2011.

D.C. Marshall *Director*

The notes on pages 16 to 29 form part of these accounts.

Company Statement of Financial Position

at 30th June	Notes	**2011 £000**	2010 £000
Non-current Assets			
Tangible assets	9	**367**	377
Investments in Group companies	10	**7,726**	7,832
		8,093	8,209
Current Assets			
Listed investments	11(b)	**4,668**	4,225
Trade and other receivables	12	**38**	58
Bank balance		**-**	-
		4,706	4,283
Current Liabilities			
Trade and other payables: falling due within one year	13	**(1,915)**	(2,159)
Net Current Assets		**2,791**	2,124
Total Assets less Current Liabilities		**10,884**	10,333
Deferred taxation		**-**	-
		10,884	10,333
Capital and Reserves			
Called up share capital	15/16	**1,560**	1,560
Share premium account	16	**2,320**	2,318
Revaluation reserve		**330**	330
Unrealised profits and losses on investments	16	**849**	121
Realised profits and losses	16	**5,825**	6,004
Equity shareholders' funds		**10,884**	10,333

Approved and authorised by the Board on 29th September 2011.

D.C. Marshall *Director*
Registered in England and Wales – Number 201151

The notes on pages 16 to 29 form part of these accounts.

Consolidated Statement of Cash Flow

For the year ended 30th June	Notes	2011	2010
		£000	£000
Cash flows from operating activities			
Profit before tax		**2,145**	705
Adjustments for non-cash and non-operating activities -			
Finance expense		**110**	114
Depreciation charges		**10**	13
Unrealised changes in the fair value of investments		**(1,995)**	(791)
		(1,875)	(664)
Taxes paid	**6**	**(19)**	(18)
Changes in working capital			
Decrease in trade and other receivables		**34**	15
(Decrease) in trade and other payables		**(6)**	(122)
Decrease in current asset investments		**285**	669
		313	562
Net cash inflow from operating activities		**564**	585
Cash flows from financing			
Shares issued		**2**	-
Interest paid		**(110)**	(114)
Equity dividends paid		**(187)**	(93)
Net repayment of loan facilities	**18**	**(265)**	(475)
Net cash outflow from financing		**(560)**	(682)
Increase/(Decrease) in cash and cash equivalents	**18**	**4**	(97)
Cash and cash equivalents at the beginning of the year		**17**	114
Cash and cash equivalents at end of the year		**21**	17

The notes on pages 16 to 29 form part of these accounts.

Notes to the Accounts
For the year ended 30th June 2011

1. Accounting Policies

(i) The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Acts 2006 applicable to companies reporting under IFRS. The accounts are prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value, in accordance with IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if applicable. The most significant techniques for estimation are described in the accounting policies below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

At the date of authorisation of these financial statements the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued new standards and interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1 July 2011 (see note 21). The Company has not opted for early adoption for those which have been endorsed by the EU. The Directors do not expect that the adoption of these, where applicable, would have a material impact on the Company's financial statements in the period of initial application

(ii) These consolidated accounts include the results of the subsidiaries (all of which are companies) for the year to 30th June 2011. Results of subsidiaries are included from their effective date of acquisition to their effective dates of disposal. The non-controlling interests are wholly attributable to equity interests in subsidiaries. Under Section 396 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement.

(iii) The consolidated accounts include the group's investment in its associated company, which is classified as at fair value through income, through which all movements are now reflected. Such investments continue to be carried at a value determined by the prices available from the markets on which the instruments involved are traded.

(iv) Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

(v) Dividends receivable are taken to the credit of the income statement in respect of listed shares when the shares are quoted ex dividend and in respect of unlisted shares when the dividend is declared.

(vi) All borrowing costs are recognised in the income statement in the period in which they are incurred.

(vii) Depreciation is provided on Non-current assets so as to write them off over their estimated useful lives. Computer and electronic equipment expenditure of less than £2,500 is written off in the year of acquisition. The annual rates of depreciation are

Long Leasehold property	2% straight line
Equipment	25% straight line

Notes to the Accounts (continued)

For the year ended 30th June 2011

1. Accounting Policies (continued)

(viii) Financial assets are classified by category, depending on the purpose for which the asset was acquired. The company's accounting policy is as follows:

a) Fair value through income: Non-derivative financial assets other than unquoted investments and trade and other receivables are classified as associates, strategic and general portfolio investments and are recognised as being fair value through income. They are valued using quoted prices and movements in value are taken to the income statement.

b) Unquoted investments. These are stated at cost net of impairment provisions because market value cannot be readily determined. Reviews for indications of impairment are carried out at least annually.

c) Trade and other receivables. The carrying amounts approximate to their fair values, the transactions giving rise to these balances arising in the normal course of trade and standard industry terms.

(ix) Cash and cash equivalents comprise cash balances and deposits.

(x) The charge for taxation is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement. It excludes items of income (primarily franked dividend income) and expense that are never taxable or deductible and items which are taxable or deductible in other years.

Deferred taxation is provided on the full liability method, at tax rates that are expected to apply, for temporary differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Taxation charges or recoveries are recognised in the income statement, or directly to equity when related to items recognised directly to equity.

(xi) The Group makes pension contributions to the pension plans of certain employees which are defined contribution (money purchase) schemes. A defined contribution plan is a post-employment benefit plan under which an entity pays contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the periods during which services are rendered by employees.

(xii) Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities at the year-end are translated at year-end exchange rates.

2. Operating profit - Segmental Analysis

	Investment Operations		**Management Services**	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Dividends - Listed investments	**251**	174	**-**	-
Interest receivable	**-**	-	**-**	1
Rental and other income	**40**	40	**54**	46
Profits on sales of investments, including provisions	**266**	119	**-**	-
Management services fees	**-**	-	**398**	405
Operating income	**557**	333	**452**	452
Administration expenses – normal	**(314)**	(293)	**(435)**	(464)
Operating profit/(loss)	**243**	40	**17**	(12)

All revenues are derived from operations within the United Kingdom. Consequently no separate geographical segment information is provided.

3. Administration Expenses

	Group	
	2011	2010
	£000	£000
Normal administration expenses include:		
Depreciation	**10**	13
Auditors' remuneration - audit services	**18**	18
- non-audit services	**4**	3
Directors' emoluments – Note 4	**40**	43
Staff costs - Note 5	**438**	507

4. Directors' Emoluments and Related Party Disclosures

The key management personnel are considered to be the Group directors. Their emoluments are detailed in the Remuneration Report on pages 34 to 36.

Related Party Disclosures

London Finance & Investment Group P.L.C. and its wholly owned subsidiary ("Lonfin"), holds 43.8% of its associate Western Selection P.L.C. ("Western") of which Mr. D.C. Marshall, Mr. Robotham and Mr. Beale, the chief executive of our subsidiary company (City Group P.L.C.), are directors. Mr. D.C. Marshall and Mr. Robotham's shareholdings in Lonfin are set out in the accompanying director's report.

Lonfin and/or Western hold shares in MWB Group Holdings Plc, Finsbury Food Group plc, Creston plc and Northbridge Industrial Services PLC. Mr. D.C. Marshall is a director of Creston plc, Finsbury Food Group plc, MWB Group Holdings Plc and Northbridge Industrial Services PLC and Mr. Beale is a director of Finsbury Food Group plc.

Mr. D. C. Marshall and Mr. L. H. Marshall are directors and Mr. Robotham is the chairman of Marshall Monteagle PLC, and both Mr D. C. Marshall and Mr J. M. Robotham are shareholders in Marshall Monteagle, which in turn is a substantial shareholder in Halogen Holdings P.L.C. Mr. D. C. Marshall is chairman of Halogen and Mr L. H. Marshall and Mr. Beale are directors of Halogen. Monteagle paid an annual rental of £40,000 (2010: £40,000) and bears all expenses in respect of a leasehold property owned by Lonfin. Monteagle has agreed to a rent increase with effect from 1st October 2012 to £53,000.

Lonfin and Western own City Group P.L.C. in the ratio 51.43% and 48.57% respectively. City Group P.L.C. provides offices and secretarial and administrative services to various companies in the United Kingdom and abroad most of which are associated with Lonfin and Western including all of the above companies.

Notes to the Accounts (continued)
For the year ended 30th June 2011

4. Directors' Emoluments and Related Party Disclosures (continued)

City Group operates as a shared cost centre and does not seek to make a profit from the provision of its standard services to these related parties. The various secretarial, accounting, and directors fees received by City Group P.L.C. from those companies, their associates and subsidiaries, total £354,000 (2010 - £377,000) for the year under review. At the statement of financial position date the aggregate balance due in respect of fees invoiced was £129,000 (2010 - £100,000) and no fees had been paid in advance (2010 - £48,000 paid in advance). Settlement is within normal credit terms.

Other than as disclosed above no director was interested in any contract between the directors, the company and any other related party that subsisted during or at the end of the financial year.

5. Staff Costs

Staff costs, excluding those relating to the Director's shown in the Remuneration Report on pages 34 to 36:

	2011 £000	2010 £000
Salaries	**399**	461
Social security costs	**39**	46
	438	507
The average weekly number of staff employed, including directors, was:	**11**	12

6. Taxation

The tax charge for the year comprises:

	2011	2010
Tax on overseas investment income	**19**	18

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below :

	2011	2010
Profit on ordinary activities before taxation	**2,145**	705
Taxation at 27.5% (2010 - 28%)	**590**	197
Effects of:		
Non taxable items and franked income	**(617)**	(205)
Loss carried forward	**43**	22
Permanent differences	**3**	4
Tax charge for the year	**19**	18

All of the tax charge for the year is tax deducted from the dividends of overseas companies. Dividends received from U.K. companies are recognised in the income statement net of their associated tax credit.

7. Profit attributable to members of the holding company

	2011 £000	2010 £000
Dealt with in the accounts of: The holding company	**737**	776
The subsidiary undertakings	**1,381**	(83)
	2,118	693

8. Earnings per share

	2011	2010
Earnings per share are based on the profit on ordinary activities after taxation and non-controlling interests of £2,118,000 (2010 – £693,000) and on 31,205,694 (2010 – 31,201,446) shares being the weighted average of number of shares in issue during the year.	**6.8p**	2.2p

At 30th June 2010 the 3,741,963 warrants in issue were not dilutive. There were no warrants in issue at 30th June 2011.

Headline earnings are required to be disclosed by the JSE Headline earnings/(loss) per share are based on the on ordinary activities after taxation and non-controlling interests, before unrealised changes in the fair value of investments, of £123,000 (2010 – loss (£98,000) and on 31,205,694 (2010 – 31,201,446) shares being the weighted average of number of shares in issue during the year.	**0.4p**	(0.3)p

9. Tangible assets

	Long Leasehold Residential Property £000	Office Equipment £000	**Total £000**
At Valuation - 1st July 2010	500	-	**500**
At cost – 1st July 2010	-	47	**47**
30th June 2011	500	47	**547**
Depreciation			
Balance - 1st July 2010	123	47	**170**
Charges for the year	10	-	**10**
30th June 2011	133	47	**180**
Net book amount 30th June 2011	367	-	**367**
Net book amount 30th June 2010	377	-	**377**

The group has adopted the transitional provisions of IFRS 1, under the cost model option, such that it will retain the valuation of the long leasehold property under UK GAAP. There will therefore be no future revaluations incorporated in the accounts. An independent valuation of the long leasehold residential property was obtained on 14th July 2011 from Lewis Doyle, Chartered Surveyors, which valued the property at £2,150,000 (November 2008 valuation: £1,575,000), on an open market basis in accordance with Valuation Standards issued by the Royal Institution of Chartered Surveyors. A sale at this value would result in capital gains tax payable, net of offset of tax losses, of £57,000 (November 2008 nil). The office equipment is held by a subsidiary company. Summary details of the lease granted on the long leasehold residential property are set out in note 19.

10. Investment in group companies

Operating subsidiaries, incorporated and operating in England and consolidated in these financial statements.

	Percentage of equity	**2011 £000**	2010 £000	Principal activities
Held by the Company - at cost				
City Group P.L.C.	51.4	**89**	89	Management services
Lonfin Investments Limited	100	**-**	-	Investment holding
- Loan to subsidiary		**7,637**	7,743	
		7,726	7,832	

No provision has been made against the recoverability of the loan to subsidiary because the Board considers the underlying value of the investments held by the subsidiary to be sufficient to ensure the repayment of the loan.

Notes to the Accounts (continued)

For the year ended 30 June 2011

11. Investments

(a) held as non-current assets	**2011**	2010
	£000	£000
	Group	
(i) Listed associated undertaking (Western Selection P.L.C.)		
Shares at cost – brought forward	**6,161**	6,161
Disposal during year	**(2)**	-
Fair value adjustment – unrealised losses	**(2,701)**	(3,489)
Market value at 30th June	**3,458**	2,672
(ii) Other listed investments (MWB Group Holdings plc and Finsbury Food Group plc)		
At cost, 1st July 2010	**3,574**	3,574
Fair value adjustment – unrealised losses	**(1,099)**	(1,579)
Market value at 30th June	**2,475**	1,995
Total at 30th June 2011	**5,933**	4,667

(b) Held as current assets	Company and Group	
(i) Listed investments (General Portfolio)		
At cost	**2,529**	2,904
Fair value adjustment – unrealised gains	**2,139**	1,321
Market value at 30th June	**4,668**	4,225

(c) Associated undertaking

Western Selection P.L.C., the associated undertaking, is a strategic investment company traded on Plus Markets and incorporated and operating in Great Britain with a financial year end of 30th June 2011.

At 30th June 2011 it had 17,949,872, ordinary shares of 40p each in issue, of which 43.8% are owned by the Company's wholly owned subsidiary, Lonfin Investments Limited.

Extracts from Western's results are:-		
Profit after tax	**467**	256
Non current asset investments	**14,118**	9,332
Current assets	**132**	365
Liabilities due within one year	**843**	41
Net asset value per share	**84p**	61p
Middle market price per share on 30th June	**46.5p**	33.5p

12. Trade and other receivables

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Trade debtors	**151**	170	**27**	49
Other debtors	**74**	80	**-**	-
Prepayments and accrued income	**35**	44	**11**	9
	260	294	**38**	58

13. Trade and other payables – amounts falling due within one year

Bank loans	**1,816**	2,081	**1,816**	2,081
Group companies	**-**	-	**34**	44
Other taxes	**4**	16	**-**	-
Other creditors	**-**	64	**-**	-
Trade creditors	**30**	11	**16**	9
Accruals	**118**	68	**49**	25
	1,968	2,240	**1,915**	2,159

The Company's loan facilities are secured by a charge over certain of the Company's listed investments and its investment property.

14. Deferred taxation

The Group has a potential deferred tax liability on the excess arising on the revaluation of leasehold property and on unrealised gains on investments which are reflected in equity. The liability is stated net of potential relief which would then become available, as set out below:-

Balance at 1 July 2010 and 30 June 2011	**-**	-	**-**	-

The main components of deferred tax assets and liabilities are as follows:

Deferred tax assets				
Losses	**6**	6	**6**	6
	6	6	**6**	6
Deferred tax liabilities				
Unrealised gains on investments	**-**	-	**-**	-
Property revaluation surplus*	**6**	6	**6**	6
	6	6	**6**	6

* This is calculated based on the carrying value of the property in the accounts and not on the most recent valuation of the property. If the investment property was sold at its most recent valuation of £2,150,000 (November 2008 £1,575,000) tax of £57,000, after available losses, (2008 nil) would become payable.

15. Share Capital and Reserves

		2011	2010
		Company and Group	
		£000	£000
Authorised equity share capital			
40,000,000 shares of 5p each		**2,000**	2,000
Allotted, issued and fully paid shares of 5p each			
31,202,037	At 1st July	**1,560**	1,560
5,442	Warrants exercised	**-**	-
31,207,479	At 30th June	**1,560**	1,560

Notes to the Accounts (continued)

For the year ended 30th June 2011

15. Share Capital and Reserves (continued)

There were 3,741,963 warrants to subscribe for shares outstanding at 30th June 2010. 5,442 warrants were exercised in the year and all remaining unexercised warrants lapsed in the year.

The Group & Company's capital comprises its shareholders' equity. Our objective of managing capital in a manner that enables the continued payment of dividends is being achieved.

The following describes the nature and purpose of each reserve within shareholders' equity:-

	Description and purpose
Share capital	Nominal value of issued share capital
Share premium	Amount subscribed for share capital in excess of nominal value.
Revaluation reserve	Excess of valuation of the long leasehold property over cost, prior to adoption of IFRS 1 (see note 9).
Unrealised profits and losses on investments	Cumulative unrealised gains and losses on investments.
Share of undistributed profits of subsidiaries and associates	The Company's share of cumulative undistributed post-acquisition gains and losses of subsidiaries and associates recognised in the income statement.
Realised profits and losses	Realised profits of the Company less realised losses and unrealised losses other than on investments.

The balances and movements on each of the above reserves are disclosed in the Consolidated Statement of Total Comprehensive Income and Changes in Shareholders' Equity on page 13 and the Company's Statement of Comprehensive Income and Changes in Shareholders' Equity below.

16. Company Statement of Comprehensive Income and Changes in Shareholders' Equity

Year ended 30th June 2010	**Ordinary share capital £000**	**Share premium account £000**	**Revaluation reserve £000**	**Unrealised profits and (losses) on investments £000**	**Realised profits and (losses) £000**	**Total £000**
Balances at 1st July 2009	1,560	2,318	330	(797)	6,239	9,650
Total comprehensive income	-	-	-	918	(142)	776
Dividends paid in respect of the previous year	-	-	-	-	(93)	(93)
Total transactions with shareholders	-	-	-	-	(93)	(93)
Balances at 30th June 2010	1,560	2,318	330	121	6,004	10,333
Year ended 30th June 2011						
Balances at 1st July 2010	**1,560**	**2,318**	**330**	**121**	**6,004**	**10,333**
Total comprehensive income	**-**	**-**	**-**	**728**	**8**	**736**
Shares issued	-	2	-	-	-	2
Dividends paid in respect of the previous year	-	-	-	-	(187)	(187)
Total transactions with shareholders	**-**	**2**	**-**	**-**	**(187)**	**(185)**
Balances at 30th June 2011	**1,560**	**2,320**	**330**	**849**	**5,825**	**10,884**

17. Pension Schemes

The Group makes pension contribution to the personal pension schemes of certain employees which are money purchase schemes and for which it has no responsibility for unfunded liabilities. Amounts paid are included within salaries in Note 5.

18. Reconciliation of consolidated net cash flow to movement in net debt

	At start of year £000	**Cash flow £000**	**At end of year £000**
2010/2011			
Cash at bank	**17**	**4**	**21**
Bank loan	**(2,081)**	**265**	**(1,816)**
	(2,064)	**269**	**(1,795)**
2009/2010			
Cash at bank	114	(97)	17
Bank loan	(2,556)	475	(2,081)
	(2,442)	378	(2,064)

19. Operating leases

a) The Group has an operating lease commitment in respect of an office property entered into on 12th July 2010 and terminating on 12th April 20145. Payments of £48,750 were recognised in the year and the minimum amount payable in the next twelve months is £48,750. The Company has guaranteed the obligations under this lease.

b) The Group lets out its long leasehold residential property on a monthly lease under which the tenant pays all maintenance and operating costs. There has been no indication that the tenant will not continue on this basis in the future.

20. Financial Instruments

The Directors set out below an explanation of the role that financial instruments have had during the year in creating or changing the risks the Group faces in its activities. The explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving their objectives that have been followed during the year. The Company monitors its performance against these objectives on a continuous basis and through bi-monthly reports of the investments portfolio and cash position.

The categories of financial instruments used by the Company to achieve its objectives as set out in the directors' report are –

	2011 £000	2010 £000
Financial assets		
At fair value through income		
Non-current investments	**5,933**	4,667
Current asset investments	**4,668**	4,225
Loans and receivables		
Trade and other receivables	**260**	294
Cash at bank	**21**	17
Financial liabilities		
Trade and other payables	**152**	159
Bank overdrafts	**1,816**	2,081

Notes to the Accounts (continued)

For the year ended 30th June 2011

20. Financial Instruments (continued)

Interest Rate Profile

The Group finances its operations through a mixture of retained profits and bank borrowings, in pounds sterling. Drawings under the facility are at a rate fluctuating with base rate. An additional facility of £1.4million was arranged to enable the Group to increase the investment in Western following its warrant offer in 2008. The balance of £400,000 outstanding on this facility at the start of the year has been repaid.

The effective rate of interest for the year was 5.6% (2010 – 4.8%). The sensitivity of the Group to a 1% change in interest rates would have been £20,000 in the current year. (2010 - £24,000)

The Group's principal financial assets are its investment portfolios. The investment portfolios consist of equity investments, for which an interest rate profile is not relevant. Interest is not charged on trade and other receivables nor incurred on trade and other payables.

Currency Exposures

The table below shows the Group's currency exposures. Such exposures comprise the monetary assets, at fair values, that are not traded in Sterling.

	2011	2010
Currency	**£000**	£000
Euro	**1,836**	1,613
Swiss franc	**1,066**	1,073
Danish kroner	**199**	166
Swedish kroner	**198**	152
	3,299	3,004

The sensitivity to a 1% change in the sterling exchange rate would be to increase or decrease the fair values as set out by £33,000 in aggregate (2010 - £30,000)

Liquidity Risk – The Group's policy is that its borrowings should be flexible and available over the medium term. The bank borrowings are by way of a loan facility of £2 million ending on 30th April 2013. The Group holds investments, most of which are listed on recognised stock exchanges. In normal markets these are, by their nature, liquid. However, there are long periods when the market may not be prepared to deal at realistic prices in unusually large blocks of certain shares and this particularly applies to our three Strategic Investment holdings. The company maintains a General Portfolio of investment holdings within normal market size and which have aggregate market values in excess of the borrowings at any point in time. The policy is these have an aggregate market value of at least 150% of borrowings at any point in time.

Market Risk

The Company is exposed to market risk through the equity investments in other companies. The Company maintains a spread of investments over various sectors and monitors performance continuously as described above. The majority of the investments are in companies with good levels of liquidity. The future values of these investments will fluctuate because of changes in interest rates and other market factors.

Reviews for indications of permanent impairment are carried out at least annually. The directors believe that the exposure to market price risk from these activities is acceptable in the Company's circumstances.

The sensitivity to each 1% decrease in the value of investments would result in the fair values of non current asset investments decreasing by £59,000 (2010 - £47,000) and a corresponding increase in the unrealised profits reserve. A 1% increase, would, on the same basis, increase fair values and decrease the unrealised profits reserve. The same percentage increase/decrease in the current asset investments would increase/decrease carrying values by £47,000 (2010 - £42,000) and unrealised profits reserve (or earnings where a decline was below cost) by an equal amount.

20. Financial Instruments (continued)

Fair Value

Investments within the general and strategic portfolios are carried at fair values determined by the prices available from the markets on which the instruments involved are traded. Unlisted investments are stated at cost net of impairment provisions because fair value cannot be readily determined. Movements in fair value value, net of impairment provisions, are taken through the income statement

The fair value of short term deposits, overdrafts and trade and other receivables and payables approximates to the carrying amount because of the short maturity of these instruments.

Credit risk

No concentration of credit risk exists in the Company's principal financial assets, and credit risk is minimised as the counter-parties are institutions with high credit ratings. There has been no impairment of trade and other debtors during the year, there are no provisions against these assets and none are past their due date.

21. International Financial Reporting Standards

As indicated in note 1, at the date of authorisation of these financial statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1st July 2011 as follows. None of these are expected to have an impact on the financial statements.

	Mandatory for periods beginning	**Description**	**Endorsed by EU**
Revised IAS 24	1 January 2011	Simplification of definition of related parties	Yes
Amendments to IFRIC 14 and IAS 19	1 January 2011	Treatment of early payments of contributions to cover funding requirements	Yes
Improvements to IFRSs	1 January 2011	Clarification of requirements and eliminating inconsistencies	Yes
IFRS 9	1 January 2013	Classification and measurement of financial assets – replacing part of IAS 39	Yes
IFRS 10	1 January 2013	Consolidated financial arrangements	No
IFRS 11	1 January 2013	Joint arrangements	No
IFRS 12	1 January 2013	Disclosure of interests in other entities	No
IFRS 13	1 January 2013	Fair value measurement	No

Corporate Governance

Corporate Governance is the process by which companies are controlled and directed. The UK Listing Authority requires UK listed companies to comply with principles of the UK Corporate Governance Code (the Code), the detailed provisions of which constitutes best practice in Corporate Governance. Directors are required to report to shareholders on how the Company applies the principles and confirm that the Company complies with the Code's provisions or explain why it does not.

The JSE requires that companies report on their compliance with Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance. The Board has reviewed the matter and recorded that in so far as those matters contained in the King report are of concern to the company, in complying with the Combined Code, it is satisfied that the Group complies with the requirements of the King Report.

Composition of the Board
The Board comprises the Chairman, David Marshall, Senior Independent Non-executive director, John Maxwell, Michael Robotham, Frank Lucas and Lloyd Marshall. John Maxwell and Frank Lucas are considered to be independent. Brief biographies of all directors are set out on page 2 of the accounts.

Responsibility for the process of appointment of directors rests with the Board acting on the recommendations of the Nomination Committee. The removal of directors is a Board decision. The Board reviews the need for succession planning on a regular basis.

The Company's Articles of Association require that all new directors seek election to the Board at the next Annual General Meeting after their appointment. In addition, all directors are required to stand down after three year terms and submit themselves for re-election.

As a long term investment company it is appropriate for directors to serve on the board for more than a single term, subject to continuing satisfactory performance. Given the small size of the board, this results in infrequent changes to the composition of the Board.

Workings of the Board
The Board are collectively responsible to shareholders for the success of the Group. Entrepreneurial leadership is provided by capitalising on the skills and experience of the investment committee allied to the strategic vision and expertise of other Board members.

The Board operates through three committees, the Investment Committee comprising David Marshall, Lloyd Marshall and Michael Robotham, the Nomination Committee comprising Michael Robotham and Frank Lucas, and the Audit Committee comprising Frank Lucas and John Maxwell. All decisions not specifically delegated to a Committee are reserved for the Board. There is no Remuneration Committee as there are no executive directors. The remuneration of directors other than the Chairman is limited by the Company's Articles of Association at a maximum of £10,000 each, unless approved at some other sum by the Company in General Meeting. The current rates of remuneration are set out in detail in the statutory accounts. The remuneration of the executive directors and employees of the Company's subsidiary, City Group P.L.C., is determined by the board of City Group, which includes David Marshall, Lloyd Marshall and Michael Robotham.

Committee meetings are held independently of Board meetings and invitations to attend are extended by the committee chairman to other directors, the group's advisers and management as appropriate.

As an investment company, there is no Chief Executive. The Chairman is responsible for the effective performance of the Board through control of the Board's agenda and running of its meetings. The Chairman organises opportunities for directors to spend time with each other on an informal basis to improve communication and relations between directors.

A representative of the Company Secretaries attends all Board meetings to record proceedings and is available at any time to advise on any corporate governance issues that arise. The Company Secretary is also responsible to the Chairman for the efficient organisation of Board and Committee meetings including circulation of papers in advance of meetings. Management reports including cash movements, portfolio movements and valuations are regularly circulated to all directors for review.

Corporate Governance (continued)

The Board met on six occasions during the year following a formal agenda. It met two further times by telephone for ad-hoc reasons (bank facility and exercise of warrants). Attendance at board meetings during the year is shown in the following table:

	No. of meetings in year	D.C. Marshall	F.W.A. Lucas	J.H. Maxwell	J.M. Robotham
Board (scheduled)	6	6	6	6	6
Audit Committee	1	-	1	-	1

The Nomination Committee did not meet during the year as there was no requirement for it to meet.

The Group's strategic aim is to generate growth in shareholder value in real terms over the long term through a mix of investments and utilising a prudent level of bank borrowing. The investment mix and level of gearing are reviewed at each Board meeting. All major investment decisions are taken by the Board. The Investment Committee has delegated authority within certain limits for the management of the General Portfolio between Board meetings.

The Board, through review of the management reports, scrutinises the performance of the company against the objective of real growth in shareholder value over the long term.

The directors are required to bring to the Board's attention any interest that they may have on matters under discussion, and may then be excluded from some or all deliberation on those matters, as is deemed appropriate in the circumstances.

New directors receive an induction programme and all directors are encouraged to maintain personal continuing professional education programmes

The Board evaluates its own performance and that of its committees and individual directors.

Audit Committee
The board, through its audit committee, annually reviews all material internal controls, including financial, operational and compliance controls, and risk management systems. As a result of this review, procedures are adopted which mitigate those risks which have not been specifically accepted under the Group's investment policy. The responsibility on a day to day basis for maintaining a sound system of internal controls rests with the executive directors of City Group P.L.C. which provides day to day administration and accounting services to the Group.

There is a well-established system of internal controls set within a framework of clearly defined structures and accountabilities with well understood policies and procedures; supported by training, budgeting, reporting and review procedures. The Group has defined guidelines for investment appraisal, having regard to yield and capital growth. Board decisions are implemented on a day to day basis by the subsidiary company, City Group P.L.C. The framework for internal financial control established in that company has been reviewed by the Board and is regarded as effective. The reporting and review procedures provide routine assurance to the Board as to the adequacy and effectiveness of internal controls. The Board recognise that it is not possible to divide some functions as would be the case in larger organisations and accepts that close supervision is necessary. The directors have considered the need for an internal audit function and do not believe that one is appropriate because monitoring processes are applied to give reasonable assurance to the Board that the systems of internal control are functioning as intended.

An annual self-assessment of risk is performed which identifies the areas in which the Group is most exposed to risk, considers the financial implications and assesses the adequacy and effectiveness of their control. The Board has discussed the results of this review and the directors can therefore confirm that they have reviewed the effectiveness of the company's system of internal control.

The Board maintains an appropriate relationship with the Group's auditors through the Audit Committee. The auditors do not provide any non-audit services other than limited advice on taxation matters.

Nomination Committee
The Board has formed a Nomination Committee which has been charged with nominating suitable candidates for the Board to consider recommending to the shareholders for appointment as Directors of the Company. Changes to the composition of the Board are not anticipated to occur on a frequent basis. Whenever a change is anticipated, a job description for the role will be agreed by the Nomination Committee, taking into account the expertise available to the Group from the other members of the Board and the need to acquire any specific capabilities. The Nomination Committee will then undertake whatever process is most appropriate for the identification of suitable candidates and their assessment, taking into account any other commitments candidates might have. Appointments will be made on merit against objective criteria.

Going Concern
The directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the accounts.

Shareholder Communications
The Board strives to present a balanced and understandable assessment of the Company's position and prospects in all interim and other price-sensitive public reports and in reports to regulators as well as in the information required to be presented by statutory requirements. The Chairman welcomes comments on the quality of reports and any areas for improvement.

Shareholder communication centres primarily on the publication of annual and interim accounts and occasional press releases and trading updates. The Chairman is available for discussions with shareholders throughout the year and particularly at the time of results announcements. Mr J. H. Maxwell, the senior independent non-executive director is also always available should anyone wish to draw any matters to his attention.

The Annual General Meeting provides a forum for discussion by Shareholders with the Board. Shareholders are encouraged to attend the AGM and to participate in proceedings by asking questions during the formal part of the meeting, voting on the resolutions put to the meeting and providing Board members with their views in informal discussions after the meeting.

Statement of Directors' Responsibilities in Respect of the Accounts

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare financial statements in accordance with IFRSs as adopted by the European Union , subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance (continued)

Each of the Directors whose names and functions are listed on page 2 confirms that to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principle risks and uncertainties that they face.

Remuneration Report

This report has been prepared in accordance with the Directors' Remuneration Report Regulations and also meets the relevant requirements of the Listing Rules of the Financial Services Authority. A resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

All members of the Board in attendance at the Annual General Meeting will be available to answer shareholders' questions about directors' remuneration.

Unaudited Information

Remuneration Committee
The Company has no Remuneration Committee because, given the size of the Group, it is not considered appropriate to form a separate remuneration committee of the Board. The remuneration payable to the executive directors and employees of the Company's subsidiary, City Group P.L.C., is considered by the board of City Group, which includes Mr. D.C. Marshall, Mr L. H. Marshall and Mr. J.M. Robotham.

Remuneration Policy
The Company's remuneration policy is as set out in Articles of Association and applies to both executive and non-executive directors. Briefly, it limits the remuneration of directors to £10,000 and allows for higher payments to be made to the Executive Chairman.

Approved Share Option Scheme
This scheme was created to incentivise full time employees and directors of the Company's subsidiary City Group. Performance conditions are attached to options granted which include targets for growth in shareholder value. The 115,384 options granted under this scheme in 2007 are exercisable at 52p at any time up to 27th March 2017.

Unapproved Employee Benefit Scheme
This scheme was set up to incentivise full time employees and directors of the Company's subsidiary City Group. No awards have yet been made under this scheme. To minimise operating costs, the shares held by this scheme have been transferred into an umbrella fund covering a number of different companies.

Remuneration Report (continued)

Performance Graph

Lonfin Total Shareholder Return v FTSE Eurofirst 300 Index

[LEAVE SPACE FOR NEW GRAPH TO BE INSERTED]

The above graph shows London Finance & Investment Group P.L.C.'s Total Shareholder Return (TSR) performance compared to the TSR of the FTSE Eurofirst 300 index over the past five years. The Company's main activity is that of an investment company and the Board believes that because the portfolio concentrates on FTSE 100 companies, or European equivalents, that this index is best suited as the comparator index. The Company is not a part of the FTSE Eurofirst 300 Index, being a member of the FTSE Fledgling index which is not deemed an appropriate comparator as it contains many small companies of varying nature.

TSR is defined as the percentage change over the period in market price assuming the reinvestment of income and funding of liabilities of the theoretical holding. TSR has been calculated on a one-month averaging basis in order to reduce the volatility associated with spot prices.

Audited Information

Service Contracts
None of the Directors has a service contract with the Company.

Directors' Remuneration
The directors' remuneration is by way of directors fees only and during the year comprised:

	2011 Total £		2010 Total £
Non-executive Chairman			
Mr D.C. Marshall	**10,000**	*	10,000
Non-executive directors			
Mr. J.H. Maxwell	**7,500**		7,500
Dr. F.W.A. Lucas	**7,500**	†	7,500
Mr. J.M. Robotham	**15,000**	♣	17,500
	40,000		42,500

* Mr. Marshall ceded his fees of £10,000 (2010 - £10,000) for the year to an overseas company which supplies his services and in which none of the directors are beneficially interested. The Chairman received no other payment or benefits from the Company.

† Dr Lucas ceded his fees of £7,500 (2010 - £7,500) to his primary employer.

♣ Of this sum, £7,500 (2010 - £7,500) relates to Mr. Robotham's fees paid by the Company and the balance is in respect of fees received from the subsidiary, City Group P.L.C.

Each Director is required to retire by rotation every three years in accordance with the Articles of Association and re-appointment is not automatic.

The Company does not make bonus payments to any director.

In addition, Mr L. H. Marshall, who was appointed a director of the Company on 3 August 2011, was a full time employee of our subsidiary City Group P.L.C. until his appointment as finance director of Marshall Monteagle PLC on 1st October 2010. In the period from 1 July 2010 until 30 September 2010 he was paid £16,740 by City Group (year ended 30 June 2010: £75,142). Mr L.H. Marshall's directors fees are payable to his primary employer, Marshall Monteagle PLC.

Share Options
Except as noted below, none of the directors have any options over shares of the Company.

Mr L. H. Marshall was granted Approved Share Options while an employee of City Group, He has options over 57,692 shares exercisable at 52p at any time prior to 27th March 2017.

Long Term Incentives
The Company will consider these in the light of changing legislation, but has no plans to adopt long-term incentives, other than the Approved Share Option Scheme and Unapproved Employee Benefit Scheme referred to above.

Pensions
There are no Company contributions payable to the executive or non-executive directors in respect of pensions.

On behalf of the Board

DAVID MARSHALL
Chairman

29th September 2011

Report of the Independent Auditors

To the members of London Finance & Investment Group P.L.C.
We have audited the group and parent company financial statements of London Finance & Investment Group P.L.C. for the year ended 30th June 2011 which comprise the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and the Consolidated Statements of Cash Flow and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30th June 2011 and of the group's and the parent company's profit (loss) for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors’ statement, set out on page 31, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company’s compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors’ remuneration.

Haydn Wood (Senior Statutory Auditor)
For and on behalf of Steele Robertson Goddard
Chartered Accountants and Statutory Auditors
London, United Kingdom

29th September 2011

Summary of Results

For the five years ended 30 June 2011

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Consolidated Statement of financial position					
Issued share capital	**1,560**	1,560	1,560	1,560	1,560
Share premium and other reserves	**3,530**	890	45	4,064	12,578
Company's retained realised profits	**5,825**	6,004	6,239	6,539	6,475
Shareholders' funds (all equity)	**10,915**	8,454	7,844	12,163	20,613
Non-controlling interests	**92**	84	90	101	95
	11,007	8,538	7,934	12,264	20,708
Disposition of Capital					
Long Leasehold Property	**2,093**	1,575	1,575	506	509
Other Non-current Assets	**5,933**	4.667	4,797	8,784	18,305
	8,026	6,242	6,372	9,290	18,814
Current assets					
Listed investments	**4,668**	4,225	3,976	5,726	6,564
Other current assets	**260**	294	309	319	184
Cash and deposits	**21**	17	114	36	87
	4,949	4,536	4,399	6,081	6,835
Liabilities and deferred tax	**(1,968)**	(2,240)	(2,837)	(3,107)	(4,941)
	11,007	8,538	7,934	12,264	20,708
Net assets per share	**35.0p**	27.1p	25.1p	39.0p	66.1p
Dividend per share	**0.6p**	0.6p	Nil	1.20p	1.10p

The comparative figures have been restated to include the long leasehold investment property at its latest valuation net of attributable tax.

Notice of Annual General Meeting

NOTICE is hereby given that the ANNUAL GENERAL MEETING of London Finance & Investment Group P.L.C. (the "Company") will be held at the offices of City Group P.L.C., 30 City Road, London, EC1Y 2BQ on [ ] November 2011 at 10.00 a.m. for the following purposes:-

1. To receive the Directors' Report and Accounts for the year ended 30th June 2011.
2. To receive and adopt the Remuneration Report for the year ended 30th June 2011.
3. To declare a dividend.
4. To re-elect Dr. F.W.A. Lucas a director.
5. To elect Mr. L.H. Marshall a director.
6. To re-appoint the auditors Steele Robertson Goddard and to authorise the Directors to fix their remuneration.

Special Business

To consider and, if thought fit, pass the following Resolution which will be proposed as an Ordinary Resolution:-

7. That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Companies Act 2006 ("the Act")) up to a maximum nominal amount of £439,898 (representing 8,797,963 shares) to such persons at such times and on such terms as they think proper during the period expiring at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution; and that the Company be and is hereby authorised to make prior to the expiry of such period referred to in paragraph (i) above any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period that the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution.

To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution:

8. That

   (a) in accordance with Section 570 of the Companies Act 2006 the Directors be and are hereby given power to allot shares pursuant to the authority conferred by the Ordinary Resolution numbered 5 passed at the Annual General Meeting held on 30th September 2011, as and when the same becomes effective as if Section 563 of the Companies Act 2006 did not apply to any such allotment, provided that:

      (i) the power hereby conferred shall be limited;

         (aa) to the allotment of shares in the Company in connection with or pursuant to an offer by way of rights, bonus issues or other similar issues to the holders of Shares of 40p each in the capital of the Company and other persons entitled to participate therein in proportion (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the numbers of such shares which such other persons are for those purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with (i) fractional entitlements or legal or practical problems under the laws or the requirements of any recognised regulatory body in any territory (ii) underwriting of such an issue and (iii) applications by shareholders for equity instruments offered to other shareholders as part of such an issue, but not taken up by other shareholders; and (bb) to the allotment (otherwise than pursuant to sub-paragraph (i) (aa) of this proviso) of shares in the Company up to an aggregate nominal amount of £78,000 (1,560,000 shares) representing 5 per cent. of the issued share capital;

(ii) the power hereby granted shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the date of the passing of this resolution;

(b) the said power shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would or might require shares in the Company to be allotted after such expiry and the Directors may allot shares in the Company in pursuance of such offer or agreement as if the said power had not expired

(c) words and expressions defined in or for the purposes of Part 17 of the Companies Act 2006 shall bear the same meaning herein"

By Order of the Board,

30 City Road,
London EC1Y 2AG.

CITY GROUP P.L.C.
Secretaries

28th September 2011

Notes A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote on his behalf.
A proxy need not be a member of the company.
A form of proxy is enclosed. To be valid it should be completed and returned so as to reach the Secretaries, City Group P.L.C. at 30 City Road, London, EC1Y 2AG, U.K. not less than 48 hours before the time for the meeting. Completion of a form of proxy does not preclude a member from subsequently attending and voting in person.
The register of directors' shareholdings will be available for inspection by members at the registered office of the company during usual business hours on any weekday (public holidays excepted), from the date of this notice until the date of the annual general meeting and at the place of the meeting, from 9.15 a.m. until the conclusion thereof.

Change of Address Members are requested to advise the United Kingdom Registrars, Capita Registrars, or the South African Registrars, Computershare Investor Services (Pty.) Limited of any change of address.

London Finance & Investment Group P.L.C. ___________________

Form of Proxy

I / We, ...

. . . .

. . . .

being (a) member(s) of the above-named company hereby appoint the chairman of the meeting, failing whom

. . . .

as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on [ ] November 2011 and at any adjournment thereof.

1/We hereby authorise and instruct my/our proxy to vote as indicated below on the resolutions to be proposed at such meeting. Unless otherwise directed the proxy will vote or abstain from voting as he thinks fit.

RESOLUTIONS	For	Against	Abstain
To adopt the reports and accounts.			
To adopt the Remuneration Report			
To declare a dividend.			
To re-elect Dr. F.W.A. Lucas a director.			
To elect Mr. L.H. Marshall a director			
To appoint the auditors and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS			
Ordinary Resolution To authorise the directors to allot securities.			
Special Resolution To authorise the directors to allot securities (subject to limitation) as if pre-emption rights did not apply.			

Dated . . . . 2011 Signature . . . .

Notes

(i) This proxy must be lodged at the offices of the Secretaries, City Group P.L.C., 30 City Road, London, EC1Y 2AG, U.K., or the South African registrars, Computershare Investor Services (Pty.) Limited, 70 Diagonal Street, Johannesburg 2001, (P.O. Box 61051, Marshalltown 2107) South Africa not later than 48 hours before the time of the meeting, together if appropriate with the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority.

(ii) In the case of a corporation this proxy should be given under its Common Seal or, if none, should be signed by the attorney or officer duly authorised.

(iii) In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the Register of Shareholders in respect of joint holdings.

(iv) If it is desired to appoint as proxy any person other than the chairman of the meeting, the name and address of such person should be inserted in the relevant place, reference to the chairman deleted, and the alteration initialled.

(v) A proxy need not be a shareholder.