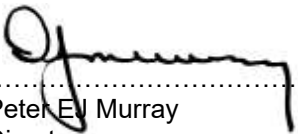


## Appendix 4D

### Half Year Report for the period ending 31 December 2021

#### Results for Announcement to the market:

<i>Reporting Period / Previous corresponding period</i>	<b>6 months to 31 Dec 2021</b>	<b>6 months to 31 Dec 2020</b>
<i>2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities</i>	\$2,040,584 (Up 610%)	\$287,000
<i>2.2 The amount of and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.</i>	\$1,643,534 (Up significantly)	(\$19,000)
<i>2.3 The amount of and percentage change up or down from the previous corresponding period of the net profit (loss) for the period attributable to members.</i>	\$1,643,543 (Up significantly)	(\$19,000)
<i>2.4 The amount per security and franked amount per security of final and interim ordinary dividends.</i>	See Below	See Below
<i>2.5 The record date for determining entitlements to the dividends (if any)</i>	London City does not pay interim dividends	London City does not pay interim dividends
<i>2.6 A brief explanation of any of the figures in 2.1 and 2.4 necessary to enable the figures to be understood.</i>	See formal accounts.	See formal accounts.
<i>3.0 Net Tangible Assets per security with the comparative figure for the previous corresponding period.</i>	59 cents	51 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>	\$415,000 – 1.375 cents in fully franked dividends paid on 22 Oct 2021	\$311,800 - 1.375 cents in fully franked dividends paid on 12 Oct 2020
<i>6.0 Details of Dividend Distribution plan in operation.</i>	Dividend Reinvestment Plan reinstated and applied to October 2021 dividend.	Dividend Reinvestment Plan reinstated for future.
<i>7.0 Details of associates and joint venture entities including names and details of investments and contribution to profits.</i>	NA	NA
<i>8.0 Foreign entities requirements</i>	NA	NA
<i>9.0 Whether the accounts are subject to audit dispute or qualification.</i>	No	No



.....  
Peter EJ Murray  
Director

28 February 2022

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ABN 59 003 200 664

## Half-Yearly Report

31 December 2021

*Established in 1986*



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

*London City Equities Limited*

# London City Equities Limited



## Chairman's Key Points

### **Half Year 2021 – Positive – Portfolio Gains – EY Litigation concluded**

Directors are very pleased to report an excellent half year result for London City. In addition the Investment Portfolio recorded pre tax gains of over 20% in the period. Furthermore, the EY litigation was finalised via a confidential settlement in late December.

### **Financials — Underlying profits now evident – Portfolio well ahead - Dividend maintained.**

Directors report a profit of \$1,643,000 for the period that includes the net confidential Supreme Court ordered mediation sums. Again, our 7% shareholding in Fiducian Group Limited significantly outperformed the ASX All Ord Index. The increased dividends from Fiducian Group have been very helpful and this year could produce over \$600,000 in income to London City. London City has maintained the payment of a solid fully franked annual dividend of 1.375 Cents, paid in October – this time with a Dividend Reinvestment Plan available.

### **Portfolio values increased comfortably since 30 June – Net Assets now 59 Cents a share.**

Portfolio values have continued to grow over the period. In particular London City's **7% shareholding in Fiducian Group Limited** features strongly with its value growing close to 25% since 30 June 2021. **Excelsior Capital Limited (4% owned - within a joint 9% shareholding with associates) continues to** experience shareholder agitation with its Board losing its 2021 Remuneration Report and Directors forced to stand for re-election at a forthcoming EGM. London City and associates voted against the Remuneration Report.

The Investment Portfolio has seen its value appreciate some \$4 million before tax since 30 June.. Together with the EY confidential settlement in mid December, Directors are pleased to report that Net Assets per Share at 31 December stood at 59 Cents a share.

For and on behalf of the Board

P. E. J. Murray  
Chairman of Directors

28 February 2022

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# London City Equities Limited



## Statutory Directors' Report For the Half Year ended 31 December 2021

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

### Directors

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

### Review of Operations - Overview

London City's shareholder's funds grew very well over the six months with good portfolio value gains and the confidential settlement of the litigation against Ernst & Young. The pre tax value of the investment portfolio rose by some \$3 million since 30 June 2021.

### Review of Operations – Revenue improves

London City recorded an operating profit of \$1,643,000 for the half year (loss of \$19,000 in 2020). Operating Revenues rose to \$330,000 for the period.

### Review of Operations – Dividend Maintained

London City paid a 1.375 Cent fully franked dividend to shareholders in October. The Dividend Reinvestment Plan, previously suspended has now been restored. This applied to the expected final payout in October 2021 and gave a 5% discount. London City does not pay interim dividends.

### Events occurring after Balance Date

Since Balance Date the value of the investment portfolio has fallen modestly. .

### 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 of 25th February 2022. Signed and dated at Sydney this 28th day of February 2022.

On behalf of the Board,

P.E.J. Murray – Director

D.G. Butel – Director

# London City Equities Limited

ABN 59 003 200 664



## Income Statement For the Half Year to 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
<b>Revenue</b>	(2)		
Dividends - investment portfolio		324,084	250,934
Interest - deposits and bank bills		-	-
Proceeds - Sale of Trading Securities		8,000	30,990
Other Income - Government Grants			
Other Income - Confidential Settlement - Net		1,708,500	5,000
		<u>2,040,584</u>	<u>286,924</u>
<b>Operating Expenses</b>	(2)		
Cost of Securities Sold		(6,252)	(24,160)
Management Fees		(103,787)	(64,044)
Directors' Fees		(75,000)	(45,000)
Other Operating Expenses		(212,011)	(172,467)
		<u></u>	<u></u>
<b>Profit (Loss) from Ordinary Activities before Income Tax</b>	(2)	1,643,534	(18,747)
Income Tax Expense relating to ordinary activities		-	-
		<u>1,643,534</u>	<u>(18,747)</u>
<b>Net Profit (Loss) attributable to members of the parent entity</b>			
		<u></u>	<u></u>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<u>1,643,534</u>	<u>(18,747)</u>
Basic Earnings Per Share (Cents per share)		5.40	(0.07)

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 2020

	31 Dec 2021 \$	30 June 2021 \$
<b>Current Assets</b>		
Cash and cash equivalents	2,253,238	1,351,999
Trade and other receivables	98,721	74,484
<b>Total Current Assets</b>	<b>2,351,959</b>	<b>1,426,483</b>
<b>Non-Current Assets</b>		
Investment Portfolio	19,547,457	15,422,742
Deferred Tax Assets	2,760,000	2,760,000
<b>Total Non-Current Assets</b>	<b>22,307,457</b>	<b>18,182,742</b>
<b>Total Assets</b>	<b>24,659,416</b>	<b>19,609,225</b>
<b>Current Liabilities</b>		
Trade and other payables	201,655	206,659
<b>Total Current Liabilities</b>	<b>201,655</b>	<b>206,659</b>
<b>Non-Current Liabilities</b>		
Deferred Tax Liabilities - Investment Portfolio	4,250,000	3,167,000
<b>Total Non-Current Liabilities</b>	<b>4,250,000</b>	<b>3,167,000</b>
<b>Total Liabilities</b>	<b>4,451,655</b>	<b>3,373,659</b>
<b>Net Assets</b>	<b>20,207,761</b>	<b>16,235,566</b>
<b>Shareholders' Equity</b>		
Contributed Equity	7,725,485	7,511,916
Realised Capital Gains Reserve	(5,024,395)	(6,732,895)
Unrealised Revaluation Reserve	12,411,712	9,880,892
Retained Profits	5,094,959	5,575,653
<b>Total Equity</b>	<b>20,207,761</b>	<b>16,235,566</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 2021

2021	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
<b>At 1 July 2021</b>	7,511,916	(6,732,895)	9,880,892	5,575,653	16,235,566
Increase in Capital - DRP	213,569				213,569
Investment Portfolio at fair value					
- Net unrealised gains taken to equity			3,613,820		3,613,820
- Net Tax on unrealised gains			(1,083,000)		(1,083,000)
Tax reduced by Tax Losses					-
Confidential Settlement - Net [Transferred]		1,708,500		(1,708,500)	-
Net Income for period				(64,966)	(64,966)
Dividends Paid				(415,728)	(415,728)
<b>At 31 December 2021</b>	<b>7,725,485</b>	<b>(5,024,395)</b>	<b>12,411,712</b>	<b>5,094,959</b>	<b>20,207,761</b>

2020	Issued Capital	Realised Capital Gains Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
<b>At 1 July 2020</b>	4,507,475	(6,739,135)	6,590,106	5,916,619	10,275,065
Increase in Capital - Share Iss:	3,004,441				3,004,441
Investment Portfolio at fair value					
- Net unrealised gains taken to equity			2,646,286		2,646,286
- Net Tax on unrealised gains			(794,000)		(794,000)
Tax reduced by Tax Losses			600,000		600,000
Net Income for period				(18,747)	(18,747)
Dividends Paid				(311,797)	(311,797)
<b>At 31 December 2020</b>	<b>7,511,916</b>	<b>(6,739,135)</b>	<b>9,042,392</b>	<b>5,586,075</b>	<b>15,401,248</b>

The accompanying notes form part of this financial report.

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# London City Equities Limited

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## Cash Flow Statement For the Half Year to 31 December 2021

	31 Dec 2021 \$	31 Dec 2020 \$
<b>Cash flows from operating activities</b>		
Dividends Received	324,084	250,934
Interest received		
Government Grant	-	5,000
Confidential Settlement - Net	1,708,500	-
Proceeds from sale of trading investments	8,000	24,160
Purchase of trading investments	(6,252)	(17,330)
Payments to suppliers and management	(418,438)	(225,574)
Net Cash provided by (used in ) operating activities	<b>1,615,894</b>	<b>37,190</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	-	-
Purchase of investments	(513,045)	(12,653)
Net Cash provided by (used in) investing activities	<b>(513,045)</b>	<b>(12,653)</b>
<b>Cash flows from financing activities</b>		
Increase in Equity Capital	213,559	2,054,734
Dividends paid to shareholders	(415,169)	(311,797)
Net Cash provided by (used in) financing activities	<b>(201,610)</b>	<b>1,742,937</b>
<b>Net increase / (decrease) in cash held</b>	901,239	1,767,474
Cash at beginning of half year	1,351,999	1,222
<b>Cash at end of the period</b>	<b>2,253,238</b>	<b>1,768,696</b>
<b>Comprising:</b>		
Cash and cash equivalents	2,253,238	1,768,696
	<b>2,253,238</b>	<b>1,768,696</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 2021

### 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 2021 Annual Report and public announcements made by the company during the half year, in accordance with the continuous disclosure obligations arising out of the Corporations Act 2001.

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

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

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

The accounting policies adopted have been consistently applied by the company and are consistent with those applied in the 30 June 2021 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2021 will not have any effect on the financial position or performance of the company.

On 9 December 2021, at a court ordered mediation, a confidential settlement was reached with Ernst & Young of Supreme Court of Proceeding 2017/145976 (Proceeding). The compromise reached by the parties reflected the relevant commercial and legal risks in continuing with the Proceedings.

#### (b) Other Disclosure

The financial report of London City Equities Limited for the six months ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 25 February 2022.

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 2021 (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 2021	31 Dec 2020
	\$	\$
Dividends	324,084	250,934
Interest	-	-
Proceeds - Sale of Trading Securities	8,000	30,990
Other Income - Confidential Settlement - Net	1,708,500	
Other Income - Government Grant	-	5,000
	<u>2,040,584</u>	<u>286,924</u>

#### (b) charging as expense:

Payable to Auditors - Audit	(4,500)	(5,500)
Payable to Auditors - Other Services	-	-
Directors Fees - Paid or accrued	(75,000)	(45,000)
Litigation Expenses	(106,367)	(119,864)
Management Fees (Base) - Related Corporation	(103,787)	(64,044)
Management Fees (Performance) - Related Corporation	-	-
Cost of Trading Securities	(6,252)	(24,160)
Other Operating Expenses	(101,144)	(47,103)
	<u>(397,050)</u>	<u>(305,671)</u>

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

	1,643,534	(18,747)
--	-----------	----------

### Note 3 Unrealised Revaluation Reserve

Unrealised gains on listed securities available-for-sale	14,169,563	9,360,392
Income Tax Applicable	(4,250,000)	(2,808,000)
Tax Losses recognised as deferred tax assets	2,490,000	2,490,000
	<u>12,409,563</u>	<u>9,042,392</u>

### Note 4 Shares on Issue

	Number	Number
Ordinary Shares - 1 July 2021	30,234,799	22,676,099
Change during Period	416,294	7,558,700
Ordinary Shares - 31 December 2021	<u>30,651,093</u>	<u>30,234,799</u>

Average Shares on Issue during period

	30,442,946	26,455,449
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The company has in existence a Dividend Reinvestment Plan under which shareholders elect to have all or part of their dividend reinvested in new ordinary shares at a discount to the market price. The scheme was re-introduced in late 2020 and was applied to the final dividend payable in October 2021. It gives a market value discount of 5% to shareholders subscribing for their entitlement.

### Note 5 Dividends Paid

The following dividends were recognised in the accounting period:

A fully franked ordinary dividend of 1.375 cents per share was paid to shareholders on 14 October 2021 (previous year - 1.375 cent fully franked dividend.)

There are no interim dividends proposed for payment.

	31 Dec 2021	31 Dec 2020
	\$	\$
	<u>(415,728)</u>	<u>(311,797)</u>

# London City Equities Limited

ABN 59 003 200 664



## Notes to the Accounts as at 31 December 2021 (Cont'd)

### Note 6 Taxation

A future income tax benefit of \$2,760,000 (2020 - \$2,760,000) has been brought to account in respect of estimated recoupable tax losses available to the company. While market values indicate higher recoupment of past tax losses, Directors have cautiously opted not to bring the full amount of future income tax benefit to account.

Currently, there remain approx \$400,000 in losses still available for the future. These tax losses have not been confirmed by tax authorities and the tax benefits will only be obtained if:

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

### Note 7 Segmental Information

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

	Equity Investment	Other	Total
<b>December 2021</b>			
Revenue	\$	\$	\$
Investment /other revenue	2,040,584	-	2,040,584
Segment result			
Profit after tax	1,643,534	-	1,643,534
Segment assets	19,547,457	5,111,959	24,659,416
Segment liabilities	(4,250,000)	(201,655)	(4,451,655)
Net cash inflow from operating activities	155,976	1,459,918	1,615,894
	Equity Investment	Other	Total
<b>December 2020</b>			
Revenue	\$	\$	\$
Investment /other revenue	281,924	5,000	286,924
Segment result			
Profit after tax	117,009	(135,756)	(18,747)
Segment assets	16,593,622	1,799,732	18,393,354
Segment liabilities	(2,900,053)	(92,053)	(2,992,106)
Net cash inflow from operating activities	190,092	(152,902)	37,190

# London City Equities Limited



## 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 2021 and its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

2. there are reasonable grounds to believe that London City Equities Limited will be able to pay its debts as and when they become due and payable.

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

  
P.E.J. MURRAY, Director

  
D.G. BUTEL, Director

Sydney

Dated this 28th day of February 2022

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**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 2021, 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

130 Parry Street  
Newcastle West NSW 2302

28 February 2022

## Independent Auditor's Review Report to the Members of London City Equities Limited

### Report on the Half-Year Financial Report

#### *Conclusion*

We have reviewed the half-year financial report of London City Equities Limited ("the Company") for the half year ended 31 December 2021 as set out on pages 3 to 10. The financial report comprises the statement of financial position as at 31 December 2021, the income statement, cash flow statement, and statement of changes in equity for the half-year ended on that date, accompanying notes to the financial statements, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the Corporations Regulations 2001.

#### *Basis for Conclusion*

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

*Responsibility of the Directors for the Half-Year Financial Report*

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

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the Corporations Regulations 2001.

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



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



Cutcher & Neale  
Chartered Accountants

130 Parry Street  
Newcastle West NSW 2302

28 February 2022

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