

Appendix 4D
Half Year Report for the period ending 31 December 2022

Results for Announcement to the market:

<i>Reporting Period / Previous corresponding period</i>	6 months to 31 Dec 2022	6 months to 31 Dec 2021
<i>2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities</i>	\$640,813 (Down 69%)	\$2,040,584
<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>	\$199,268 (Down 88%)	\$1,643,534
<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>	\$199,268 (Down 88%)	\$1,643,534
<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	65 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>	\$429,100 - 1.40 cents in fully franked dividends paid on 14 Oct 2022	\$415,800 – 1.375 cents in fully franked dividends paid on 22 Oct 2021
<i>6.0 Details of Dividend Distribution plan in operation.</i>	Dividend Reinvestment Plan operating. Discount of 2.5% applied.	Dividend Reinvestment Plan operating. Discount of 5.0% applied.
<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

For and on behalf of the Board,



Peter EJ Murray
Director

16 February 2023

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ABN 59 003 200 664

Half-Yearly Report

31 December 2022

Australian owned and incorporated - 1986





Corporate Directory

Directors:	P.E.J. Murray BA, FCA, SA Finsia (Chairman) D.G. Butel MBA, BSc, Dip BusStd, Dip Ed. L.J. Joseph B Comm
Chief Operating Officer:	P.E.J. Murray BA, FCA, SIAA
Company Secretary:	L.J. Joseph B Comm
Auditors:	Cutcher & Neale, Chartered Accountants 130 Parry Street, Newcastle West NSW 2302
Bankers:	Westpac Banking Corporation
Corporate and Registered Office:	Level 2, 111 Harrington Street, The Rocks NSW 200 Postal Address: PO Box R1414, Royal Exchange NSW 1225 Telephone: (02) 9247 9315 Web-Site: www.londoncity.com.au
Share Register:	Registry Direct Level 6, 2 Russell Street, Melbourne Vic 3000 Telephone: (03) 9020 7934 or 1300 55 66 35 Website: www.registrydirect.com.au
Stock Exchange:	Australian Securities Exchange Limited Home Exchange - Sydney (Code "LCE") 20 Bridge Street, Sydney NSW 2000

The Logo / Emblem:



The emblem of London City Equities Limited represents the London Plane Tree. This plant, initially recorded in 1670, has become a long term survivor of the English seasons and population growth. Its resilience comes from its hardwood strength and its ability to shed bark, thereby renewing and protecting itself from risk of disease. Its shiny leaves are easily washed and reinvigorated by the rain. There are many examples still growing vigorously in London Squares that are estimated to be over 200 years old.

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Chairman's Key Points

Steady Six Months

In a period where inflation and rising interest rates have been an Australian and worldwide feature your Directors have taken a cautionary line on the portfolio and the investment scene in general. Items of note are covered below.

Financials - Underlying profits confirmed - Investments Increased - Dividend Income higher

The Net Profit after tax for the six months came in at \$199,000 after the receipt of record dividends. As in the past, costs were controlled and this year there were no litigation outlays. More shares were purchased in Excelsior Capital Limited. Both key investments Fiducian and Excelsior increased their dividend payout. To improve income from our surplus liquid funds London City invested around 60% into bank floating rate hybrid notes. These pay quarterly dividends and have risen in value.

Higher Dividend to Shareholders.

Given the improvement in asset base and profitability - assisted by positive litigation results - Directors decided to increase the annual dividend payout in October to 1.40 cents a share. Again this was fully franked and carried Dividend Reinvestment Plan participation. For 2022 the DRP market value discount was 2.5%.

Investment Portfolio - Increased outlays - Performance down overall

With increased funds available London City has outlaid more towards its equity holdings in its Investment Portfolio over the period - some \$600,000. While the shareholder ownership of **Fiducian Group Limited** remained around 7%, London City's direct ownership of **Excelsior Capital** rose from 5.7% to 6.7% of that company. This shareholding, as shareholders may recall, is part of joint shareholding with associates that amounts to 12.0% of Excelsior. As with all our investments, Directors attended the respective Annual General Meetings.

The performance of London City's portfolio over the six months was a fall of around 5%. When compared to the ASX All Ordinaries Index rising 7% over the period we note the market caution directed to the financial / investment sector - a key area of our portfolio - impacting Fiducian Group accordingly. While Fiducian lost some value, Excelsior rose in value - assisted by its first dividend increase in years and the excellent performance of its CMI Electrical business. Excelsior's investment activities continue to be indecisive and poor.

Net Assets - estimated now at 61 cents a share.

Based on the balance sheet at 31 December 2022 the Net Assets stood at \$18.4 million, or 59 cents a share. This is after paying in October the increased annual dividend of 1.4 cents a share. Values since have followed broadly the upward movement in general stock-market levels and are now estimated at 61 cents a share.

For and on behalf of the Board

Peter E.J. Murray
Chairman of Directors

15 February 2023

London City Equities Limited

ABN 59 003 200 664



Statutory Directors Report For the Half Year ended 31 December 2022

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 EJ Murray, Mr David G. Butel, Mr Neil E Schafer (from 1 July to 25 October) and Mr. Louis J Joseph (appointed 28 September)

Review of Operations - Overview

In a period of rising interest rates and inflationary pressures there were hesitant market conditions. However, the company slowly increased its long held investment interests with most focus on its holding in Excelsior Capital Limited. Retention of high liquid funds of near \$1 million was deemed prudent. Some of the cash at bank was re-invested in floating rate bank hybrid securities - around \$0.6 million.

The Investments

At balance date the company's strategic Investment Portfolio was valued at \$18.0 million, \$11.1 million over cost. A fall in value of the 7% owned Fiducian shareholding over the six months was partly offset by a rise in the value of the company's 7% direct shareholding in Excelsior Capital. Both these companies increased their dividend payouts during 2022.

Revenue

The dividends received from London City's two key investments rose due to the number of shares purchased and the actual increased payout per share from those companies.

Shareholders Dividend

The annual dividend paid to shareholders was raised to a fully franked dividend rate of 1.4 Cents a share. Again, shareholders had an opportunity to participate in the Dividend Reinvestment Plan where the market value discount this year was 2.5%

Events occurring after Balance Date

No material event has taken place since balance date. Directors note Fiducian's December's results were down while Excelsior Capital's profit was up comfortably. The value of the investment portfolio has risen broadly in line with general stock-market conditions.

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 15 February 2023.

Signed and dated this 15th day of February 2023.

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 ended 31 December 2022

		31 Dec 2022	31 Dec 2021
		\$	\$
Revenue	Notes 2		
Dividends - investment portfolio		376,578	324,084
Interest - deposits		-	-
Proceeds - Sale of Trading Securities		264,235	8,000
Other Income - Confidential Settlement - Net		-	1,708,500
		<u>640,813</u>	<u>2,040,584</u>
Operating Expenses	2		
Cost of Trading Investments sold		(250,402)	(6,252)
Management fees		(98,160)	(103,787)
Directors fees		(45,150)	(75,000)
Litigation costs		-	(106,367)
Other Operating Expenses		(47,833)	(105,644)
		<u>(441,545)</u>	<u>(397,050)</u>
Profit (Loss) from ordinary activities before Income Tax		199,268	1,643,534
Income Tax Expenses relating to ordinary activities		-	-
		<u>199,268</u>	<u>1,643,534</u>
Net Profit in equity other than those resulting from transactions with owners as owners		199,268	1,643,534
		<u>199,268</u>	<u>1,643,534</u>
Basic Earnings Per Share (Cents per share)		0.64	5.40

The accompanying notes form part of these financial statements.

London City Equities Limited

ABN 59 003 200 664



Statement of Financial Position as at 31 December 2022

	31 Dec 2022 \$	30 June 2022 \$
Current assets		
Cash and cash equivalents	905,469	1,551,842
Trade and other receivables	38,143	63,734
Total current assets	943,612	1,615,576
Non-current assets		
Investment Portfolio	17,927,436	18,395,699
Deferred Tax Assets	2,960,000	2,960,000
Total non-current assets	20,887,436	21,355,699
Total assets	21,831,048	22,971,275
Current liabilities		
Trade and other payables	77,733	220,587
Total current liabilities	77,733	220,587
Non-current liabilities		
Deferred Tax Liability - Investment Portfolio	3,332,000	3,629,000
Total liabilities	3,409,733	3,849,587
Net assets	18,421,315	19,121,688
Equity		
Share Capital	7,948,002	7,725,485
Realised Capital Gains Reserve	(6,732,895)	(6,732,895)
Unrealised Revaluation Reserve	10,463,790	11,156,823
Retained Profits	6,742,418	6,972,275
Total equity	18,421,315	19,121,688

The accompanying notes form part of these financial statements.

London City Equities Limited

ABN 59 003 200 664



Statement of Changes in Equity for the Half Year Ended 31 December 2022

2022	Issued Capital	Realised <i>Capital Gains</i> Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2022	7,725,485	(6,732,895)	11,156,823	6,972,275	19,121,688
Increase in Capital - DRP	222,517				222,517
Investment Portfolio at fair value					
- Net unrealised gains taken to equity			(990,033)		(990,033)
- Net Tax on unrealised gains			297,000		297,000
Tax Reduced by Tax Losses					-
Net Income for period				199,268	199,268
Dividends Paid				(429,125)	(429,125)
At 31 December 2022	7,948,002	(6,732,895)	10,463,790	6,742,418	18,421,315
2021	Issued Capital	Realised <i>Capital Gains</i> Reserve	Unrealised Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2021	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)		1,708,500	1,708,500
Net Income for period				(64,966)	(64,966)
Dividends Paid				(415,728)	(415,728)
At 31 December 2021	7,725,485	(6,732,895)	12,411,712	6,803,459	20,207,761

The accompanying notes form part of these financial statements.

London City Equities Limited

ABN 59 003 200 664



Cash Flow Statement for the Half Year ended 31 December 2022

	31 Dec 2022 \$	31 Dec 2021 \$
<i>Notes</i>		
Cash flows from operating activities		
Dividends Received	376,576	324,084
Interest Received	-	-
Proceeds from the sale of trading investments	264,235	8,000
Purchase of trading investments	(250,402)	(6,252)
Confidential Settlement - Net	-	1,708,500
Payments to suppliers and management	(217,697)	(418,438)
Net cash inflow (outflow) from operating activities	172,712	1,615,894
Cash flows from investing activities		
Payments for investments	(651,529)	(513,045)
Proceeds from sale of investment	-	-
Net cash inflow (outflow) from investing activities	(651,529)	(513,045)
Cash flows from financing activities		
Increase in Issued Capital	222,516	218,069
Related Corporations	39,053	(4,510)
Dividends paid to shareholders	(429,125)	(415,169)
Net cash inflow (outflow) from financing activities	(167,556)	(201,610)
Net increase (decrease) in cash held	(646,373)	901,239
Cash at beginning of the financial year	1,551,842	1,351,999
Cash at end of the period	905,469	2,253,238
Comprising:		
Cash and Cash Equivalents (incl floating rate bank hybrids)	905,469	2,253,238
	905,469	2,253,238

The accompanying notes form part of these financial statements.



Note 1: Statement of Significant Accounting Policies

(a) Basis of Preparation

This general purpose half-yearly 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 2022 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.

The 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 2022 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2022 will not have any effect on the financial position or performance of the company.

The company applies a Corporation Tax Rate of 30% for its financial reporting.

(b) Other Disclosure

The financial report of London City Equities Limited for the six months ended 31 December 2022 was authorised for issue in accordance of the Directors on 15 February 2023.

London City Equities Limited is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange. It is predominantly Australian owned.

London City Equities Limited

Notes to the financial statements - 31 December 2022 (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 2022	31 Dec 2021
	\$	\$
Dividends - Franked	370,669	324,084
Dividends - Unfranked	5,909	
Interest - Other Corporations	-	-
Confidential Sum - Net		1,708,500
Proceeds - Sale of Trading Securities	264,235	8,000
Total Operating Revenue	640,813	2,040,584

(b) Charging as expense:

Auditors re Audit	(3,800)	(4,500)
Auditors re other services	(500)	-
Directors fees - Paid or accrued	(45,150)	(75,000)
Litigation Expenses	-	(106,367)
Management Fees (Base fee) - Related Corporation	(98,160)	(103,787)
Management Fees (Performance fee) - Related Corporation		
- Performance Fee	-	-
- Basic management fee (GST lost)	-	-
Cost of Trading Securities	(250,402)	(6,252)
Other Operating Expenses	(43,533)	(101,144)
Total Operating Expenses	(441,545)	(397,050)

Profit (Loss) from Ordinary Activities before Income Tax

199,268	1,643,534
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Note 3. Unrealised Revaluation Reserve

Unrealised gains on listed securities available-for-sale	11,105,790	14,169,563
Income Tax applicable	(3,332,000)	(4,250,000)
Tax Losses recognised as deferred tax assets	2,690,000	2,490,000
	10,463,790	12,409,563

Note 4. Shares on Issue

	Number	Number
Ordinary Shares - 1 July 2022	30,651,093	30,234,799
Movement during the period - DRP Plan	393,832	416,294
Balance at reporting date	31,044,925	30,651,093

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. The market value discount offered to shareholders in 2022 was 2.5% (5.0% in 2021).

Note 5. Dividends Paid

The following dividends were recognised in the accounting period:

	31 Dec 2022	31 Dec 2021
	\$	\$
A fully franked ordinary dividend of 1.400 cents per share was paid to shareholders on 14 October 2022 (previous year - 1.375 cents fully franked dividend. Both dividends carried DRP participation.	429,125	415,728

There are no interim dividends proposed for payment.



Note 6. Taxation

A future income tax benefit of \$2,960,000 (2021 - \$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 losses, Directors have cautiously opted not to bring to account the full amount of future income tax benefit. At balance date there remains approx \$500,000 in losses still available for the future. These tax losses considered in these assessments, 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 an 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 charges in tax legislation adversely affect the realisation of the benefit and of the deductions.

Note 7. Segmental information

The economic entity predominantly acted through the year as a strategic investor investing funds in Australia.

	Equity Investment	Other	Total
2022			
Revenue	\$	\$	\$
Investment /other revenue	640,813	-	640,813
Segment result			
Profit (loss) after tax	294,840	(95,572)	199,268
Segment assets	20,904,099	926,949	21,831,048
Segment liabilities	(3,370,867)	(38,866)	(3,409,733)
Net cash inflow from operating activities	325,102	(152,388)	172,714
	Equity Investment	Other	Total
2021			
Revenue	\$	\$	\$
Investment /other revenue	2,040,584	-	2,040,584
Segment result			
Profit (loss) 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



Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes set out on Pages 4 to 10 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 2022 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 15th Day of February 2023

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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 2022, 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.

Cutcher & Neale
Chartered Accountants



Nick Nancarrow CA
Partner

NEWCASTLE

14 February 2023

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 2022 as set out on pages 4 to 11. The financial report comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, 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, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of London City Equities Limited, has not been prepared, in all material aspects, in accordance with the *Corporations Act 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 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 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 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 has not been prepared, in all material aspects in accordance with the *Corporations Act 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.

Cutcher & Neale
Chartered Accountants



Nick Nancarrow CA
Partner

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16 February 2023