CITY OF LONDON

INVESTMENT GROUP PLC

HALF YEAR REPORT 2018/19

CITY OF LONDON
INVESTMENT GROUP PLC

City of London Investment Group PLC is an established asset management group which has built its reputation by specialising in Emerging Market closed-end fund investment, with an institutional client focus.

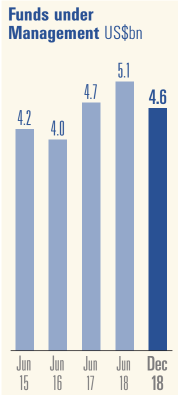
In recent years the Group has expanded its range to include Developed, Frontier and Opportunistic Value closed-end fund strategies.

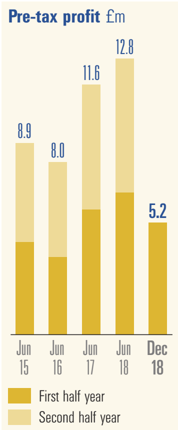
Contents

www.citlon.co.uk

HALF YEAR SUMMARY

- Funds under Management ("FuM") of US$4.6 billion (£3.6 billion) at 31st December 2018. This compares with US$5.1 billion (£3.9 billion) at the beginning of this financial year on 1st July 2018 and US$5.3 billion (£3.9 billion) at 31st December 2017
- FuM at 31st January 2019 of US$5.1 billion (£3.9 billion)
- Revenues representing the Group's management fees on FuM were £15.6 million (31st December 2017: £17.1 million)
- Profit before tax of £5.2 million (31st December 2017: £6.6 million)
- Maintained interim dividend of 9p per share (31st December 2017: 9p) payable on 22nd March 2019 to shareholders on the register on 8th March 2019
- Special dividend of 13.5p per share payable on 22nd March 2019 to shareholders on the register on 8th March 2019





"Your Board is pleased to announce a special dividend of 13.5p per share, equivalent to one half of the current annual distributions, to coincide with this year's interim payment. It is your Board's view that this additional payment represents a fair balance between the need to reward shareholders while maintaining sufficient reserves to capitalise on any opportunities that may arise."

Barry Aling, Chairman

This release includes forward-looking statements, which may differ from actual results. Any forward-looking statements are based on certain factors and assumptions, which may prove incorrect, and are subject to risks, uncertainties and assumptions relating to future events, the Group's operations, results of operations, growth strategy and liquidity.

CHAIRMAN'S STATEMENT

Having been appointed your Chairman on 22nd October 2018, I feel it is my first duty to extend sincere thanks to my predecessor, David Cardale, for his tireless efforts both as Chairman for the past six years and as a Director for six years before that. David's considerable experience in the financial industry, which extended over several decades, was evident with sound guidance and advice throughout his tenure as a Director and his contribution to the Board will be sorely missed. On behalf of both colleagues and shareholders, we wish him well in his retirement.

Like David, I have long since been aware of the risks inherent in trying to forecast markets and this was never more the case than in 2018, when both emerging and frontier markets suffered falls of 15% and 16% respectively. The fall in the MXEF (EM) index of close to 7% in the first half of the calendar year owed much to weaker commodity prices and downward pressure on those economies with significant net US$ liabilities, such as Turkey, while the combination of rising US interest rates and intensification of the US/China trade dispute served to exacerbate this weakness with an 8% fall in the second half of the year, led by a 17% fall in the Chinese market. Frontier markets suffered equally punishing falls with the impact of US$ debt-related concerns being most obviously felt in Argentina, which fell 52% in 2018 and resulted in that market's weighting in the index falling from 23% to 16% in a single year.

While trade-related worries have been a concern for Chinese equities throughout much of 2018, the increasing signs of debt-related stress in the economy, specifically related to the real estate sector, may prompt the Bank of China to revert to a more accommodative liquidity policy in 2019 in order to avoid the risk of a crash landing. Similarly, recent comments emerging from the US Federal Reserve suggest a parallel awareness of the need for caution in realising the longer-term goal of draining liquidity from asset markets (through higher interest rates) on the other side of the Pacific.

Performance

Against the headwinds of volatile markets, the Group's core emerging market strategy finished 2018 with a marginal net outperformance of 0.2% against the MXEF benchmark. Having lagged MXEF in the early part of the year when tech-heavy Chinese companies performed strongly, relative performance ground was gradually restored during the second half as discounts narrowed and country allocation proved helpful. In contrast to the EM strategy, the diversified products, having fared relatively well in the first half of 2018, suffered a degree of relative underperformance in the second half, particularly in December when volatility rose sharply. As I write this statement, it is perhaps too early to comment on 2019 but suffice it to say that some significant ground has been made up in the first six weeks of the year in each of the diversification strategies as CLIG's value-driven style regains favour.

Notwithstanding the recent headwinds faced by our active investment approach we note that each of our key strategies continue to rank in the 1st quartile within their respective peer groups over the past five year period and in the 1st or 2nd quartile over the past three year period ending December 2018.

Funds under Management

Over the six-month period, total funds under management fell by 9% to US$4.6 billion, due mainly to weakness across the emerging and frontier market sectors, together with a degree of ongoing asset re-balancing by some clients. However, this reduced figure masks continued gains made in attracting new funds to our developed and opportunistic value products, which now represent 15% of the total asset base.

Following the recruitment of a specialist Real Estate Investment Trust (REIT) team last summer, we established two new products towards the year-end, the Emerging REIT and International REIT funds. While the international REIT universe is mature and substantial, with a market capitalisation in excess of US$1 trillion, the emerging REIT universe is a comparatively new investment sector, having grown in value from just US$28 billion in 2008 to US$170 billion today. With several emerging markets looking to add REIT securities as a means of attracting new investment, we believe that these products offer CLIG the potential to add significant assets over time within sub-sets of the CEF markets and which, importantly, are not capacity constrained. Thus while global economic uncertainties appear likely to continue in 2019, we are hopeful that the diversification of CLIG's product offerings to include sectors with considerable depth in capacity will help the Group mitigate the effects of ongoing volatility in our traditional emerging market products.

Results

Unaudited pre-tax profit for the period was £5.2 million, compared with £6.6 million in the equivalent period of 2017. The reduction in profits was due mainly to the aforementioned fall in assets under management in our core product allied with a 7% contraction in average revenue margins to 0.77%, arising from the higher ratio of "developed" assets under management. In response to these market challenges, some limited cost reductions were implemented towards the year-end, the benefits of which will only come through in the second half of the fiscal year to June 2019.

Gross revenues fell by 9% to £15.6 million while administrative expenses were maintained at £9.5 million. Included in this figure is the cost of the Employee Incentive Plan (EIP) £0.4 million, a slight increase on the equivalent period of the previous year. We have been encouraged by the healthy level of EIP take-up from the vast majority of employees, which, by raising the level of employee ownership, helps align their interests ever more closely with those of our external shareholders. Basic earnings per share were 16.3p after a 20% tax charge, compared with 20.2p in the previous year. Diluted earnings per share were 15.9p, compared with 20p in 2017.

Dividends

Notwithstanding the reduction in earnings per share in the first half, the Board has elected to maintain the interim dividend at 9p per share. In part, this reflects confidence in a marginal recovery in financial performance in the remaining months of this fiscal year but it also reflects the very prudential capital structure of the Group's balance sheet, which at the end of 2018 included cash of £18.7 million. While the Board remains alert to any opportunities that may arise to deploy these cash reserves to grow the business, it is equally mindful of the maxim to "use it or lose it", namely that cash should not be accumulated ad infinitum. Accordingly, your Board is pleased to announce a special dividend of 13.5p per share, equivalent to one half of the current annual distributions, to coincide with this year's interim payment. It is your Board's view that this additional payment, which will reduce net cash reserves by c£3.4 million, represents a fair balance between the need to reward shareholders while maintaining sufficient reserves to capitalise on any opportunities that may arise.

Your Board

In anticipation of David Cardale's retirement from the CLIG Board in October 2018, Jane Stabile was elected as a Non-Executive Director in July and has been elected as Chair of the Remuneration Committee. Jane is based in Boston and is the president and founder of IMP Partners LLC, a FinTech consulting business that provides strategic advice on the use of technology to many of the largest global asset managers. With over 30 years experience in the financial services industry, Jane adds very considerable breadth to the skill-sets available within the CLIG Board.

During the course of the last six months, considerable progress has been made in preparation for the retirement of Barry Olliff at the end of 2019. The issue of management succession in people businesses is of crucial importance, particularly when addressing the retirement of the founder and key driver of a business over almost 30 years. Barry is widely recognised throughout the global asset management industry as an expert in the closed-end fund sector and has been the face of CLIG throughout its history and this legacy, therefore, creates its own challenges in terms of a succession strategy. However, we are fortunate that, alongside Barry, we have a number of highly experienced executives who have been immersed in the CLIG culture for many years, including Tom Griffith, who was appointed as Deputy CEO last year. He will be appointed to replace Barry as CEO with effect from 1st March 2019. In tandem with Tom's appointment, Mark Dwyer, currently CIO-EM strategies, will be promoted to Group CIO. Both will continue to serve on the Board as Executive Directors. Barry will continue to play an active executive role on the Board alongside his colleagues throughout 2019 and will remain available as a consultant to CLIG for a further two-year period in order to provide a degree of continuity to both clients and shareholders thereafter. In summary, the overriding objective through the coming transitional year is "Business as Usual".

Outlook

As I have made clear in this statement and as our latest results testify, 2018 proved to be a year of major challenge across the emerging markets, particularly in the half year just ended. Nevertheless, CLIG has faced many similar if not greater challenges over the years since first becoming a listed company in 2006. Throughout that period, we have adhered strictly to a value-driven process in the management of our clients' assets and a prudent policy with regard to cost and operational management of the business. Taken together, we believe that these twin tenets will continue to serve the interests of both clients and shareholders in the form of enhanced returns and I would like to thank our loyal and hard-working employees for their efforts in sustaining this ethos during this challenging period.

Barry Aling
Chairman
15th February 2019

CHIEF EXECUTIVE OFFICER'S REVIEW

FuM Flows

As shareholders will have seen from the monthly release of data on our web site, www.citlon.co.uk, FuM have reduced predominantly as a result of market falls and to a lesser extent marginal net outflows.

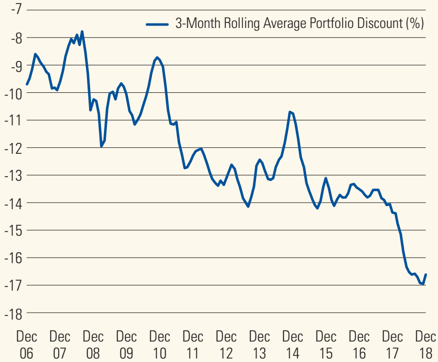
The table below shows flows into and out of our various business areas over the past four years and year to date.

EM SWAD

With markets becoming increasingly volatile, it's not surprising that the Emerging Markets have become volatile too. Having said that, discounts are wide across the board, not just amongst Emerging Market Closed-End Funds but also throughout our diversification products. This should provide comfort to clients and shareholders alike.

Below please find the past 12 years' Size-Weighted Average Discount (SWAD) of a representative EM account. To a great extent, our recent performance has reflected a widening in the SWAD.

Size-Weighted Average Discount (SWAD) – Representative account
December 2006 to December 2018



CLIM Net Flows Across Strategies (US$000's)

	FY 2015	FY 2016	FY 2017	FY 2018	FYTD 2019
Emerging Markets	22,698	150,116	(295,333)	(215,083)	(156,480)
Frontier	100,000	25,000	11,001	67,000	(21,336)
Developed	0	(20,000)	68,551	279,394	94,550
Opportunistic Value/Tactical	142,602	(14,772)	(56,136)	54,251	40,573
Discontinued strategies	(335)	(2,038)	n/a	n/a	n/a
Firm total	**264,965**	**138,306**	**(271,917)**	**185,562**	**(42,693)**

CLIG KPI

As a result of changes in the peer group, also our own mix of business, we have decided to change our primary Key Performance Indicator (KPI).

As you are aware, we are encouraged to have a KPI via which you as shareholders can measure us as management – this is also a benchmark that we can attempt to beat.

For many years now, and as illustrated in the past four years accounts, our prime KPI has been to outperform the Total Return (T/R) of our peers' share prices. Below I show the present comparison.

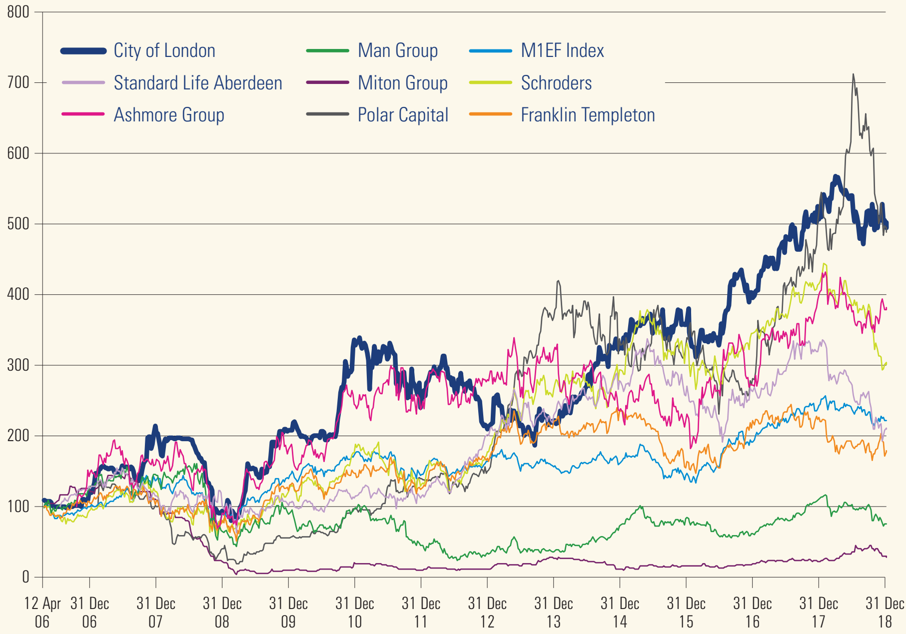
To take account of the above-mentioned changes in our peer group, and also the mix of our business, we have decided to use the following as our KPI's. We will attempt to:

- Double the T/R of M1EF. *M1EF is the most relevant Emerging Markets Index.*
- Compound the T/R of a CLIG share by 7.5% to 12.5%, through a cycle, on an annualised basis. We will define a cycle as a rolling 5 years.

We don't like the idea of changing our prime KPI, but it seems that our KPI should be relevant, accessible and accountable.

We believe that what we are proposing is fair, is not risky but will stretch management in terms of their own performance. We will start reporting on the new prime KPI's in the 2019 annual accounts.

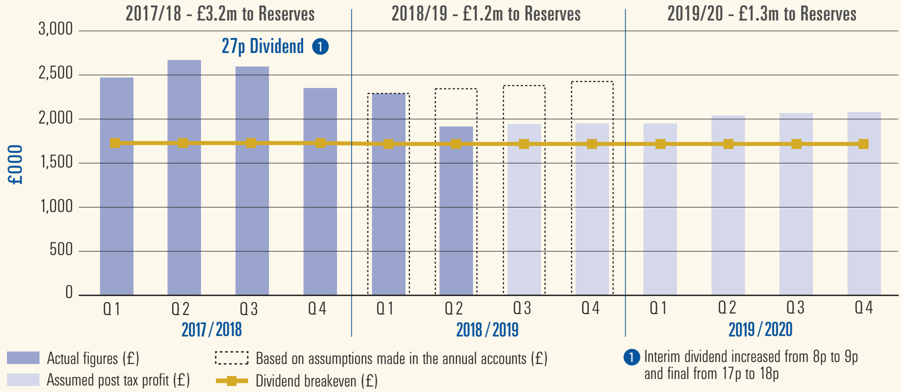
Listed peer group with significant Emerging Markets exposure (all values in GBP)



Note: New entrants rebased to 100 at point of listing

Template – dividend cover

Actual and assumed over three financial years



Note: Excludes unrealised gains on seed investments

Key assumptions:
(June 2018 comparatives in Italics)

- Starting point Current FuM (Dec 2018)
- Net increase for the remainder of this financial year (straight-lined to June 2019):
  - – emerging market CEF strategy US\$50m *(zero)*
  - – non-emerging market CEF strategies US\$50m *(US\$250m over the full year)*
- Net increase in 2019/2020 (straight-lined to June 2020):
  - – emerging market CEF strategy US\$50m
  - – non-emerging market CEF strategies US\$50m
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 0%
- Overheads for 2018/19: +4% compared to 2017/18 *(+3%)*
- Overheads for 2019/20: +4% compared to 2017/18
- EIP charge for 2018/19: 5% of operating profit *(4%)*
- EIP charge for 2019/20: 5% of operating profit
- Corporation tax based on an estimated average rate of 20% *(20%)*
- Exchange rate assumed to be £1/\$1.275 for entire period *(£1/US\$1.32)*
- Number of CLIG Shares in issue (26.7m) less those held by the Employee Benefit Trust (1.4m) as at 31 December 2018

Template

Please see above our Template projecting CLIG profitability, using a number of key assumptions. This is not a profit forecast, rather it should be used in conjunction with data that can be reviewed, and is updated monthly, on the CLIG website.

CLIM Expenses

With reduced FuM, we have made some reductions in expenses which will benefit the P&L to a greater extent in FYE 2020 rather than 2019.

Savings have been made in many areas of the firm including US Client Servicing, Performance and Attribution and Operations. Our target is to get our costs back down to c£1.0 million per month from around £1.1 million. We will be continuing to reduce our costs and will take more aggressive action in the event that FuM falls to US\$4.5 billion.

Dividends

For some time, the CLIG Board has been reviewing its cash position and overall distribution policy. We believe that conformity to our policy of a rolling 5-year dividend cover ratio of 1.2/1 remains appropriate and adherence to this policy has allowed us to maintain this year's interim payment of 9p per share.

Equally, however, and allowing for the many opportunities for ongoing diversification, including US\$5 million (current market value US\$5.5 million) recently invested to seed two REIT funds, together with our regulatory and statutory capital requirements, the Group has sufficient excess capital to reward shareholders with a special one-off distribution of 13.5p per share, the cost of which will be £3.4 million.

Additional distributions of this nature are made possible by a consistent and prudent policy of capital management over many years and we are pleased to be able to reward shareholders through careful adherence to this policy.

China Fund

As an update to my reference in our 2018 Annual Accounts regarding our involvement with the China Fund, our engagement has resulted in some significant changes.

The Manager has been changed, the Expense Ratio has been significantly reduced and, via resignations and retirements, the Board is being reduced from seven to three.

Apart from our response to being sued, which was to defend ourselves, our final action that potentially worked as the catalyst for change was our public statement that we would not vote for any of the Directors who had sued us.

Our belief is that the China Fund is now likely to demonstrate good corporate governance and will be very competitive in the marketplace.

REIT Team

As shareholders will be aware, last year we identified a REIT team. They, having joined, will be managing what would seem to be the last of our Closed-End Fund (CEF) diversification products.

We now have two REIT Funds (International and Emerging Markets) that have been created for US tax exempt institutions. Apart from some seed money invested by CLIG, we will be attempting to raise some money from a few of our clients.

We hope that, as with a number of products that we have developed over the past few years, we will gain traction as REITs become more mainstream and specifically the EM REIT asset class develops.

As implied above, we would rather have a range of CEF products to market, thus diversifying our revenue sources, than be tied to just Emerging Market CEFs. To this end, as of 31st December 2018 we have around 19% of our FuM in what we collectively refer to as our Diversification products. These Diversification products now represent around 14% of our income.

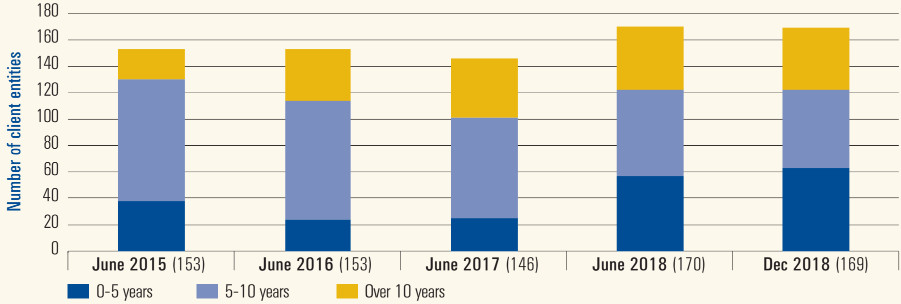
Client and Employee longevity

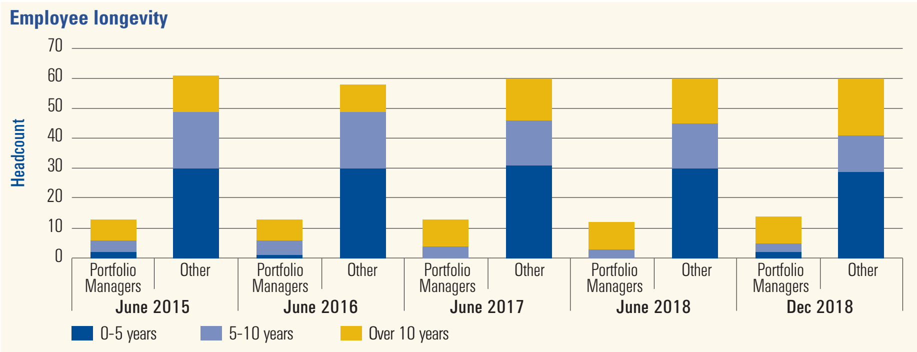
While it's not fashionable to detail client and employee longevity, and while the bar charts look similar to last year, I would suggest that core values play a very important role in these outcomes.

Despite challenging relative performance conditions in 2018, our clients have been very loyal. I believe that this is because we send a clear message, provide good quality attribution and are always available for telephone calls and visits, and, to the extent reasonably possible, we respond to emails the same day.

From an employee perspective, over the 28 years since this business was started, we have re-employed six members of staff. I guess that the grass is not always greener? The most recent person to rejoin us was Carlos Yuste, who had been on the CLIG Board

Client entity longevity





from 1st June 2005 to 31st December 2015, and is now serving as Head of Business Development.

I continue to believe that having respect for, and trying to treat fairly, the three stakeholders in our business is at the centre of our core values.

My intended CLIG share sales

As previously reported, my plan is to only sell CLIG shares at specific price levels. This in my opinion is an accountable way to proceed. My intention remains to sell up to 500,000 shares at each of 450p, 475p and 500p subject to close periods etc.

CLIG and CLIM Transition[s]

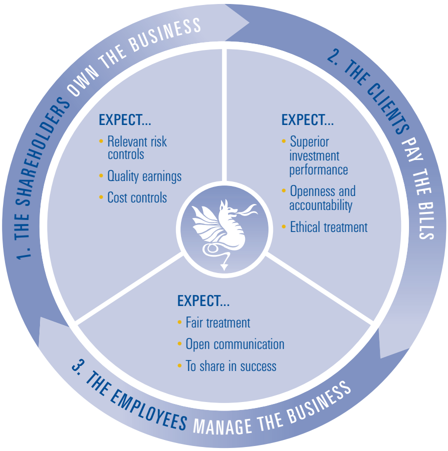
The transition of responsibilities within CLIG and CLIM is nearly complete. On 1st March, Tom Griffith will become Group CEO with Mark Dwyer becoming Group CIO.

I will retain my position on the CLIG Board up until my intended retirement on 31st December 2019.

I would like to wish my colleagues all the best in their new positions.

Barry Olliff

Barry Olliff
Chief Executive Officer
15th February 2019



Our responsibility is to keep these three stakeholders in balance (avoid conflicts) and to ensure that each of their interests is safeguarded

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2018

	Note	Six months ended 31st Dec 2018 (unaudited) £	Six months ended 31st Dec 2017 (unaudited) £	Year ended 30th June 2018 (audited) £
Revenue				
Gross fee income	3	15,562,330	17,076,005	33,930,846
Commissions payable		(429,655)	(605,753)	(1,159,580)
Custody fees payable		(611,701)	(486,163)	(1,164,477)
Net fee income		14,520,974	15,984,089	31,606,789
Administrative expenses				
Staff costs		7,131,264	7,080,437	14,066,857
Other administrative expenses		2,179,737	2,275,926	4,717,139
Depreciation and amortisation		143,950	140,622	294,799
		(9,454,951)	(9,496,985)	(19,078,795)
Operating profit		5,066,023	6,487,104	12,527,994
Interest receivable and similar gains*	4	96,379	81,804	264,501
Profit before tax		5,162,402	6,568,908	12,792,495
Income tax expense		(1,057,440)	(1,439,640)	(2,732,152)
Profit for the period		4,104,962	5,129,268	10,060,343
Profit attributable to:				
Equity shareholders of the parent		4,104,962	5,129,268	10,060,343
Basic earnings per share	5	16.3p	20.2p	39.5p
Diluted earnings per share	5	15.9p	20.0p	39.3p

* The Group has initially applied IFRS 9 at 1st July 2018. Under the transition method chosen, comparative information has not been restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2018

	Six months ended 31st Dec 2018 (unaudited) £	Six months ended 31st Dec 2017 (unaudited) £	Year ended 30th June 2018 (audited) £
Profit for the period	4,104,962	5,129,268	10,060,343
Fair value gains on available-for-sale investments*/**	–	47,809	1,694
Reclassification of fair value gains on disposal of available-for-sale investments*	–	(70,702)	(154,384)
Foreign exchange gains/(losses) on non-monetary assets	14,786	(31,060)	(20,884)
Other comprehensive income	14,786	(53,953)	(173,574)
Total comprehensive income for the period attributable to the equity shareholders of the parent	4,119,748	5,075,315	9,886,769

* Net of deferred tax

** The Group has initially applied IFRS 9 at 1st July 2018. Under the transition method chosen, comparative information has not been restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31ST DECEMBER 2018

	Note	31st Dec 2018 (unaudited) £	31st Dec 2017 (unaudited) £	30th June 2018 (audited) £
Non-current assets				
Property and equipment		755,598	500,766	450,241
Intangible assets		246,731	300,873	292,037
Other financial assets		37,308	38,461	38,170
Deferred tax asset		275,663	195,430	119,078
		1,315,300	1,035,530	899,526
Current assets				
Trade and other receivables		5,338,388	6,111,180	5,833,160
Available-for-sale financial assets		–	536,095	–
Other financial assets		187,000	216,081	195,112
Cash and cash equivalents	6	18,699,003	15,620,633	19,704,111
		24,224,391	22,483,989	25,732,383
Current liabilities				
Trade and other payables		(4,653,996)	(3,544,063)	(4,801,433)
Current tax payable		(262,375)	(507,791)	(361,021)
Creditors, amounts falling due within one year		(4,916,371)	(4,051,854)	(5,162,454)
Net current assets		19,308,020	18,432,135	20,569,929
Total assets less current liabilities		20,623,320	19,467,665	21,469,455
Non-current liabilities				
Deferred tax liability		(3,221)	(73,019)	(3,221)
Net assets		20,620,099	19,394,646	21,466,234
Capital and reserves				
Share capital		266,867	268,617	268,617
Share premium account		2,256,104	2,256,104	2,256,104
Investment in own shares	7	(4,569,614)	(4,066,413)	(4,699,115)
Fair value reserve*		–	143,528	13,731
Share option reserve		344,511	410,328	372,762
EIP share reserve		752,466	352,801	605,707
Foreign exchange reserve		103,041	78,079	88,255
Capital redemption reserve		24,847	23,097	23,097
Retained earnings*		21,441,877	19,928,505	22,537,076
Total equity attributable to the equity shareholders of the parent		20,620,099	19,394,646	21,466,234

* The Group has initially applied IFRS 9 at 1st July 2018. Under the transition method chosen, comparative information has not been restated.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2018

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Share option reserve £	EIP share reserve £	Foreign exchange reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £
At 30th June 2018 as previously reported	268,617	2,256,104	(4,699,115)	13,731	372,762	605,707	88,255	23,097	22,537,076	21,466,234
Adjustment on initial application of IFRS 9*	–	–	–	(13,731)	–	–	–	–	13,731	–
Adjusted balance at 1st July 2018	268,617	2,256,104	(4,699,115)	–	372,762	605,707	88,255	23,097	22,550,807	21,466,234
Profit for the period	–	–	–	–	–	–	–	–	4,104,962	4,104,962
Other comprehensive income	–	–	–	–	–	–	14,786	–	–	14,786
Total comprehensive income	–	–	–	–	–	–	14,786	–	4,104,962	4,119,748
Transactions with owners										
Share option exercise	–	–	204,080	–	(26,780)	–	–	–	26,780	204,080
Purchase of own shares	–	–	(465,416)	–	–	–	–	–	–	(465,416)
Share cancellation	(1,750)	–	–	–	–	–	–	1,750	(649,120)	(649,120)
Share-based payment	–	–	–	–	(1,471)	–	–	–	–	(1,471)
EIP provision	–	–	–	–	–	344,388	–	–	–	344,388
EIP vesting / forfeiture	–	–	390,837	–	–	(197,629)	–	–	–	193,208
Deferred tax on share options	–	–	–	–	–	–	–	–	(49,683)	(49,683)
Current tax on share options	–	–	–	–	–	–	–	–	1,784	1,784
Dividends paid	–	–	–	–	–	–	–	–	(4,543,653)	(4,543,653)
Total transactions with owners	(1,750)	–	129,501	–	(28,251)	146,759	–	1,750	(5,213,892)	(4,965,883)
As at 31st December 2018	**266,867**	**2,256,104**	**(4,569,614)**	**–**	**344,511**	**752,466**	**103,041**	**24,847**	**21,441,877**	**20,620,099**

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Share option reserve £	EIP share reserve £	Foreign exchange reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £
At 1st July 2017	268,617	2,256,104	(4,355,887)	166,421	442,379	101,497	109,139	23,097	19,069,725	18,081,092
Profit for the period	–	–	–	–	–	–	–	–	5,129,268	5,129,268
Other comprehensive income	–	–	–	(22,893)	–	–	(31,060)	–	–	(53,953)
Total comprehensive income	–	–	–	(22,893)	–	–	(31,060)	–	5,129,268	5,075,315
Transactions with owners										
Share option exercise	–	–	401,630	–	(52,503)	–	–	–	52,503	401,630
Purchase of own shares	–	–	(112,156)	–	–	–	–	–	–	(112,156)
Share-based payment	–	–	–	–	20,452	–	–	–	–	20,452
EIP provision	–	–	–	–	–	251,304	–	–	–	251,304
Deferred tax on share options	–	–	–	–	–	–	–	–	(27,262)	(27,262)
Current tax on share options	–	–	–	–	–	–	–	–	34,897	34,897
Dividends paid	–	–	–	–	–	–	–	–	(4,330,626)	(4,330,626)
Total transactions with owners	–	–	289,474	–	(32,051)	251,304	–	–	(4,270,488)	(3,761,761)
As at 31st December 2017	268,617	2,256,104	(4,066,413)	143,528	410,328	352,801	78,079	23,097	19,928,505	19,394,646

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Share option reserve £	EIP share reserve £	Foreign exchange reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £
At 1st July 2017	268,617	2,256,104	(4,355,887)	166,421	442,379	101,497	109,139	23,097	19,069,725	18,081,092
Profit for the period	–	–	–	–	–	–	–	–	10,060,343	10,060,343
Other comprehensive income	–	–	–	(152,690)	–	–	(20,884)	–	–	(173,574)
Total comprehensive income	–	–	–	(152,690)	–	–	(20,884)	–	10,060,343	9,886,769
Transactions with owners										
Share option exercise	–	–	637,799	–	(83,312)	–	–	–	83,312	637,799
Purchase of own shares	–	–	(981,027)	–	–	–	–	–	–	(981,027)
Share-based payment	–	–	–	–	13,695	–	–	–	–	13,695
EIP provision	–	–	–	–	–	504,210	–	–	–	504,210
Deferred tax on share options	–	–	–	–	–	–	–	–	(100,430)	(100,430)
Current tax on share options	–	–	–	–	–	–	–	–	50,204	50,204
Dividends paid	–	–	–	–	–	–	–	–	(6,626,078)	(6,626,078)
Total transactions with owners	–	–	(343,228)	–	(69,617)	504,210	–	–	(6,592,992)	(6,501,627)
As at 30th June 2018	268,617	2,256,104	(4,699,115)	13,731	372,762	605,707	88,255	23,097	22,537,076	21,466,234

* The Group has initially applied IFRS 9 at 1 July 2018. Under the transition method chosen, comparative information has not been restated.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2018

	Six months ended 31st Dec 2018 (unaudited) £	Six months ended 31st Dec 2017 (unaudited) £	Year ended 30th June 2018 (audited) £
Cash flow from operating activities			
Operating profit	5,066,023	6,487,104	12,527,994
Adjustments for:			
Depreciation charges	93,028	93,930	200,332
Amortisation of intangible assets	50,922	46,692	94,467
Share-based payment charge	(1,471)	20,452	13,695
EIP charge	342,565	251,304	504,210
Translation adjustments	(58,341)	147,040	100,657
(Profit)/loss on disposal of fixed assets	(240)	–	202
Cash generated from operations before changes in working capital	5,492,486	7,046,522	13,441,355
Decrease/(increase) in trade and other receivables	494,772	(253,285)	24,735
Increase in trade and other payables	47,594	141,382	1,398,752
Cash generated from operations	6,034,852	6,934,619	14,864,842
Interest received	45,667	21,785	47,105
Interest receivable	14,316	–	8,615
Taxation paid	(1,360,570)	(1,358,849)	(2,818,992)
Net cash generated from operating activities	4,734,265	5,597,555	12,101,570
Cash flow from investing activities			
Purchase of property and equipment	(388,975)	(52,263)	(136,903)
Proceeds from sale of property and equipment	–	–	–
Purchase of non-current financial assets	–	(1,480)	(2,272)
Proceeds from sale of non-current financial assets	–	71	1,654
Purchase of current financial assets	–	(148,037)	(151,467)
Proceeds from sale of current financial assets	57,064	443,623	978,356
Net cash (used in)/generated from investing activities	(331,911)	241,914	689,368
Cash flow from financing activities			
Ordinary dividends paid	(4,543,653)	(4,330,626)	(6,626,078)
Purchase and cancellation of own shares	(649,120)	–	–
Purchase of own shares by employee benefit trust	(465,416)	(112,156)	(981,027)
Proceeds from sale of own shares by employee benefit trust	204,080	401,630	637,799
Net cash used in financing activities	(5,454,109)	(4,041,152)	(6,969,306)
Net (decrease)/increase in cash and cash equivalents	(1,051,755)	1,798,317	5,821,632
Cash and cash equivalents at start of period	19,704,111	13,936,558	13,936,558
Effect of exchange rate changes	46,647	(114,242)	(54,079)
Cash and cash equivalents at end of period	18,699,003	15,620,633	19,704,111

NOTES

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial information contained herein is unaudited and does not comprise statutory financial information within the meaning of section 434 of the Companies Act 2006. The information for the year ended 30th June 2018 has been extracted from the latest published audited accounts. The report of the independent auditor on those financial statements contained no qualification or statement under s498(2) or (3) of the Companies Act 2006.

These interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 "Interim Financial Reporting" as adopted by the European Union.The accounting policies are consistent with those set out and applied in the statutory accounts of the Group for the year ended 30th June 2018, which were prepared in accordance with IFRSs as adopted by the European Union, other than those stated below and in note 2.

New or amended Accounting Standards and interpretations adopted

The Group has adopted all the new or amended accounting standards and interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the current reporting period. Any new or amended accounting standards that are not mandatory have not been early adopted.

The following accounting standards or interpretations are most relevant to the Group:

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 from 1st July 2018. This standard replaces the classification and measurement models for financial instruments in IAS 39 with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The Group's business model and the contractual cash flows arising from its investments in financial instruments determine the classification. Equity instruments will be recorded at fair value, with gains or losses reported either in the income statement or through equity. However, where fair value gains and losses are recorded through equity there will no longer be a requirement to transfer gains or losses to the income statement on impairment or disposal.

IFRS 9 also introduces an expected credit loss model for the assessment of impairment. Under the expected credit loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event.

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 from 1st July 2018. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The Group has adopted both IFRS 9 and IFRS 15 and prior comparatives have not been restated as the cumulative catch up approach has been applied. Any adjustments arising on transition are recognised in opening equity. As a result the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Refer to note 2 for the impact due to changes in accounting policies.

The consolidated financial information contained within this report incorporates the results, cash flows and financial position of the Company and its subsidiaries for the period to 31st December 2018.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. They therefore continue to adopt the going concern basis in preparing these interim financial statements.

2 IMPACT DUE TO CHANGES IN ACCOUNTING POLICIES

Adoption of IFRS 9 Financial Instruments

As explained in note 1, the Group has adopted IFRS 9 as issued in July 2014, which resulted in a change in accounting policies and adjustments to the amount recognised in the financial statements.
In accordance with the transitional provisions of IFRS 9, comparative figures have not been restated.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities.

Classification and measurement of financial instruments

The Group has assessed that its investment in funds that it manages and designated as available for sale financial assets (AFS) under IAS 39, where any gains or losses on the changes in their fair value which were included in other comprehensive income (FVOCI), no longer meet this criteria with the adoption of IFRS 9. The new standards concept is that financial assets should be classified and measured at fair value, with changes in fair values recognised in the profit and loss (FVTPL) as they arise.

The total impact on the Group's retained earnings due to the re-classification and measurement of financial instruments as at 1st July 2018 is as follows:

	Note	Group £
Closing retained earnings – IAS 39 as at 30th June 2018		22,537,076
Adjustment to retained earnings from adoption of IFRS 9 and reclassification of investments from AFS FVOCI to FVTPL	a	13,731
Opening retained earnings – IFRS 9 as at 1st July 2018		22,550,807

2 IMPACT DUE TO CHANGES IN ACCOUNTING POLICIES CONTINUED

On 1st July 2018, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets	Note	Loans and receivables £	Amortised cost £	FVTPL £	Available for sale FVOCI £	Total financial assets £
Closing balance – IAS 39 as at 30th June 2018		24,836,049	–	195,112	38,170	25,069,331
Reclassify loans and receivables to amortised cost		(24,836,049)	24,836,049	–	–	–
Reclassify investments from AFS FVOCI to FVTPL	a	–	–	38,170	(38,170)	–
Opening balance – IFRS 9 as at 1st July 2018		–	24,836,049	233,282	–	25,069,331

The impact of changes to the Group's equity is as follows:

	Note	Effect on fair value reserve £	Effect on retained earnings £
Closing balance - IAS 39 as at 30th June 2018		13,731	22,537,076
Reclassify investments from AFS FVOCI to FVTPL	a	(13,731)	13,731
Opening balance – IFRS 9 as at 1st July 2018		–	22,550,807

Note

a Investments in own funds were reclassified from FVOCI to financial assets at fair value through profit or loss (£38,170). Related fair value gains of £13,731 (net of deferred tax) were transferred from the available for sale fair value reserve to retained earnings on 1st July 2018.

2 IMPACT DUE TO CHANGES IN ACCOUNTING POLICIES CONTINUED

Reclassification of financial assets and liabilities on adoption of IFRS 9
On the date of initial application, 1st July 2018, the financial assets and liabilities of the Group were as follows with any reclassifications noted:

	Classification category		Carrying amount	
	Original – IAS 39	New – IFRS 9	£	£
Non-current financial assets				
Investment in own funds	FVOCI	FVTPL	38,170	38,170
Current financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	5,131,938	5,131,938
Listed investments	FVTPL	FVTPL	195,112	195,112
Cash and cash equivalents	Loans and receivables	Amortised cost	19,704,111	19,704,111
Current financial liabilities				
Trade and other payables	FVTPL	FVTPL	264,790	264,790
Financial liabilities	Loans and receivables	Amortised cost	4,413,011	4,413,011

The impact of the above changes have been reflected in the opening balance of the financial position of the consolidated entity at 1st July 2018 as the cumulative catch up approach has been applied. No adjustments have been made to the prior year reported numbers.

As at 30th June 2018, there were no impairment losses recorded in relation to the financial assets of the Group. The introduction of the expected credit loss model for the assessment of impairment does not have any impact on the Group's results.

Adoption of IFRS 15 Revenue from Contracts with Customers
The Group has adopted IFRS 15 with effect from 1st July 2018. Following the standard's five stage approach in determining how and when to recognise revenue there is no material impact on the Group's results or a material change to the estimation of management fees.

3 SEGMENTAL ANALYSIS

The directors consider that the Group has only one reportable segment, namely asset management, and hence only analysis by geographical location is given.

	USA £	Canada £	UK £	Europe (ex UK) £	Other £	Total £
Six months to 31st Dec 2018						
Revenue	14,404,701	475,393	184,057	498,179	–	15,562,330
Non-current assets:						
Property and equipment	294,249	–	423,482	–	37,867	755,598
Intangible assets	206,543	–	40,188	–	–	246,731
Six months to 31st Dec 2017						
Revenue	15,757,242	502,842	235,029	580,892	–	17,076,005
Non-current assets:						
Property and equipment	361,800	–	93,275	–	45,691	500,766
Intangible assets	283,382	–	17,491	–	–	300,873
Year to 30th June 2018						
Gross fee income	31,334,283	968,724	453,443	1,174,396	–	33,930,846
Non-current assets:						
Property and equipment	324,324	–	85,907	–	40,010	450,241
Intangible assets	244,704	–	47,333	–	–	292,037

The Group has classified revenue based on the domicile of its clients and non-current assets based on where the assets are held. Any individual client generating revenue of 10% or more would be disclosed separately, as would assets in a foreign country if they are material.

4 INTEREST RECEIVABLE AND SIMILAR GAINS

	Six months ended 31st Dec 2018 (unaudited) £	Six months ended 31st Dec 2017 (unaudited) £	Year ended 30th June 2018 (audited) £
Interest on bank deposit	45,667	21,785	47,105
Gain on sale of investments	38,608	60,019	298,534
Unrealised loss on investments	(2,212)	–	(89,753)
Interest receivable on restated US state tax returns	14,316	–	8,615
	96,379	81,804	264,501

5 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period of £4,104,962 (30th June 2018 – £10,060,343; 31st December 2017 – £5,129,268) divided by the weighted average number of ordinary shares in issue for the six months ended 31st December 2018 of 25,253,885 (30th June 2018 – 25,456,382; 31st December 2017 – 25,427,142).

As set out in note 7 the Employee Benefit Trust held 1,448,209 ordinary shares in the company as at 31st December 2018. The Trustees of the Trust have waived all rights to dividends associated with these shares. In accordance with IAS 33 "Earnings per share", the ordinary shares held by the Employee Benefit Trust have been excluded from the calculation of the weighted average number of ordinary shares in issue.

The calculation of diluted earnings per share is based on the profit for the period of £4,104,962 (30th June 2018 – £10,060,343; 31st December 2017 – £5,129,268) divided by the diluted weighted average number of ordinary shares in issue for the six months ended 31st December 2018 of 25,834,021 (30th June 2018 – 25,617,939; 31st December 2017 – 25,596,064).

6 CASH AND CASH EQUIVALENTS

	Note	Six months ended 31st Dec 2018 (unaudited) £	Six months ended 31st Dec 2017 (unaudited) £	Year ended 30th June 2018 (audited) £
Cash at bank and in hand		14,778,664	15,620,633	19,704,111
Committed cash	11	3,920,339	–	–
Total cash and cash equivalents		18,699,003	15,620,633	19,704,111

Committed cash held by BNY Mellon, as agent, for the seed investment of our new REIT funds as of 2nd January 2019.

7 INVESTMENT IN OWN SHARES

Investment in own shares relates to City of London Investment Group PLC shares held by an Employee Benefit Trust on behalf of City of London Investment Group PLC.

At 31st December 2018 the Trust held 823,429 ordinary 1p shares (30th June 2018 – 1,197,764; 31st December 2017 – 1,078,509), of which 737,480 ordinary 1p shares (30th June 2018 – 803,480; 31st December 2017 – 886,092) were subject to options in issue.

The Trust also held in custody 624,780 ordinary 1p shares (30th June 2018 – 287,426; 31st December 2017 – 287,426) for employees in relation to restricted share awards granted under the Group's Employee Incentive Plan (EIP).

8 DIVIDENDS

A final dividend of 18p per share in respect of the year ended 30th June 2018 was paid on 30th October 2018.

An interim dividend of 9p per share (2018 – 9p) in respect of the year ended 30th June 2019 will be paid on 22nd March 2019 to members registered at the close of business on 8th March 2019.

In addition, a special dividend of 13.5p per share (2018 – nil) will be paid on 22nd March 2019 to members registered at the close of business on 8th March 2019.

9 PRINCIPAL RISKS AND UNCERTAINTIES

In the course of conducting its business operations, the Group is exposed to a variety of risks including market, liquidity, operational and other risks that may be material and require appropriate controls and on-going oversight.

Each department/line of business reviews its risks and business processes and these are assigned both an inherent and residual risk rating, as whilst all risk cannot be eliminated, the aim is to proactively identify and manage those risks that have been identified.

The Board has established a Risk and Compliance Committee ("the RCC") which is chaired by the Head of Compliance. The other members of the RCC are the four executive Directors, the US Chief Compliance Officer and a representative covering US Corporate Governance.

The principal risks to which the Group will be exposed in the second half of the financial year are substantially the same as those described in the last annual report (see pages 26 to 27), being the potential for loss of funds under management as a result of poor investment performance, client redemptions, breach of mandate guidelines or market volatility, loss of key personnel, business continuity, legal and regulatory risks.

Changes in market prices, such as foreign exchange rates and equity prices will affect the Group's income and the value of its investments.

Most of the Group's revenues, and a significant part of its expenses, are denominated in currencies other than sterling, principally US dollars. These revenues are derived from fee income which is based upon the net asset value of accounts managed, and have the benefit of a natural hedge by reference to the underlying currencies in which investments are held. Inevitably, debtor and creditor balances arise which in turn give rise to currency exposures.

10 FINANCIAL INSTRUMENTS

The Group's financial assets include cash and cash equivalents, investments and other receivables. Its financial liabilities include accruals and other payables. The fair value of the Group's financial assets and liabilities is materially the same as the book value.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: fair value derived from inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair values of the financial instruments are determined as follows:

- Investments in own funds are determined with reference to the net asset value (NAV) of the fund. Where the NAV is a quoted price the fair value is shown under level 1, where the NAV is not a quoted price the fair value is shown under level 2.
- Forward currency trades are valued using the forward exchange bid rates and are shown under level 2.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

31st December 2018	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in own funds*	–	37,308	–	37,308
Investment in other financial assets	187,000	–	–	187,000
Total	187,000	37,308	–	224,308
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	113,713	–	113,713
Total	–	113,713	–	113,713

10 FINANCIAL INSTRUMENTS CONTINUED

31st December 2017	Level 1 £	Level 2 £	Level 3 £	Total £
Available-for-sale financial assets				
Investment in own funds	–	574,556	–	574,556
Total	–	574,556	–	574,556
Financial assets at fair value through profit or loss				
Investment in other financial assets	216,081	–	–	216,081
Forward currency trades	–	121,323	–	121,323
Total	216,081	121,323	–	337,404

30th June 2018	Level 1 £	Level 2 £	Level 3 £	Total £
Available-for-sale financial assets				
Investment in own funds	–	38,170	–	38,170
Total	–	38,170	–	38,170
Financial assets at fair value through profit or loss				
Investment in other financial assets	195,112	–	–	195,112
Forward currency trades	–	–	–	–
Total	195,112	–	–	195,112
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	264,790	–	264,790
Total	–	264,790	–	264,790

* The Group has initially applied IFRS 9 at 1st July 2018. Under the transition method chosen, comparative information has not been restated.

Level 3

Level 3 assets as of 31st December 2018 consist of nil (30th June 2018: nil; 31st December 2017: nil).

The Fund establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent, and verifiable. The Group is responsible for overseeing the implementation of the valuation policies and procedures, which includes the valuation process of the Fund's Level 3 investments.

10 FINANCIAL INSTRUMENTS CONTINUED

There were no transfers between any of the levels in the reporting period.

All fair value gains and losses included in other comprehensive income relate to the investment in own funds.

Where there is an impairment in the investment in own funds, the loss is reported in the income statement. No impairment was recognised during the period or the preceding year.

The fair value gain on the forward currency trades is offset in the income statement by the foreign exchange losses on other currency assets and liabilities held during the period and at the period end. The net loss reported for the period is £104,660 (30th June 2018: net profit £1,480; 31st December 2017: net profit £57,998).

11 SUBSEQUENT EVENTS

The Group has invested US$5 million (£3.9 million) into its new REIT funds as a seed investment starting 2nd January 2019. At the interims these funds are being shown as committed cash in anticipation of the settlement of the investment, at which point they will show in the statement of financial position as other financial assets.

12 GENERAL

The interim financial statements for the six months to 31st December 2018 were approved by the Board on 15th February 2019. These financial statements are unaudited, but they have been reviewed by the auditors, having regard to International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board.

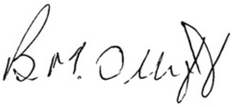
Copies of this statement are available on our website www.citlon.co.uk

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the condensed set of financial statements, in accordance with applicable law and regulations and confirm that, to the best of their knowledge:

- this condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, and
- this condensed set of financial statements includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

By order of the Board



Barry Olliff
Chief Executive Officer

INDEPENDENT REVIEW REPORT TO CITY OF LONDON INVESTMENT GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31st December 2018 which comprises Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

The half-yearly financial report, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing and presenting the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information 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 International Standards on Auditing (UK) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31st December 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board and for the purpose of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

15th February 2019

SHAREHOLDER INFORMATION

Registered office
77 Gracechurch Street
London
EC3V 0AS

Registered number
2685257

Company Secretary
Philippa Keith

Financial adviser and broker
Zeus Capital
10 Old Burlington Street
London
W1S 3AG

Auditors
RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Bankers
The Royal Bank of Scotland plc
London City Office
62-63 Threadneedle Street
London
EC2R 8LA

Registrar
Link Asset Services
34 Beckenham Road
Beckenham
Kent
BR3 4TU

By phone on 0871 664 0300 from the UK and +44 371 664 0300 from overseas. *(Calls cost 12 pence per minute plus network extras. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9am to 5:30pm Mon – Fri, excluding public holidays in England and Wales).*

By email:
enquiries@linkgroup.co.uk

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London office
77 Gracechurch Street
London
EC3V 0AS
United Kingdom

Telephone: + 44 (0) 207 711 0771
Facsimile: + 44 (0) 207 711 0772

US East Coast office
The Barn
1125 Airport Road
Coatesville, PA 19320
United States
Telephone: + 1 610 380 2110
Facsimile: + 1 610 380 2116

US West Coast office
Plaza Center
10900 NE 8th Street
Suite 1414
Bellevue, WA 98004
United States
Telephone: + 1 610 380 0090

Singapore office
20 Collyer Quay
#10-04
Singapore 049319

Telephone: + 65 6236 9136
Facsimile: + 65 6532 3997

Dubai office
Unit 2, 2nd Floor
The Gate Village Building 1
Dubai International Financial Centre
PO Box 506695
Dubai
United Arab Emirates

Telephone: + 971 (0)4 423 1780
Facsimile: + 971 (0)4 437 0510

www.citlon.co.uk