CITY OF LONDON
INVESTMENT GROUP PLC

HALF YEAR REPORT 2014/15

CITY OF LONDON
INVESTMENT GROUP PLC

City of London Investment Group PLC is an established asset management group which has built its reputation, with an institutional client focus, by specialising in Emerging Market closed-end fund investment. In recent years the Group has expanded its range to include Developed, Frontier and Tactical Asset Allocation closed-end fund strategies, as well as products which offer Emerging Market and Natural Resources exposure directly via equities.

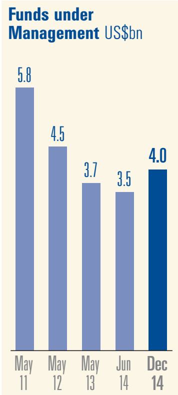
Contents

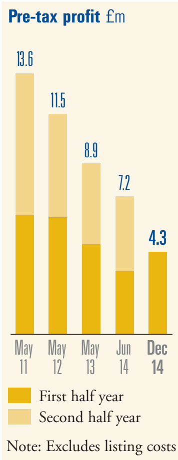
www.citlon.co.uk

HALF YEAR SUMMARY

- Funds under Management ("FuM") of US$4.0 billion (£2.6 billion) at 31st December 2014. This compares with US$3.9 billion (£2.3 billion) at the beginning of this financial year on 1st July 2014 and US$3.5 billion (£2.1 billion) at 30th November 2013
- FuM at 31st January 2015 of US$4.0 billion (£2.7 billion)
- Revenues, representing the Group's management charges on FuM, were £12.2 million (2013: £11.8 million)
- Profit before tax of £4.3 million (2013: £3.3 million)
- Maintained interim dividend of 8p per share payable on 6th March 2015 to shareholders on the register on 20th February 2015
- Cash and cash equivalents at the period end of £8.1 million (2013: £9.9 million) after ESOP share purchase (£1.0 million) and share cancellation (£0.3 million)

Note: the financial year end changed from May to June in 2014





"I anticipate good progress in the further development of your company over the rest of the current year and beyond."

David Cardale, 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

Over the six month period to end December 2014 your company has made good progress. This has been achieved in the face of less than favourable market conditions, particularly in respect of our core focus, Emerging Markets. Total Funds under Management ("FuM") rose slightly from US$3.9 billion (£2.3 billion) at the company's June 2014 year end to US$4.0 billion (£2.6 billion) at 31st December. With the MSCI emerging markets index falling 8% over the period, this was achieved through a combination of both good performance and net new client subscriptions.

Results – unaudited

Unaudited profit before taxation for the period was £4.3 million which compares to £3.3 million for the six months to 30th November 2013 prior to the financial year end change from May to June in 2014. The profit improvement resulted from both our robust fee income stream together with the ongoing program of cost controls.

While gross revenue for the period has increased to £12.2 million (2013: £11.8 million), commissions payable to our ex-third party marketing consultant continue to reduce and amount to £1.2 million (2013: £1.5 million). Custody fees relating to the safekeeping and administration of the assets of our commingled funds are £0.4 million (2013: £0.5 million).

Administrative expenses are comparable to last year at £6.4 million (2013: £6.5 million). The principal components of this are profit-share of £2.0 million (2013: £1.6 million) and other administrative costs, which have reduced to £1.4 million (2013: £1.8 million) in a further realisation of our cost saving measures coming to fruition.

Basic earnings per share, after a 27% tax charge of £1.2 million (2013: £0.9 million representing 28% of profit before tax), were 12.6p (2013: 9.6p). Diluted earnings per share were 12.5p (2013: 9.6p).

Dividends

It is recognised by your Board that for many of our shareholders a strong and consistent dividend is particularly important. For this reason we have endeavoured over the recent more difficult years to at least maintain the dividend, whilst always ensuring that our finances have remained sound. In view of the improvement in profitability, your Board has no difficulty at this time in paying a maintained 8p interim dividend on 6th March 2015 to shareholders on the register on 20th February 2015. It remains your Board's policy that over a rolling five year period the intention is to achieve an average dividend cover of circa 1.2 times.

Your Board

At board level we have benefited from a continuity which has better reflected the high level of employee retention enjoyed by our business as a whole. Achieving success over the longer term in fund management is very dependent on staff continuity and as a firm we are constantly looking for ways to improve on our already impressive level of key staff retention.

Outlook

Our fortunes are very much tied to those of the emerging markets as a whole but, as I have stated before, I am a sceptical crystal ball gazer believing that the markets have already discounted almost all of the publicly available relevant information. Nevertheless I believe that it would be remiss of me not to make some comment given the significance of the fall in energy and commodity prices led by a more than halving of the price of oil. Analysts have made much of how countries will be affected differently with major importers such as India or China benefiting and producers such as Russia and Brazil suffering rather badly. Our challenge is to look beyond the more obvious and we have worked hard on understanding how some of the smaller markets may be affected, in particular those countries that fall within the "Frontier" definition. Our long and successful track record of investing in these Frontier markets has ensured that we are well qualified to take advantage of the current changes; this has helped us attract new money for our Frontier markets strategy. Indeed, across-the-board, as will be further highlighted in our CEO's report, our diversification products have had significant success in attracting new fund inflows.

Another "event" that is affecting us has been the rapid increase in the value of the US dollar. This gives me an opportunity to remind shareholders of our exceptional provision of financial information and guidance to provide a high level of transparency for shareholders and interested investors. By turning to page 22 of the 2014 Annual Report, shareholders can see the effect of changes in the US dollar/pound exchange rate. The sharpness of the US dollar rise is reflected in that at the time of preparing those accounts when we provided a range for the sensitivity matrix we did not anticipate a US dollar higher than $1.55 to the pound sterling! An updated table is in the CEO statement that follows.

Our key profit driver remains the level of markets and we leave it up to individual shareholders to form their own view on those market prospects. Client acquisition remains positive and we continue to explore ways in which our marketing presence can be broadened with, in particular, the possibility of a West Coast marketer in the US.

In conclusion I anticipate good progress in the further development of your company over the rest of the current year and beyond.

David Cardale
Chairman
9th February 2015

Mandate wins

During the period under review we have gained significant traction regarding all of our Closed End Fund Diversification products with Frontier, Developed and Tactical Asset Allocation all winning mandates. A significant percentage of these are as yet unfunded and thus will add to Group FuM over the next few months (please see our web site – www.citlon.co.uk – for monthly updates regarding FuM).

Within Emerging Markets CEF's we are also anticipating being funded with a significant mandate.

These unfunded mandate wins total potentially in excess of US$300 million.

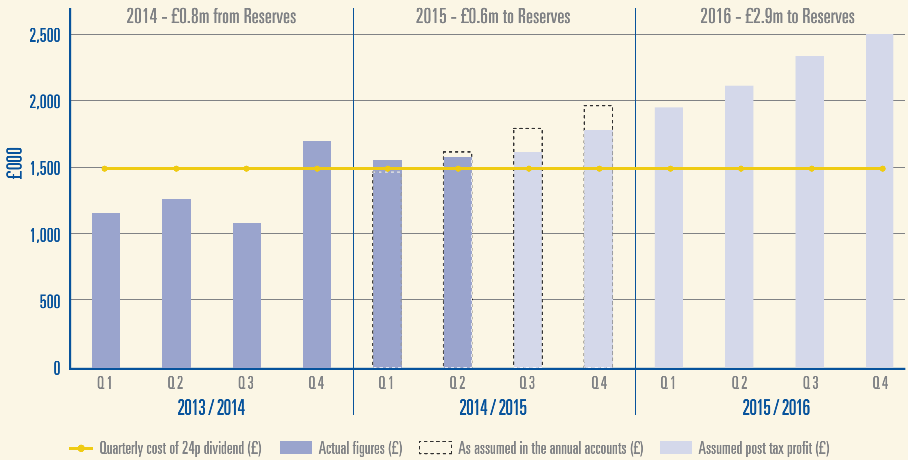
Illustrative Framework based upon certain Key Assumptions

As shareholders are aware we run our activities based upon a very simple business model.

That is to say that our overheads are to a great extent fixed, and our income is, within the context of client stability, forecastable except for client retention/ acquisition, moves in relevant indices, and currencies.

It is very noticeable that the CLIG share price appears to have become less volatile over the past year since we have introduced this guidance. The key assumptions have been updated to include assumptions for 2016 as noted on the graph below and on the next page:

Dividend cover – actual and assumed 2014 - 2016



List of Key Assumptions
(June 2014 comparatives in italics):

- Starting point Current FuM - December 2014
- Target new money for the remainder of this F/Y, straight-lined to June 2015
  – emerging market strategies US$350 million *(US$500 million over full year)*
  – non-emerging market strategies US$145 million *(US$250 million over full year)*
- Target new money for F/Y 2015/2016, straight-lined to June 2016
  – emerging market strategies US$500 million
  – non-emerging market strategies US$500 million
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 5% pa *(10% pa)*
- Decrease in overheads for 2014/2015: -2% compared to 2013/14 annualised *(-1% compared to 2013/14 annualised)*
- Increase in overheads for 2015/2016: +5% compared to 2013/14 annualised
- Corporation tax based on an estimated average rate of 27%
- Exchange rate assumed to be £1/US$1.57 for entire period *(£1/US$1.7)*
- 26.9 million CLIG shares in issue less 2.2 million held by the ESOP Trust as at 31 December 2014 *(27.0 million CLIG shares in issue less 1.8 million ESOP trust holdings)*

USD/GBP

As a result of recent gyrations in the currency markets I have included an updated chart showing the sensitivity of our post tax profits to changes in FuM and USD/GBP.

This should be used in conjunction with the Key Assumptions information above.

Post-tax profit: Illustration of US$/£ rate effect

FuM US$bn:	3.0	3.5	4.0	4.5	5.0
US$/£	Post-tax, £m				
1.45	4.1	5.6	7.1	8.6	10.1
1.50	3.9	5.4	6.8	8.3	9.7
1.55	3.7	5.1	6.5	7.9	9.3
1.60	3.5	4.9	6.2	7.6	9.0
1.65	3.4	4.7	6.0	7.3	8.6

Assumes:
1. Average net fee 0.85%
2. Annual operating costs £4.0m plus $7m plus S$1.3m (£1 = S$2)
3. Profit-share 30% of operating profit
4. Average tax rate 27%

Share Buybacks

We have purchased 101,500 shares for cancellation during the period at £3.20 per share.

Transition

The transfer of my EM CEF responsibilities to Mark Dwyer are going as planned. While I will remain overall CIO, Mark will have direct responsibility for all aspects of the EM CEF business including Process and Recruitment. I don't see any meaningful change that will affect our clients as Mark and I have worked together since he originally joined CLIM 20 years ago. Separate from having overall responsibility for managing the business of CLIG, my responsibilities will remain client facing. I would also like to assist the Diversification Products when possible.

Investment Performance

Early end of year results for 2014 place us in the first quartile in terms of peer group comparison in EM, Developed and Frontier. Absolute Return and Tactical Asset Allocation are measured differently as they are not relative return products. These results will place us in a good position to win new mandates when opportunities present themselves.

World Markets

All eyes are at present on the US in terms of both shares and currency. As we are acutely aware the EM's are priced as a derivative of a number of other asset classes that are considered superior. When we are so deeply oversold it can take a very short time for our asset class to regain favour just as happened around this time last year when our Index rose by well over 20% in around six months. While we are not in the forecasting business we are at present holding as little cash as possible whilst awaiting a significant rebound in our asset class.

Interim Dividend

So far, each quarter of this Financial Year post-tax profits have exceeded the estimated cost of a maintained dividend. This is a significant improvement on the same period last year during which the dividend was uncovered. This progress has been made in a difficult market environment and has been achieved by the previously mentioned outperformance along with new mandates, tight cost controls and a favourable move in the USD/GBP exchange rate. In a better market environment, plus of course a few new mandate wins we could consider this challenging period as being behind us and look to better days and the potential for an increased dividend. Please recall that our new dividend cover target is circa 1.2 times based on a rolling five year average.

SWAD

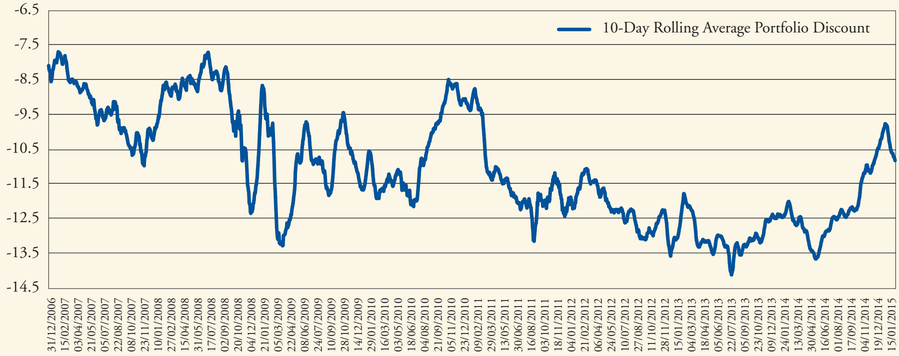
The Size Weighted Average Discounts of our portfolios remain wide having narrowed significantly from the widest levels of last November. As both our shareholders and clients are aware this is our equivalent in terms of future investment performance of an EM Equity Managers P/E Ratio. Our belief is that it's better to purchase historically deeply discounted EM assets than for example US assets priced at historically inflated P/E's.

Barry Olliff
Chief Executive Officer
9th February 2015

For further information please see the most recent presentation to CLIG shareholders. This is on our website www.citlon.co.uk

Representative Account

10-Day Rolling Average Portfolio Discount
December 2006 to 15 January 2015



Source: City of London Investment Management

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2014

	Note	Six months ended 31st Dec 2014 (unaudited) £	Six months ended 30th Nov 2013 (unaudited) £	13 months to 30th June 2014 (audited) £
Revenue				
Gross fee income	2	12,203,702	11,785,990	24,215,277
Commissions payable		(1,191,994)	(1,552,237)	(3,068,001)
Custody fees payable		(365,916)	(458,982)	(844,663)
Net fee income		10,645,792	9,774,771	20,302,613
Administrative expenses				
Staff costs		4,937,907	4,623,433	9,549,686
Other administrative expenses		1,415,564	1,756,378	3,569,791
Depreciation and amortisation		77,049	86,072	185,264
		(6,430,520)	(6,465,883)	(13,304,741)
Operating profit		4,215,272	3,308,888	6,997,872
Interest receivable and similar income	3	94,580	26,284	244,412
Profit before tax		4,309,852	3,335,172	7,242,284
Income tax expense		(1,150,759)	(915,365)	(2,042,771)
Profit for the period		3,159,093	2,419,807	5,199,513
Basic earnings per share	4	12.6p	9.6p	20.7p
Diluted earnings per share	4	12.5p	9.6p	20.6p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2014

	Six months ended 31st Dec 2014 (unaudited) £	Six months ended 30th Nov 2013 (unaudited) £	13 months to 30th June 2014 (audited) £
Profit for the period	3,159,093	2,419,807	5,199,513
Fair value gains on available-for-sale investments*	3,029	114,506	169,605
Release of fair value (gains) on disposal of available-for-sale investments*	–	(33,161)	(100,727)
Foreign exchange gains/(losses) on non-monetary assets	55,981	–	(58,639)
Other comprehensive income	59,010	81,345	10,239
Total comprehensive income for the period attributable to equity holders of the company	3,218,103	2,501,152	5,209,752

*Net of deferred tax

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31ST DECEMBER 2014

	Note	31st Dec 2014 (unaudited) £	30th Nov 2013 (unaudited) £	30th June 2014 (audited) £
Non-current assets				
Property and equipment		393,132	438,874	376,831
Intangible assets		219,072	284,128	215,323
Other financial assets		31,220	27,344	28,782
Deferred tax asset		415,249	159,839	283,366
		1,058,673	910,185	904,302
Current assets				
Trade and other receivables		4,230,870	3,400,539	3,635,477
Available-for-sale financial assets		1,361,126	1,701,342	1,277,708
Other financial assets		58,798	–	–
Cash and cash equivalents		8,129,359	9,896,827	10,242,906
		13,780,153	14,998,708	15,156,091
Current liabilities				
Trade and other payables		(2,084,998)	(2,275,620)	(1,294,456)
Current tax payable		(600,822)	(477,040)	(760,445)
Creditors, amounts falling due within one year		(2,685,820)	(2,752,660)	(2,054,901)
Net current assets		11,094,333	12,246,048	13,101,190
Total assets less current liabilities		12,153,006	13,156,233	14,005,492
Non-current liabilities				
Deferred tax liability		(99,624)	(114,764)	(98,818)
Net assets		12,053,382	13,041,469	13,906,674
Capital and reserves				
Share capital		269,123	269,727	269,727
Share premium account		2,117,888	2,060,809	2,060,809
Investment in own shares	5	(5,854,471)	(4,910,800)	(4,884,025)
Fair value reserve		374,774	384,212	371,745
Share option reserve		816,205	628,227	732,651
Foreign exchange reserve		(2,658)	–	(58,639)
Capital redemption reserve		21,597	20,582	20,582
Retained earnings		14,310,924	14,588,712	15,393,824
Total equity		12,053,382	13,041,469	13,906,674

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2014

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Share option reserve £	Foreign exchange reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st July 2014	269,727	2,060,809	(4,884,025)	371,745	732,651	(58,639)	20,582	15,393,824	13,906,674
Profit for the period	–	–	–	–	–	–	–	3,159,093	3,159,093
Comprehensive income	–	–	–	3,029	–	55,981	–	–	59,010
Total comprehensive income	–	–	–	3,029	–	55,981	–	3,159,093	3,218,103
Transactions with owners									
Share option exercise	411	57,079	26,495	–	(13,550)	–	–	13,550	83,985
Share cancellation	(1,015)	–	–	–	–	–	1,015	(325,054)	(325,054)
Purchase of own shares	–	–	(996,941)	–	–	–	–	–	(996,941)
Share-based payment	–	–	–	–	(19,308)	–	–	–	(19,308)
Deferred tax	–	–	–	–	116,412	–	–	15,471	131,883
Current tax on share options	–	–	–	–	–	–	–	28,828	28,828
Dividends paid	–	–	–	–	–	–	–	(3,974,788)	(3,974,788)
Total transactions with owners	(604)	57,079	(970,446)	–	83,554	–	1,015	(4,241,993)	(5,071,395)
As at 31st December 2014	**269,123**	**2,117,888**	**(5,854,471)**	**374,774**	**816,205**	**(2,658)**	**21,597**	**14,310,924**	**12,053,382**

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Share option reserve £	Foreign exchange reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2013	269,377	2,045,409	(4,910,800)	302,867	716,660	–	20,582	16,185,941	14,630,036
Profit for the period	–	–	–	–	–	–	–	2,419,807	2,419,807
Comprehensive income	–	–	–	81,345	–	–	–	–	81,345
Total comprehensive income	–	–	–	81,345	–	–	–	2,419,807	2,501,152
Transactions with owners									
Share option exercise	350	15,400	–	–	(3,717)	–	–	3,717	15,750
Purchase of own shares	–	–	–	–	–	–	–	–	–
Share-based payment	–	–	–	–	(34,247)	–	–	–	(34,247)
Deferred tax	–	–	–	–	(50,469)	–	–	(29,672)	(80,141)
Current tax on share options	–	–	–	–	–	–	–	29,627	29,627
Dividends paid	–	–	–	–	–	–	–	(4,020,708)	(4,020,708)
Total transactions with owners	350	15,400	–	–	(88,433)	–	–	(4,017,036)	(4,089,719)
As at 30th November 2013	269,727	2,060,809	(4,910,800)	384,212	628,227	–	20,582	14,588,712	13,041,469

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Share option reserve £	Foreign exchange reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2013	269,377	2,045,409	(4,910,800)	302,867	716,660	–	20,582	16,185,941	14,630,036
Profit for the period	–	–	–	–	–	–	–	5,199,513	5,199,513
Comprehensive income	–	–	–	68,878	–	(58,639)	–	–	10,239
Total comprehensive income	–	–	–	68,878	–	(58,639)	–	5,199,513	5,209,752
Transactions with owners									
Share option exercise	350	15,400	26,775	–	(4,145)	–	–	4,145	42,525
Share-based payment	–	–	–	–	(15,184)	–	–	–	(15,184)
Deferred tax	–	–	–	–	35,320	–	–	5,660	40,980
Current tax on share options	–	–	–	–	–	–	–	29,627	29,627
Dividends paid	–	–	–	–	–	–	–	(6,031,062)	(6,031,062)
Total transactions with owners	350	15,400	26,775	–	15,991	–	–	(5,991,630)	(5,933,114)
As at 30th June 2014	269,727	2,060,809	(4,884,025)	371,745	732,651	(58,639)	20,582	15,393,824	13,906,674

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2014

	Six months ended 31st Dec 2014 (unaudited) £	Six months ended 30th Nov 2013 (unaudited) £	13 months to 30th June 2014 (audited) £
Cash flow from operating activities			
Operating profit	4,215,272	3,308,888	6,997,872
Adjustments for:			
Depreciation charges	54,319	63,342	136,015
Amortisation of intangible assets	22,730	22,730	49,249
Share-based payment charge	(19,308)	(34,247)	(15,184)
Translation adjustments	(147,946)	7,130	294,202
(Profit) on disposal of fixed assets	–	–	(363)
Cash generated from operations before changes in working capital	4,125,067	3,367,843	7,461,791
(Increase)/decrease in trade and other receivables	(592,765)	138,187	(96,751)
Increase/(decrease) in trade and other payables	787,914	(855,303)	(1,836,467)
Cash generated from operations	4,320,216	2,650,727	5,528,573
Interest received	34,072	53,109	97,369
Interest paid	–	(385)	(384)
Taxation paid	(1,281,553)	(1,080,102)	(1,926,509)
Net cash generated from operating activities	3,072,735	1,623,349	3,699,049
Cash flow from investing activities			
Purchase of property and equipment	(41,118)	(11,558)	(38,960)
Proceeds from sale of property and equipment	–	–	782
Purchase of non-current financial assets	–	(1,833)	(2,923)
Proceeds from sale of non-current financial assets	–	10,217	10,521
Purchase of current financial assets	(332,088)	–	(1,105,022)
Proceeds from sale of current financial assets	322,676	2,115,326	3,781,765
Net cash (used in)/generated from investing activities	(50,530)	2,112,152	2,646,163
Cash flow from financing activities			
Proceeds from issue of ordinary shares	57,491	15,750	15,750
Ordinary dividends paid	(3,974,788)	(4,020,708)	(6,031,062)
Purchase and cancellation of own shares	(325,054)	–	–
Purchase of own shares by employee share option trust	(996,941)	–	–
Proceeds from sale of own shares by employee share option trust	26,495	–	26,775
Net cash used in financing activities	(5,212,797)	(4,004,958)	(5,988,537)
Net (decrease)/increase in cash and cash equivalents	(2,190,592)	(269,457)	356,675
Cash and cash equivalents at start of period	10,242,906	10,061,185	10,061,185
Effect of exchange rate changes	77,045	105,099	(174,954)
Cash and cash equivalents at end of period	8,129,359	9,896,827	10,242,906

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 2014 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 period ended 30th June 2014, which were prepared in accordance with IFRSs as adopted by the European Union.

2 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 2014						
Revenue	11,303,668	407,804	97,426	394,804	–	12,203,702
Non-current assets:						
Property and equipment	278,050	–	110,034	–	5,048	393,132
Intangible assets	219,072	–	–	–	–	219,072
Six months to 30th Nov 2013						
Revenue	10,800,412	347,397	134,845	503,336	–	11,785,990
Non-current assets:						
Property and equipment	292,514	–	137,453	–	8,907	438,874
Intangible assets	284,128	–	–	–	–	284,128
13 Months to 30th June 2014						
Revenue	22,212,008	764,445	287,139	951,685	–	24,215,277
Non-current assets:						
Property and equipment	250,786	–	119,958	–	6,087	376,831
Intangible assets	215,323	–	–	–	–	215,323

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.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	31st Dec 2014 £	30th Nov 2013 £	13 months to 30th June 2014 £
Interest	34,072	52,724	96,985
Gain/(loss) on sale of investments	60,508	(26,440)	147,427
	94,580	26,284	244,412

4 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period of £3,159,093 (30th June 2014 – £5,199,513; 30th November 2013 – £2,419,807) divided by the weighted average number of ordinary shares in issue for the six months ended 31st December 2014 of 24,987,399 (30th June 2014 – 25,128,462; 30th November 2013 – 25,124,451).

As set out in note 5 the Employee Benefit Trust held 2,122,283 ordinary shares in the company as at 31st December 2014. The Trustees of the Trust have waived all rights to dividends associated with these shares. In accordance with IAS33 "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 £3,159,093 (30th June 2014 – £5,199,513; 30th November 2013 – £2,419,807) divided by the diluted weighted average number of ordinary shares in issue for the six months ended 31st December 2014 of 25,367,308 (30th June 2014 – 25,305,973; 30th November 2013 – 25,289,846).

5 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 2014 the Trust held 2,122,283 ordinary 1p shares (30th June 2014 – 1,832,783; 30th November 2013 – 1,843,283), of which 1,661,190 ordinary 1p shares (30th June 2014 – 1,763,190; 30th November 2013 – 1,552,490) were subject to options in issue.

6 DIVIDENDS

A final dividend of 16p per share in respect of the year ended 30th June 2014 was paid on 31st October 2014.

An interim dividend of 8p per share (2014 – 8p) in respect of the year ended 30th June 2015 will be paid on 6th March 2015 to members registered at the close of business on 20th February 2015.

7 PRINCIPAL RISKS AND UNCERTAINTIES

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 and Canadian 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.

8 GENERAL

The interim financial statements for the six months to 31st December 2014 were approved by the Board on 9th February 2015. These financial statements are unaudited, but they have been reviewed by the auditors, having regard to the bulletin "Review of Interim Financial Information" 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 2014 set out on pages 7 to 14. 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.

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. Our 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.

Directors' responsibilities

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

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated 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 principally of making enquiries, primarily of persons responsible for accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) 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 on the financial information.

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 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Moore Stephens LLP
Registered Auditors and Chartered Accountants
150 Aldersgate Street, London, EC1A 4AB

10th February 2015

SHAREHOLDER INFORMATION

Registered office
77 Gracechurch Street
London
EC3V 0AS

Registered number
2685257

Financial adviser and broker
Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Auditors
Moore Stephens LLP
Chartered Accountants
150 Aldersgate Street
London
EC1A 4AB

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

Registrar
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

By phone, UK – 0871 664 0300 (UK calls cost 10p per minute plus network extras).

From overseas – +44 20 8639 3399.

Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

By email – shareholderenquiries@capita.co.uk

Designed and produced by **fourth**quarter

London office
77 Gracechurch Street
London
EC3V 0AS
United Kingdom

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

US office
The Barn
1125 Airport Road
Coatesville, PA 19320
United States

Telephone: + 1 610 380 2110
Facsimile: + 1 610 380 2116

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