



CITY OF LONDON
INVESTMENT GROUP PLC

HALF YEAR REPORT 2015/16





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 exposure directly via equities.

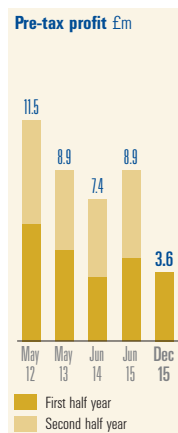
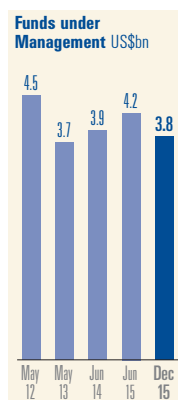
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HALF YEAR SUMMARY

- Funds under Management (“FuM”) of US\$3.8 billion (£2.6 billion) at 31st December 2015. This compares with US\$4.2 billion (£2.7 billion) at the beginning of this financial year on 1st July 2015 and US\$4.0 billion (£2.6 billion) at 31st December 2014
- FuM at 31st January 2016 of US\$3.5 billion (£2.5 billion)
- Revenues representing the Group’s management charges on FuM, were £11.8 million (2014: £12.2 million)
- Profit before tax of £3.6 million (2014: £4.3 million)
- Maintained interim dividend of 8p per share payable on 11th March 2016 to shareholders on the register on 26th February 2016
- Cash and cash equivalents at the period end of £8.4 million (2014: £8.1 million)



“With markets falling across both the developed and emerging economies we have at least been fortunate to record, if only on a relative basis, a strong performance. As a consequence we have been favoured by contrarian investors awarding us new mandates including asset allocations for our diversification products.”

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



The expression “May you live in interesting times” is often erroneously attributed to the Chinese. There can be little question, however, that the immediate trigger for the current “interesting times” is attributable to the Chinese but we should not forget that in giving the global economy a very extended diet of highly intoxicating free money, Western governments are surely to blame for the inevitable huge underlying debt fuelled problems that the global economy now faces. I know that some people hold that the best cure for a hangover is another drink, but when it comes to the global economy I would have hoped that the world’s economists could have come up with a better solution.

At City of London Investment Group we have certainly not been immune from these problems. With markets falling across both the developed and emerging economies we have at least been fortunate to record, if only on a relative basis, a strong performance. As a consequence we have been favoured by contrarian investors awarding us new mandates including asset allocations for our diversification products.

At end December 2015 total Funds under Management (FuM) were US\$3.8 billion (£2.6 billion), down from US\$4.2 billion (£2.7 billion) at the 30th June 2015 year end. The new mandates noted above combined with good relative performance reduced the actual decline in FuM to 11% against a fall in the MSCI Emerging Markets index of 17%.

Results – unaudited

Unaudited profit before taxation for the period was £3.6 million which compares to £4.3 million for the six months to end December 2014.

In a falling market these results were exacerbated by losses incurred on our seed investments.

No let up could be afforded in our ongoing programme of cost controls.

Gross revenue for the period fell back to £11.8 million (2014: £12.2 million), whilst commissions payable to our ex-third party marketing consultant continued to reduce amounting to £0.8 million (2014: £1.2 million). Custody fees relating to the safekeeping and administration of the assets of our commingled funds were unchanged at £0.4 million (2014: £0.4 million).

Administrative expenses were £6.9 million (2014: £6.4 million). The largest components of which were staff costs (essentially salaries, benefits and related employment taxes) of £3.3 million (2014: £3.0 million) and profit-share, including related employment taxes, of £1.8 million (2014: £1.9 million).

Basic earnings per share, after a 27% tax charge of £1.0 million (2014: £1.2 million also representing 27% of profit before tax), were 10.6p (2014: 12.7p). Diluted earnings per share were 10.4p (2014: 12.5p).

Dividends

As I have previously noted, 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 your Company’s strong balance sheet and cash reserves (cash and cash equivalents at end December 2015 were £8.4 million up from £8.1 million at end December 2014), your Board has agreed to maintain the 8p interim dividend payable

on 11th March 2016 to shareholders on the register on 26th February 2016. Whilst 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, in the light of current trading some flexibility in this policy may be advisable. No decision on the final dividend will be taken until both the results for the full year are known and the outlook for 2017 is much clearer.

Your Board

Following the 2015 AGM we have welcomed two new directors, Mark Dwyer, CIO Emerging Markets and Tracy Rodrigues, Finance Director to the CLIG Board. Their contribution has been greatly appreciated particularly at a time of Carlos Yuste's departure after 15 years at CLIG. The handover of Carlos's broadly based business development and client responsibilities has gone well with clear benefits in terms of staff motivation in taking on the new roles that became available. 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. We hope in 2016 to be able to ensure staff further identify their interests with those of shareholders by enabling a higher level of equity ownership throughout the firm whilst avoiding shareholder dilution.

Outlook

Notwithstanding our demonstrated success in attracting new mandates and the early success of our diversification strategies, it remains the case that our fortunes are closely tied to those of the emerging markets. The benchmark index for our core emerging markets product (MSCI Emerging Markets index) has, at the time of writing, given up over 10 years of gains. Whether this is now a buy opportunity is not for me to opine – I leave that up to individual investors – however if markets do turn, and they are often in the habit of overshooting,

then I am confident that our well established investment process will ensure that we provide icing on any positive cake.

Finally, it is worth noting, in his CEO report Barry Olliff again sets out a template whereby shareholders and interested investors can work out on the basis of given assumptions the likely level of profitability. The template is self explanatory however I draw shareholders' attention to the importance of the US\$ to £ Sterling exchange rate. A weak pound vs the US\$ has a very beneficial effect on profits.

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

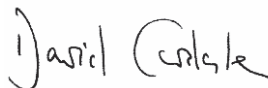
FuM US\$bn:	3.0	3.5	4.0	4.5	5.0
US\$/£	Post-tax, £m				
1.35	4.3	5.9	7.5	9.2	10.8
1.40	4.1	5.6	7.2	8.7	10.3
1.45	3.9	5.4	6.9	8.4	9.9
1.50	3.7	5.1	6.6	8.0	9.5
1.55	3.5	4.9	6.3	7.7	9.1

Assumes:

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

Note: The above table is intended to illustrate the approximate impact of movement in US\$/£, given an assumed set of trading conditions. It is not intended to be interpreted or used as a profit forecast.

In conclusion I am confident that we will continue to make the best of very uncertain markets and that we will again weather the storms just as we have in previous downturns.



David Cardale

Chairman
12th February 2016

CHIEF EXECUTIVE OFFICER'S REVIEW



Funds under management (FuM) at the Group's half year end on 31st December 2015 were US\$3.8 billion (£2.6 billion). This compares with US\$4.2 billion (£2.7 billion) at the year-end on 30th June 2015.

The fall in underlying FuM (US\$) of 11% compares with a fall of 17% in the MSCI Emerging Markets TR Index (NDUEEGF).

The first six months of our financial year have continued with net inflows and also outperformance aiding both FuM and the P&L. Unfortunately the index that we use to measure the environment in which we work has not been so accommodating.

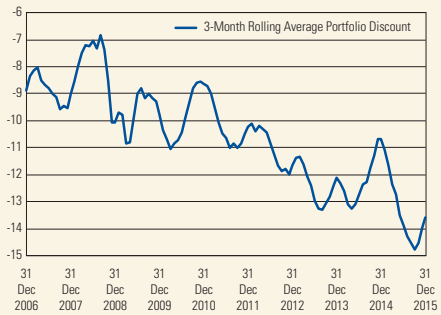
As shareholders will be aware this has been a difficult time for fund managers who invest in

emerging markets. It is only fund managers who are outperforming, providing clients with useful solutions and managing their businesses efficiently that will survive and prosper.

Below we show the Size Weighted Average Discount (SWAD) of a representative emerging market CEF portfolio. We believe that it is as a result of the SWAD being so wide that there is at present such significant interest in emerging markets via closed-end funds.

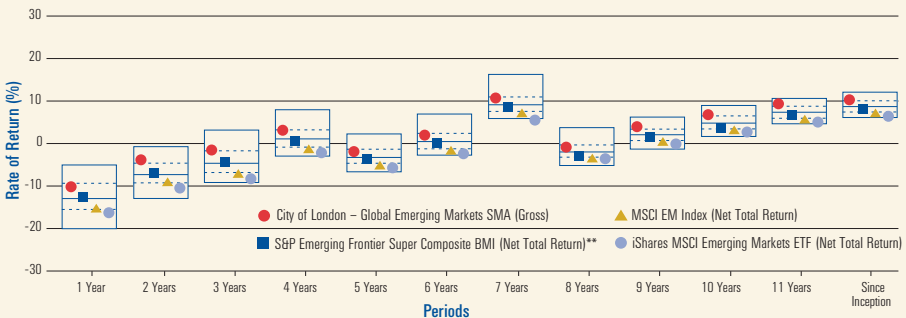
Representative Account

3-Month Rolling Average Portfolio Discount
December 2006 to December 2015



Source: City of London Investment Management

Global Emerging Markets SMA Composite Ending 31 December 2015 (According to Evestment Alliance*)

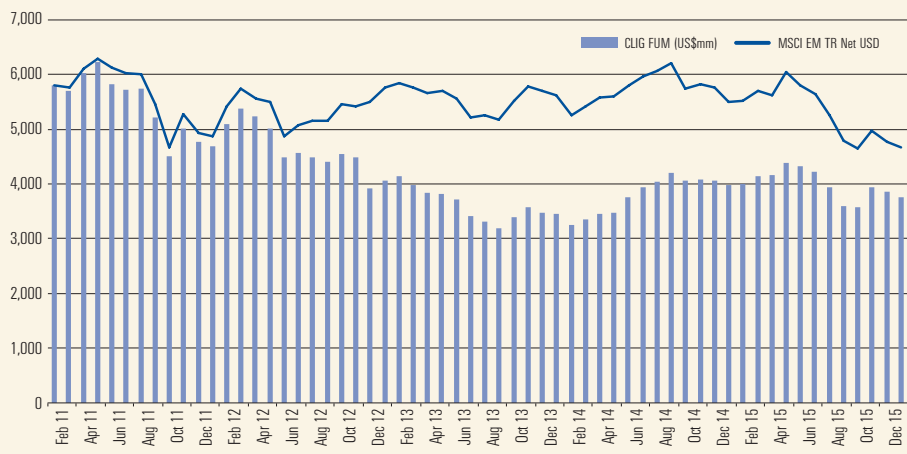


*88.6% of the universe has been updated through Quarter 4, 2015. Past performance is no guarantee of future results.

**The benchmark was changed from the S&P Emerging BMI Plus on 1 January 2009 to better reflect the investment strategy of the Fund. The S&P Emerging BMI Plus was the successor index to the S&P/IFC Global Composite Index, the benchmark for the Fund prior to 1 September 2008, which has been discontinued. The current benchmark is the S&P Emerging Frontier Super Composite Net Total Return BMI (S&P Super BMI). The MSCI EM Net TR Index and iShares MSCI Emerging Markets ETF are shown for comparative purposes.

Source: eASE Analytics System, S&P, MSCI, Bloomberg

CLIG FUM on a five-year rolling basis vs. the MSCI EM Net Total Return Index



With confirmed additional net inflows of just under US\$200 million in the next 3-6 months, we are in a good place both within our peer group and also from a client stability perspective.

While subsequent to 31st December the emerging markets have continued to fall, we have continued to notice the return of some risk taking with recent allocations being to Global Tactical Asset Allocation, Frontier, EM and three specialist China mandates. This level of asset allocation diversity is not something that we have experienced in the past. In addition our book of potential business, at well in excess of US\$500 million, is as large as we have experienced in the recent past. As usual, shareholders and other interested parties will be kept up to date with our progress in this regard on a monthly basis via our web site www.citlon.co.uk.

As shown in the graph above, since the end of our financial year in June, the MSCI Emerging Markets TR Index has fallen significantly but because we were aggressive in terms of cost reductions in July

and August and with the effects of this now coming through to the P&L, we have come out of the recent downturn in much better condition than if we had not acted.

Opportunities have been taken to switch resources so that more responsibilities are automated, or put another way we have placed additional resources in Operations which we see as the engine room for creating additional technology related efficiencies.

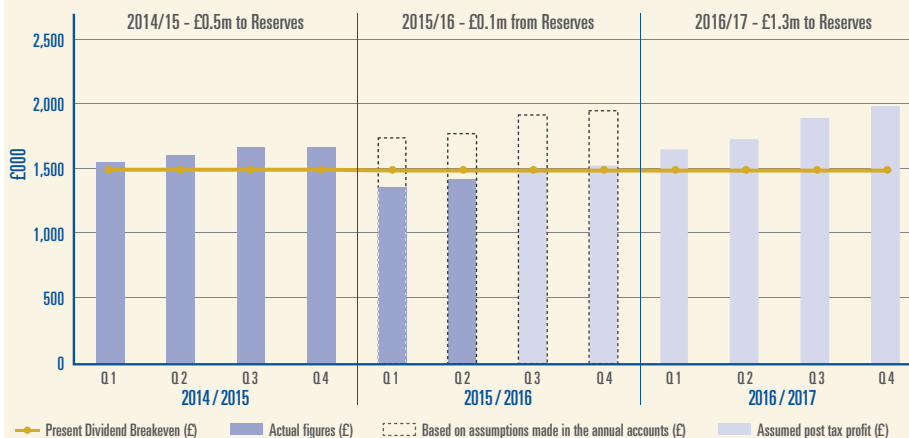
As a result of the afore referenced increase in risk appetite, shareholders and other interested parties should note that in the following template we have increased the amount of new emerging markets FuM from US\$250 million to US\$500 million for next financial year, 2016/2017. We have maintained the diversification products figure at US\$250 million.



CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED

Dividend cover – actual and assumed over three financial years



Note: Excludes unrealised gains on seed investments

Key assumptions:

(June 2015 comparatives in Italics)

- Starting point Current FuM (end December 2015)
- Net new money for the remainder of this financial year (straight-lined to June 2016):
 - emerging market CEF strategy \$150m (*US\$250m over full year*)
 - non-emerging market CEF strategies \$50m (*US\$250m over the full year*)
- Net new money in 2016/2017 (straight-lined to June 2017):
 - emerging market CEF strategy \$500m
 - non-emerging market CEF strategies \$250m
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 0%
- Overheads for 2015/16: +8% compared with 2014/15
- Overheads for 2016/17: +10% compared with 2014/15
- Corporation tax based on an estimated average rate of 27% (*25%*)
- Exchange rate assumed to be £1/\$1.47 for entire period (*£1/US\$1.55*)
- Number of CLIG Shares in issue (26.8m) less those held by the ESOP Trust (2.0m) as at 31 December (*27.0m CLIG shares in issue less 2.0m ESOP Trust holding*)

The dividend cover template shows the quarterly estimated cost of a maintained dividend over a three year period against actual post-tax profits and assumed post-tax profit based upon some key assumptions.

Given these assumptions it should be possible for shareholders and other interested parties to construct models projecting our profitability based upon their own opinions while taking into account changing market circumstances.

Over the next few months we intend to put in place an improved incentive scheme for staff as

the present scheme that was put together prior to listing has become out-dated in many respects.

Barry Olliff
Chief Executive Officer
12th February 2016

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

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2015

	Note	Six months ended 31st Dec 2015 (unaudited) £	Six months ended 31st Dec 2014 (restated) (unaudited) £	30th June 2015 (audited) £
Revenue				
Gross fee income	2	11,761,261	12,203,702	25,356,009
Commissions payable		(823,557)	(1,191,994)	(2,274,745)
Custody fees payable		(361,730)	(365,916)	(737,513)
Net fee income		10,575,974	10,645,792	22,343,751
Administrative expenses				
Staff costs		5,114,846	4,937,907	10,418,571
Other administrative expenses		1,696,006	1,415,564	3,027,637
Depreciation and amortisation		75,806	77,049	170,852
		(6,886,658)	(6,430,520)	(13,617,060)
Operating profit		3,689,316	4,215,272	8,726,691
Interest receivable and similar gains	3	(112,506)	81,227	204,979
Profit before tax		3,576,810	4,296,499	8,931,670
Income tax expense		(982,495)	(1,151,471)	(2,318,004)
Profit for the period		2,594,315	3,145,028	6,613,666
Profit attributable to:				
Equity shareholders of the parent		2,632,839	3,161,769	6,577,845
Non-controlling interest		(38,524)	(16,741)	35,821
Basic earnings per share	4	10.6p	12.7p	26.4p
Diluted earnings per share	4	10.4p	12.5p	26.0p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2015

	Six months ended 31st Dec 2015 (unaudited) £	Six months ended 31st Dec 2014 (restated) (unaudited) £	30th June 2015 (audited) £
Profit for the period	2,594,315	3,145,028	6,613,666
Fair value (losses)/gains on available-for-sale investments*	(1,971)	353	2,117
Release of fair value gains on disposal of available-for-sale investments*	–	–	40
Foreign currency movements in foreign operations	96,018	–	–
Foreign exchange gains on non-monetary assets	28,245	55,981	50,988
Other comprehensive income	122,292	56,334	53,145
Total comprehensive income for the period	2,716,607	3,201,362	6,666,811
Attributable to:			
Equity shareholders of the parent	2,755,131	3,218,103	6,630,990
Non-controlling interest	(38,524)	(16,741)	35,821

*Net of deferred tax

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31ST DECEMBER 2015

Note	31st Dec 2015 (unaudited) £	31st Dec 2014 (restated) (unaudited) £	30th June 2015 (audited) £
Non-current assets			
Property and equipment	398,916	393,132	384,083
Intangible assets	205,816	219,072	196,343
Other financial assets	2,073,625	1,940,006	2,075,954
Deferred tax asset	451,013	415,249	395,354
	3,129,370	2,967,459	3,051,734
Current assets			
Trade and other receivables	4,082,052	4,230,870	4,509,184
Other financial assets	–	58,798	–
Cash and cash equivalents	8,382,280	8,129,359	10,226,705
	12,464,332	12,419,027	14,735,889
Current liabilities			
Trade and other payables	(2,012,317)	(2,084,998)	(2,609,944)
Current tax payable	(686,771)	(600,822)	(814,638)
Creditors, amounts falling due within one year	(2,699,088)	(2,685,820)	(3,424,582)
Net current assets	9,765,244	9,733,207	11,311,307
Total assets less current liabilities	12,894,614	12,700,666	14,363,041
Non-current liabilities			
Deferred tax liability	(102,865)	(99,624)	(115,525)
Net assets	12,791,749	12,601,042	14,247,516
Capital and reserves			
Share capital	267,973	269,123	269,123
Share premium account	2,117,888	2,117,888	2,117,888
Investment in own shares	5 (5,607,771)	(5,854,471)	(5,692,430)
Fair value reserve	6,648	6,815	8,619
Foreign exchange reserve	116,612	(2,658)	(7,651)
Share option reserve	854,417	816,205	807,106
Capital redemption reserve	22,747	21,597	21,597
Retained earnings	14,416,559	14,678,883	16,127,877
Shareholders interest	12,195,073	12,053,382	13,652,129
Non-controlling interest	596,676	547,660	595,387
Total equity	12,791,749	12,601,042	14,247,516

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2015

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Foreign exchange reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	Non-controlling interest £	Total £
At 1st July 2015	269,123	2,117,888	(5,692,430)	8,619	(7,651)	807,106	21,597	16,127,877	13,652,129	595,387	14,247,516
Profit for the period	-	-	-	-	-	-	-	2,632,839	2,632,839	(38,524)	2,594,315
Comprehensive income	-	-	-	(1,971)	124,263	-	-	-	122,292	-	122,292
Total comprehensive income	-	-	-	(1,971)	124,263	-	-	2,632,839	2,755,131	(38,524)	2,716,607
Transactions with owners											
Forex movement on NCI investment	-	-	-	-	-	-	-	-	-	39,813	39,813
Share option exercise	-	-	84,659	-	-	(13,746)	-	13,746	84,659	-	84,659
Share cancellation	(1,150)	-	-	-	-	-	1,150	(375,502)	(375,502)	-	(375,502)
Share-based payment	-	-	-	-	-	9,479	-	-	9,479	-	9,479
Deferred tax	-	-	-	-	-	51,578	-	100	51,678	-	51,678
Current tax on share options	-	-	-	-	-	-	-	2,516	2,516	-	2,516
Dividends paid	-	-	-	-	-	-	-	(3,985,017)	(3,985,017)	-	(3,985,017)
Total transactions with owners	(1,150)	-	84,659	-	-	47,311	1,150	(4,344,157)	(4,212,187)	39,813	(4,172,374)
As at											
31st December 2015	267,973	2,117,888	(5,607,771)	6,648	116,612	854,417	22,747	14,416,559	12,195,073	596,676	12,791,749

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Foreign exchange reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	Non-controlling interest £	Total £
At 1st July 2014	269,727	2,060,809	(4,884,025)	6,462	(58,639)	732,651	20,582	15,759,107	13,906,674	518,494	14,425,168
Profit for the period	-	-	-	-	-	-	-	3,161,769	3,161,769	(16,741)	3,145,028
Comprehensive income	-	-	-	353	55,981	-	-	-	56,334	-	56,334
Total comprehensive income	-	-	-	353	55,981	-	-	3,161,769	3,218,103	(16,741)	3,201,362
Transactions with owners											
Forex movement on NCI investment	-	-	-	-	-	-	-	-	-	45,907	45,907
Share option exercise	411	57,079	26,495	-	-	(13,550)	-	13,550	83,985	-	83,985
Share cancellation	(1,015)	-	-	-	-	-	1,015	(325,054)	(325,054)	-	(325,054)
Purchase of own shares	-	-	(996,941)	-	-	-	-	-	(996,941)	-	(996,941)
Share-based payment	-	-	-	-	-	(19,308)	-	-	(19,308)	-	(19,308)
Deferred tax	-	-	-	-	-	116,412	-	15,471	131,883	-	131,883
Current tax on share options	-	-	-	-	-	-	-	28,828	28,828	-	28,828
Dividends paid	-	-	-	-	-	-	-	(3,974,788)	(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)	45,907	(5,025,488)
As at											
31st December 2014	269,123	2,117,888	(5,854,471)	6,815	(2,658)	816,205	21,597	14,678,883	12,053,382	547,660	12,601,042



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Foreign exchange reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	Non-controlling interest £	Total £
At 1st July 2014	267,727	2,060,809	(4,884,025)	6,462	(58,639)	732,651	20,582	15,759,107	13,906,674	518,494	14,425,168
Profit for the period	-	-	-	-	-	-	-	6,577,845	6,577,845	35,821	6,613,666
Comprehensive income	-	-	-	2,157	50,988	-	-	-	53,145	-	53,145
Total comprehensive income	-	-	-	2,157	50,988	-	-	6,577,845	6,630,990	35,821	6,666,811
Transactions with owners											
Forex movement on NCI investment											
Share option exercise	411	57,079	188,536	-	-	(36,358)	-	36,358	246,026	-	246,026
Share cancellation	(1,015)	-	-	-	-	-	1,015	(325,054)	(325,054)	-	(325,054)
Purchase of own shares	-	-	(996,941)	-	-	-	-	-	(996,941)	-	(996,941)
Share-based payment	-	-	-	-	-	10,037	-	-	10,037	-	10,037
Deferred tax	-	-	-	-	-	100,776	-	8,737	109,513	-	109,513
Current tax on share options	-	-	-	-	-	-	-	30,711	30,711	-	30,711
Dividends paid	-	-	-	-	-	-	-	(5,959,827)	(5,959,827)	-	(5,959,827)
Total transactions with owners	(604)	57,079	(808,405)	-	-	74,455	1,015	(6,209,075)	(6,885,535)	41,072	(6,844,463)
As at 30th June 2015	269,123	2,117,888	(5,692,430)	8,619	(7,651)	807,106	21,597	16,127,877	13,652,129	595,387	14,247,516

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2015

	Six months ended 31st Dec 2015 (unaudited) £	Six months ended 31st Dec 2014 (unaudited) £	30th June 2015 (audited) £
Cash flow from operating activities			
Operating profit	3,689,316	4,215,272	8,726,691
Adjustments for:			
Depreciation charges	51,028	54,319	125,392
Amortisation of intangible assets	24,778	22,730	45,460
Share-based payment charge	9,479	(19,308)	10,037
Translation adjustments	(79,804)	(147,946)	(154,153)
(Profit)/loss on disposal of fixed assets	(50)	-	-
Cash generated from operations before changes in working capital	3,694,747	4,125,067	8,753,427
Decrease/(increase) in trade and other receivables	427,132	(592,765)	(873,707)
(Decrease)/increase in trade and other payables	(597,627)	787,914	1,315,488
Cash generated from operations	3,524,252	4,320,216	9,195,208
Interest received	22,246	34,072	57,482
Interest paid	-	-	-
Taxation paid	(1,123,995)	(1,281,553)	(2,219,304)
Net cash generated from operating activities	2,422,503	3,072,735	7,033,386
Cash flow from investing activities			
Purchase of property and equipment	(72,042)	(41,118)	(108,136)
Proceeds from sale of property and equipment	225	-	-
Purchase of non-current financial assets	-	-	-
Proceeds from sale of non-current financial assets	-	-	5,960
Purchase of current financial assets	-	(332,088)	(328,962)
Proceeds from sale of current financial assets	-	322,676	329,382
Net cash used in investing activities	(71,817)	(50,530)	(101,756)
Cash flow from financing activities			
Proceeds from issue of ordinary shares	-	57,491	57,490
Ordinary dividends paid	(3,985,017)	(3,974,788)	(5,959,827)
Purchase and cancellation of own shares	(375,502)	(325,054)	(325,054)
Purchase of own shares by employee share option trust	-	(996,941)	(996,941)
Proceeds from sale of own shares by employee share option trust	84,659	26,495	188,536
Net cash used in financing activities	(4,275,860)	(5,212,797)	(7,035,796)
Net decrease in cash and cash equivalents	(1,925,174)	(2,190,592)	(104,166)
Cash and cash equivalents at start of period	10,226,705	10,242,906	10,242,906
Effect of exchange rate changes	80,749	77,045	87,965
Cash and cash equivalents at end of period	8,382,280	8,129,359	10,226,705

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 2015 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 2015, which were prepared in accordance with IFRSs as adopted by the European Union. In line with current accounting policies the six months ended 31st December 2014 have been restated to account for the effects of adopting IFRS10.

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 2015						
Revenue	10,910,715	376,544	147,723	326,279	–	11,761,261
Non-current assets:						
Property and equipment	328,289	–	67,754	–	2,873	398,916
Intangible assets	205,816	–	–	–	–	205,816
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
Year to 30th June 2015						
Revenue	23,607,743	789,710	185,731	772,825	–	25,356,009
Non-current assets:						
Property and equipment	295,440	–	84,635	–	4,008	384,083
Intangible assets	196,343	–	–	–	–	196,343

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 GAINS

	31st Dec 2015 £	31st Dec 2014 £	30th June 2015 £
Interest	22,246	34,072	57,482
Gain on sale of investments	–	60,508	7,205
Unrealised (loss)/gain on investments	(134,752)	(13,353)	140,292
	(112,506)	81,227	204,979

4 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period of £2,632,839 (30th June 2015 – £6,577,845; 31st December 2014 – £3,161,769) divided by the weighted average number of ordinary shares in issue for the six months ended 31st December 2015 of 24,856,431 (30th June 2015 – 24,907,864; 31st December 2014 – 24,987,399).

As set out in note 5 the Employee Benefit Trust held 2,000,913 ordinary shares in the company as at 31st December 2015. 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 £2,632,839 (30th June 2015 – £6,577,845; 31st December 2014 – £3,161,769) divided by the diluted weighted average number of ordinary shares in issue for the six months ended 31st December 2015 of 25,215,721 (30th June 2015 – 25,272,704; 31st December 2014 – 25,367,308).

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 2015 the Trust held 2,000,913 ordinary 1p shares (30th June 2015 – 2,032,118; 31st December 2014 – 2,122,283), of which 1,772,655 ordinary 1p shares (30th June 2015 – 1,959,235; 31st December 2014 – 1,661,190) were subject to options in issue.



6 DIVIDENDS

A final dividend of 16p per share in respect of the year ended 30th June 2015 was paid on 30th October 2015.

An interim dividend of 8p per share (2015 – 8p) in respect of the year ended 30th June 2016 will be paid on 11th March 2016 to members registered at the close of business on 26th February 2016.

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 2015 were approved by the Board on 12th February 2016. 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.

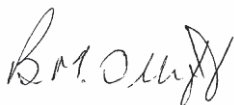
Copies of this statement are available on our website, www.citlon.co.uk

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 2015 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 2015 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

12th February 2016

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Registered number

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