



ABN 59 003 200 664

Annual Report

2009



London City Equities Limited



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders of London City Equities Limited will be held at Level 8, 32 Walker Street, North Sydney on Friday 30 October 2009 at 10.30am.

Ordinary Business

1. To receive, consider and discuss the Directors' Report and Accounts for the year ended 30 June 2009 and note the payment of a dividend.
2. To adopt the Remuneration Report for the year ended 30 June 2009 as disclosed in the Directors Report. (Note: The vote on this resolution is advisory only and does not bind the Directors.)
3. To elect a Director. In accordance with the Constitution, Mr.P.E.J. Murray retires by rotation, and being eligible, offers himself for re-election. (Details on Mr Murray are shown later.)
4. To transact such other business as may be brought forward in accordance with the Constitution and the Corporations Act 2001.

By Order of the Board



Robert G. Pettener
Company Secretary

Sydney,

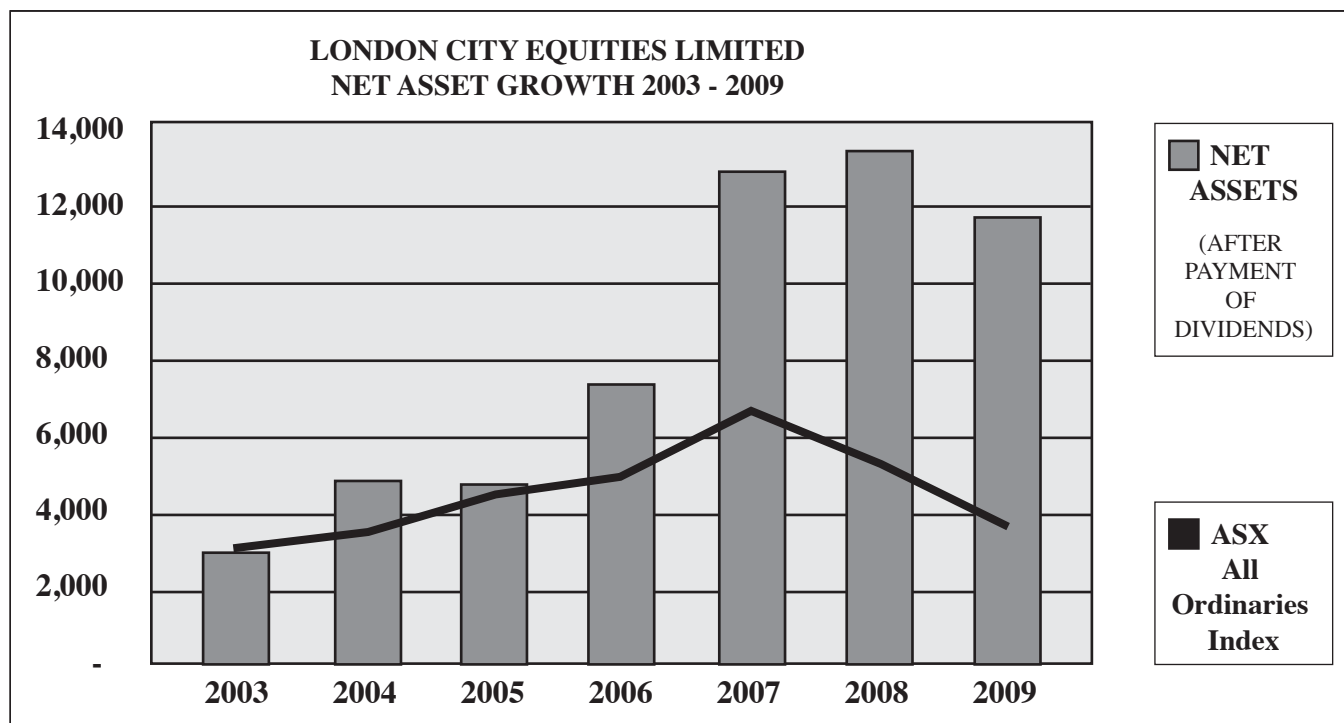
3 September 2009

PROXIES

A member entitled to attend and vote is entitled to appoint no more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the Company. Proxies must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting. A proxy form is enclosed with this notice.



CHART OF PROGRESS



London City Equities Limited



Key Features for 2009

- Comfortable profit, net worth continues to outperform indices
- Net assets per share remain firm at 53.5 cents at year end
- Cornerstone investment made in Penrice Soda, owning 9.1%
- Significant high liquidity, barely impacted by adverse market conditions
- Well placed for quality investment opportunities

Corporate Directory

Directors:	J. C. Plummer BCom, MBA. (Chairman of Directors) P. E. J. Murray FCA, SDIAM. R. Chenery BSc, MBA
Chief Operating Officer:	P. E. J. Murray FCA, SDIAM
Company Secretary:	R. G. Pettener MCom, CPA
Group Accountant:	R. Arthur BCom, CPA
Auditors:	Cutcher & Neale, Chartered Accountants 25 Bolton Street, Newcastle, NSW 2300
Bankers:	Westpac Banking Corporation Bank of Western Australia (BankWest)
Corporate and Registered Office:	Level 10, 19 Pitt Street, Sydney NSW 2000 Postal Address: PO Box R1414, Royal Exchange, NSW 1225 Telephone: (02) 9247-9315 Facsimile: (02) 9247-9336
Share Registrar:	Registries Limited Level 7, 207 Kent Street, Sydney NSW 2000 Telephone: (02) 9290 9600 Facsimile: (02) 9279 0664
Web-site:	www.londoncity.com.au
Stock Exchange:	Australian Securities Exchange Limited (Home Exchange – Sydney (Code - "LCE")) 20 Bridge Street, Sydney, NSW 2000

London City Equities Limited



Chairman's Review – 2009

Full Year – Cautious and Modest

The Board has continued to seek out investments that represent true value in a market that has been one of the most volatile in years.

A strategic holding at Penrice Soda Holdings was acquired in late 2008 as part of this investment policy. It reflected acceptable value at the time of our investment. However, a poor reaction by Penrice to the credit crisis greatly disappointed us and the market has similarly expressed its displeasure. Our recent move to refresh the Board of Penrice was aimed at regaining lost value for all shareholders but was defeated by a small percentage of holders who have now seen their investment fall even further. We maintain our position that Penrice needs to review its strategies. We can assist in this process. With other investors we will continue our campaign for change.

Our balance sheet retains high levels of cash, a solid asset in this climate.

Financial Results - Acceptable

The impact of the market downturn and the lower value of Penrice directly impacted on London City, hence our modest performance in a difficult year. Lower interest and dividend income earnings have been offset by tighter cost controls which has enable us to maintain a reasonable level of profitability. Our operating profit for 2009 was down but at a sufficient level to allow a continuation of dividends.

Your Board is pleased to continue to maintain London City's value through prudent and frugal cost management. Price movements in the share portfolio since the 30 June have added some value for our shareholders.

Net Asset Backing Per Share – 53.5 cents

With shareholders equity at \$11.8 million on 30 June the company had a net asset per share backing of 53.5 cents. This represents a modest decline due to lower values of our equity investments. Our shares presently sell in the market at a discount to asset backing.

Investment Strategy

Consistent with our approach, our investment advisor Imperial Pacific Asset Management continues to analyse the management, resources and financial data of several target companies with unique businesses. The historically low return on cash has increased the attraction of solid higher yielding equities. This reporting season has seen a general reduction in dividend returns and once analysed we should be able to move forward and increase our equity investments.

Thank You

Thank you to shareholders, management and all those in the London City community. As is our policy, we have continued to pay dividends from our full year's earnings, with this year's dividend being one cent fully franked. I am pleased that your company is able to maintain its strong liquid position, enabling your Board to have a favourable outlook for your company. We all look forward to a better 2010.

Yours sincerely,
For and on behalf of the Board,

John C Plummer
Chairman of Directors

3 September 2009

London City Equities Limited



Statutory Directors' Report for the year ended 30 June 2009

Your Directors present herewith their report on the Company for the financial year ended 30 June 2009.

Strategic Positioning

London City is a long term strategic holding company investing in entities that have significant market shares and offer inherent growth. London City is risk averse, avoids borrowings and supports quality management in its holdings. It seeks some control over its destiny and is prepared to be assertive when required.

Directors and Officers

The Directors and Officers of the Company in office at any time of the year are as follows:

John C Plummer - Non-Executive Chairman of Directors.
Special Responsibility: Chairman, Remuneration Committee
Bachelor of Commerce, Master of Business Administration.

Mr Plummer's background has been in marketing, product purchasing and human resources. Experienced in general management, personnel and areas of investment. Presently Deputy Chairman of Chandler Macleod Group Limited, a leading ASX listed personnel organisation. Director of Belmont Holdings Limited and also of Professional Associations Superannuation Limited (Chairman of Investment Committee).

Peter E.J. Murray – Chief Operating Officer
Chartered Accountant, Member Securities & Derivatives Industry Association and Turnaround Management Association of Australia.

Mr Murray has spent over 30 years involved in company management, corporate finance and ASX listed company matters. He has been a senior executive in merchant banking and stockbroking at Director level. Experienced in corporate financial advice, mergers, fund raisings and general management. Chairman of Belmont Holdings Limited since 1980. Past Chairman of Directors of Camelot Resources NL and CCI Holdings (2004 to 2007).

Robin Chenery - Non Executive Director.
Special Responsibility: Chairman, Audit, Compliance and Risk Management Committee
Bachelor of Science (Honours), Master of Business Administration

Mr Chenery's initial background was in manufacturing management. He has had in excess of 35 years extensive Australian and international experience in the steel and coal industries. He has also held a number of senior Board positions throughout his career. Past Director of CCI Holdings Limited. Presently a Director of Belmont Holdings Limited.

Robert G Pettener – Company Secretary.
Master of Commerce, Certified Practising Accountant

Mr Pettener has been in accounting public practice for over 20 years. His expertise includes accounting, superannuation and taxation issues.

Statutory Directors Report (Cont'd)

Directors and Officers (Cont'd)

Particulars of Directors Interests in Shares in the Company are:

Ordinary Shares

JC Plummer	10,370,522
PEJ Murray	6,838,454
R Chenery	6,101,572

(These include 6,101,572 Ordinary Shares held by Belmont Holdings Limited.)

In accordance with the Constitution, Mr.P.E.J.Murray retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

During the financial year the following formal meetings were held.

	Board Meetings		Audit, Compliance and Risk Committee		Remuneration Committee	
	Eligible to attend	Number Attended	Eligible to attend	Number Attended	Eligible to attend	Number Attended
J.C.Plummer	7	7	3	3	3	3
P. E. J. Murray	7	7	-	-	-	-
R. Chenery	7	6	3	3	3	3

Remuneration Report

The company does not have any formal employees and operates through its Board and a shareholder approved management agreement with Imperial Pacific Asset Management Pty Limited. The company has a Remuneration Committee which is responsible for remuneration policies and monitors the remuneration of Directors and officeholders with market conditions. Details of the emoluments of the Directors are set out in Note 19 of the financial statements and are also shown below:

	Fees	Super Contributions	Total
Mr. J.C.Plummer	\$25,000	\$2,250	\$27,250
Mr P.E.J.Murray	-	-	-
Mr R Chenery	\$25,000	-	\$25,000

Activities

The principal activities of the company during the year consisted of investment in Australian equities, predominantly those reflecting some long term strategic advantage, and in deposit funds with the company's bankers. The volatile conditions in the stock-market and in financial markets have convinced the Board of London City of the validity of its investment policies. In late 2008 London City acquired a 9% cornerstone investment in South Australian based Penrice Soda Products Limited, Australia's only manufacturer of soda ash and bi-carbonate of soda. Penrice also operates a limestone quarry in the foothills of Adelaide. Recent attempts by London City to gain board representation to provide some input to that company in the light of poor results and high borrowings were unsuccessful. Its 3% shareholding in Fiducian Portfolio Services Limited continues to be in a well managed company. London City has retained high levels of liquidity with its bankers through the year.

The investment search programme resulted in the Penrice Soda purchase and one further modest investment.

Statutory Directors Report (Cont'd)

Results and Dividend Status

London City achieved a net profit for the year of \$238,000 after tax paid of \$61,000 (profit of \$646,000 after a tax credit of \$49,000 in 2008). London City's net asset values at 30 June 2009 closed at \$11.8 million, or 53.5 cents per share, even after the payment of 1.0 cents in fully franked dividends in October 2008. Directors recommend the payment of a fully franked dividend of one cent per share for 2009. The Directors have suspended the Dividend Reinvestment Plan (DRP) for the 2009 year.

Objectives, Achievements and Review of Operations

The prime objective during the year was cautious approach to investment due to significant share price falls and volatility in worldwide stock-markets. While only one major investment was made during the year the Board's overall focus was to protect and enhance London City's long term aspirations as a strategic holding company. Achievements were the purchase of a cornerstone investment in Penrice Soda Holdings Limited, an increase in its investment in Fiducian Portfolio Services Limited and the avoidance of severe adverse events suffered by many listed investment groups in the period.

The strengths and resources of London City continue to be its high liquidity, its lack of debt, its research skills and the firm commitments of its Directors and major shareholders to enhance its progress.

Environmental regulation

The Company is not subject to significant environmental regulations under any Commonwealth, State or Territory Law.

Future Developments

Directors have been disappointed that the company's recent moves to acquire board representation at Penrice met with a lack of enthusiasm, despite the past successful performance of London City's two nominees. In the light of Penrice's past performance, its outlook and its ongoing borrowing programme, London City is monitoring the company closely.

London City intends to make more equity investments this year into companies that exhibit high market shares, inherent growth, management's owner mentality and reflect good value.

Other than some concerns held about Penrice Soda, the Directors are not aware of any developments likely to have a significant effect upon the operations of the company.

Matters subsequent to 30 June 2009

Directors propose the payment of a fully franked dividend of one cent per share each. This sum has not been provided for in the financial statements.

Other Information

The Directors are not aware of any significant change in the state of affairs of the group that occurred during the financial year under review not otherwise disclosed in this report and the accounts. In the opinion of the Directors likely developments in the operations of the company known at the date of this report have been covered generally within the Annual Report.

Proceedings in respect of the company

At the date of this report no person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring action on behalf of the company.

Statutory Directors Report (Cont'd)

Statutory Directors Report (Cont'd)

Risk and Compliance Control

The Board of Directors has in place an Audit, Compliance and Risk Management Committee to assist its deliberations in respect of these issues. The ACRM Committee meets at least every quarter and considers, amongst other things, the audit arrangements and internal control processes of the company. All Board meetings consider issues raised by the ACRM Committee and formal management reports on the compliance by the company with its key obligations. The Board also notes the regulatory compliance obligations of its portfolio management provider, Imperial Pacific Asset Management Pty Limited.

The Directors have received and considered the Section 295A certification from the two senior officeholders responsible for meeting the company's financial, operational and compliance requirements.

Directors and auditors indemnification

The company has not, during or since the end of the financial year in respect of any person who is or has been an officer or auditor of the company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred by an officer, including costs and expenses in successfully defending legal proceedings. Nor has the company paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings. There is at present no formal insurance policy in existence.

Auditor

The auditor continues in office in accordance with Section 327 of the Corporations Act 2001.

Non-audit services.

Details of the non-audit services provided by the auditor are set out at Note 20 of the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means the auditor independence was not compromised.

Auditor's Independence Declaration

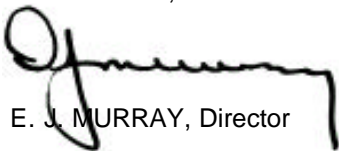
A copy of the auditor's declaration under Section 307C in relation to the audit for the financial year is provided later in this report.

Signed in accordance with a resolution of the Directors. Dated at Sydney this 3 September 2009.

On Behalf of the Board,



J. C. PLUMMER, Director



P. E. J. MURRAY, Director

London City Equities Limited



Corporate Governance Matters - 2009

London City has noted the “best practice recommendations” of the ASX Corporate Governance Council. The Board of London City believes it carries out the broad thrust of the guidelines in a proper and pragmatic way for a small company such as London City in the strategic holding company business. In some instances it has not adopted a small number of the formal “best practice recommendations”. The corporate governance policies of the company and the departures from the recommendations are discussed below.

Principle 1 Lay solid foundations for management and oversight

London City has a Board Charter which establishes the functions reserved to the Board and to senior management. London City operates its business through its Board of Directors and its Chief Operating Officer in conjunction with its portfolio management arrangements with Imperial Pacific Asset Management Pty Limited, which has managed and administered the portfolio since 1 July 2005.

The Board sets and monitors strategic business plans and shorter term operating challenges. The Board meets at least once a quarter. London City has a formal policy in relation to Core Business Processes as well as formal policies on investment processes and approvals. The operations of the company and delegation of duties are inherent in a public listed organisation with investments that may impact on other companies. A copy of the Board Charter is set out in the rear pages of this Annual Report.

Principle 2 Structure the Board to add value

The Board of Directors is structured to add long term value to London City. The Directors comprise a variety of professional, securities market and corporate skills, operating in a climate where cost effectiveness is a key issue and shareholding interests encourage active participation. There are three Directors, of whom one is regarded for corporate governance purposes as an independent director. Directors believe it is not practical, nor cost-effective, for London City to have a majority of persons “independent” (as defined by the governance principles) on the Board of London City. Indeed the Directors believe it is positive that major shareholdings are held by Directors. London City’s policy allows Directors, subject to Board approval, to take independent professional advice at its expense.

Directors also point out that they regard a formal Board nomination committee as not being appropriate for a company like London City. This task is undertaken by the Board as a whole as and when circumstances dictate. The criteria set for membership of the Board and is to ensure that there exists a sufficient mix of skills and experience for a company of the nature of London City to add value and enhance shareholders’ wealth.

The Directors also believe they are very open and transparent in disclosing their plans, aspirations and financial results to the shareholders. They believe the annual shareholder meetings provide a good opportunity for shareholders to evaluate their performance. Directors are subject to re-election every three years. The Board has a policy of operating a tight structure, but appoints external parties experienced in specific sectors from time to time to provide the Board with expert advice.

Principle 3 Promote ethical and responsible decision-making

The Board is committed to ensuring that the group's affairs are conducted in a judicious and ethical manner. London City has a formal Code of Conduct Policy in place. London City has policies in dealing in the company's securities in addition to complying with legislative and regulatory obligations, for example in regard to confidential information.

Directors and officeholders are prohibited from dealing in London City between the end of accounting periods and the release of results without the consent of the Board. Investments on the Embargo list are also prohibited without the approval of the Board.

London City Equities Limited



Corporate Governance (Continued)

A summary of terms of the Code of Conduct follows:

London City Equities Limited ("London City") and its shareholders expect that each Director, member of staff and / or related personnel should be pursue exemplary conduct in respect of ethics, roles and responsibilities of their office.

The Group's directors and employees should conform with high community standards of corporate and individual behaviour., in particular:

PERSONAL BEHAVIOUR AND ACCOUNTABILITY

- a. Role and statutory responsibilities as an officer of the corporation
- b. Awareness of social responsibilities
- c. Obligations to all corporate stakeholders
- d. Honesty and fairness in dealings
- e. Pursuit of the best interests of the corporation
- f. Adherence to Group policies and practices
- g. Continuing assessment of corporate opportunity and risk
- h. Undertaking training and being informed on current commercial and business matters.

SECURITY AND CONFIDENTIALITY

- a. Boardroom confidentiality
- b. Security of corporate information
- c. Misuse of corporate information

MANAGEMENT OF PRIVATE INTERESTS

- a. Declaration of private interests including any interest in Group contracts
- b. Gratuities, gifts, and other benefits related to corporate office
- c. Potential and real conflicts of interest

COSTS TO THE CORPORATION

- a. Expenses incurred on corporation business
- b. Fringe benefits and allowances including leave and retirement allowances
- c. Sundry claimable expenses

SANCTIONS

Failure to observe high standards in relation to the foregoing will constitute grounds on which the Board of London City Equities Limited may by resolution of the directors institute such disciplinary or remedial action as it deems appropriate and necessary. This may include dismissal and/or reporting to relevant authorities.

Principle 4 Safeguard integrity in financial reporting

The Board has in place an Audit, Compliance and Risk Management Committee which comprises a non-executive Director (Mr Chenery) as Chairman and Mr Plummer as the other non-executive Director. Of these, Mr Chenery is regarded as an independent person. Their attendance at committee meetings during the year is set out elsewhere in this Annual Report.

London City has further assurances in regard to financial reporting integrity because of the involvement of external auditors and the manager of the company's portfolio, Imperial Pacific Asset Management, which has extensive ASIC obligations. Operating Office-holders are professionally qualified in financial reporting matters. In relation to audit partner rotation of the company's external auditors, the Chief Operating Officer monitors the situation in conjunction with the audit firm.

The Audit, Compliance and Risk Management Committee has a formal charter. A summary is set out in the rear pages of this Annual Report.

Principle 5 Make timely and balanced disclosure

The Board aims to ensure timely, balanced and continuous disclosure to the market of all material matters concerning London City in accordance with the ASX continuous disclosure regime and appropriate corporate transparency. To carry out this obligation effectively the Board is both sensitive to the requirements of an informed market and it has in place a Communications Policy which encompasses a continuous disclosure policy. It seeks to keep its shareholders informed through reports to the Australian Stock Exchange, half and full-year profit disclosures, annual reports and material shareholder information announcements.

While the Board is ultimately responsible for this task, the Chief Operating Officer carries the immediate administrative obligation for meeting communications obligations and shareholder transparency. A summary of the Communications Policy follows:

The Board of London City Equities Limited ("London City") firmly believes in providing quality communications to its shareholders and other stakeholders. This includes meeting the company's obligations to the Australian Securities Exchange ("ASX") in relation to Continuous Disclosure Obligations. London City aspires to over-deliver, rather than under-deliver information to its stakeholders. In view of this approach, London City meets the ASX Corporate Governance Principle No 5.

London City seeks to provide to its stakeholders the highest levels of communication standards by adopting the following focus:

- Shareholders are the owners of the company and are entitled to the maximum of information.
- The company will provide all regulatory documentation such as Annual Reports and other letters of advice on a consistent and timely basis
- London City will maintain a web site that provides information on its activities for external consumption.
- Communications will be set out in a clear way, be honest, be factual and endeavour to answer all likely queries that may arise.
- London City will not employ financial "spin doctors" or embellish a story.
- Annual Reports will be explanatory and will be mailed as soon as possible and sent to holders in a hard copy.
- Shareholders are encouraged to telephone management to discuss issues and subject to confidentiality issues, full explanations will be forthcoming.
- London City will announce all important and material items as soon as practicable. Where announcements may impact on other organisations, London City may advise that organisation on a confidential basis beforehand..

The Board of London City is primarily responsible for communicating matters to stakeholders. Management personnel will provide the support for the preparation and distribution of announcements. Mr Peter EJ Murray is the senior executive responsible for London City meeting its Continuous Disclosure obligations to the Australian Securities Exchange and any ASIC required communications.

Principle 6 Respect the rights of shareholders

London City, as reported earlier, has a communications policy in place. This recognises the importance of effective communications with shareholders and other parties. In addition, the shareholders of London City have other formal and informal rights provided by the company's Constitution, regulatory bodies and proper public company behaviour. These rights include their entitlement to financial statements, attendance at shareholder meetings, participation by voting on the election of directors at the Annual General Meeting and on other important issues. The auditor is invited to attend the Annual General Meeting, however the board notes that auditor is professionally restricted from providing detailed financial information and limited to discussing audit process. Shareholder meetings are conducted in an open forum with wide discussion encouraged by the Chairman.

Principle 7 Recognise and manage risk

London City has established policies for the recognition, oversight and management of material business risks. Given the actual and potential volatility of equity markets and economic conditions, especially in recent times, London City regards risk management as a very important issue. In this regard the Board has in place an Audit, Compliance and Risk Management Committee. Risk recognition, oversight and management issues are carried out by senior personnel in conjunction with the Board, the Committee and in some cases, external professionals.

London City Equities Limited



Corporate Governance (Continued)

While the company's internal policies are considerable, the Board points out that, as a strategic holding company investing in other companies, it can be difficult to monitor the behaviour of those entities. The Board has received positive written Section 295A assurances from the Chief Operating Officer and Chief Financial Officer equivalents. A summary of London City's policies on risk recognition, oversight and management follows:

The Board of London City Equities Limited ("London City") believes in competent risk recognition, oversight and management.

It recognises that as a strategic holding company (where it primarily invests in other organisations) there is some danger where that organisation does not provide proper business or financial reporting disclosures or does not meet competent risk management practices. For these reasons London City must continue to be vigilant in these procedures.

London City seeks, as far as practicable for an organisation in strategic investment in other companies, to undertake competent levels of risk management. These relate to its internal and external matters:

Internal Matters (Own resources)

- London City seeks to have a comfortable asset base in which it has no formal gearing.
- Investments must be selected carefully and generally monitored for some time before any shares are purchased.
- London City must concentrate on investment opportunities where it can acquire a reasonably significant equity stake (eg 10%-20%) in a company that can be understood, has a leading position in its market, has good management and represents good investment value with attractive IRRs. (The policy of a leading US investor).
- London City must be available to work in with investee companies.
- London City must remain cost conscious.
- Surplus monies must be placed only with its trading bankers,
- Monies on Deposit and investments must take account of external advice when necessary.
- Good internal controls to be maintained, disaster recovery assessed and regulatory compliance pursued.

Other Matters (External Factors)

- London City must monitor economic, stock-market, industrial sector conditions and maintain close contact with existing investee companies
- London City must have the potential (where events prove unsatisfactory) to become active supporters of the investee company either through direct Board representation or by arms-length support.
- London City must maintain close contacts in various industries of interest.

The Board of London City is primarily responsible for risk recognition, oversight and management. The Board of London City is assisted in its deliberations by the Audit, Compliance and Risk Management Committee (ACRM). Both the Board and the ACRM Committee are assisted by the management of London City and its portfolio management service provider Imperial Pacific Asset Management Pty Limited. Risk Management issues must be discussed regularly. All Board meetings must be provided with full details of current investments, targeted investments and funds on deposit

Principle 8 Remunerate fairly and responsibly

London City has a Remuneration Committee in place. The Remuneration Committee is responsible for assessing appropriate remuneration and payment for Directors as well as for other office holders and the portfolio management service provider. The Remuneration Committee comprises Mr Plummer (Chairman) and Mr Chenery. Mr Chenery is regarded as an independent director under the ASX definition. Details of their attendance at committee meetings are set out elsewhere in this Annual Report. Ultimately shareholders approve directors fees and in 2007 they approved a maximum payout of \$125,000 per annum. Current fees are significantly below this level. Shareholders in London City on 19 November 2004 voted and approved a management agreement in which the portfolio of London City would be managed by Imperial Pacific Asset Management Pty Limited.

Except for compulsory legislative obligations London City has no scheme for retirement benefits for non-executive directors. Furthermore, London City has no equity based remuneration scheme and has no requirement for policies in this regard. A summary of the Remuneration Committee Charter is set out in the rear pages of this Annual Report.

London City Equities Limited

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Income Statement for the year ended 30 June 2009

		2009	2008
	<i>Notes</i>	\$	\$
Revenue from ordinary activities	3	569,843	891,710
Other expenses from ordinary activities			
Management fees	4	(122,291)	(130,320)
Other Operating Expenses	4	(149,280)	(163,899)
		<u>(271,571)</u>	<u>(294,219)</u>
Profit from ordinary activities before income tax		298,272	597,491
Income tax expense	5	<u>(60,700)</u>	48,700
Profit for Year		<u>237,572</u>	<u>646,191</u>

Earnings per share:

Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company.

Basic earnings per share (Cents)	27	1.08	3.01
Diluted earnings per share (Cents)	27	1.08	3.01

The accompanying notes form part of these financial statements.

London City Equities Limited

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Balance Sheet as at 30 June 2009

	Notes	2009 \$	2008 \$
Current assets			
Cash and cash equivalents	6	2,037,793	1,425,117
Held -for-trading financial assets	7	-	23,000
Trade and other receivables	8	57,514	8,399
Total current assets		2,095,307	1,456,516
Non-current assets			
Financial Assets - Available for Sale	9	9,029,040	11,819,194
Deferred Tax Assets	10	771,000	219,700
Total non-current assets		9,800,040	12,038,894
Total assets		11,895,347	13,495,410
Current liabilities			
Trade and other payables	11	58,181	50,838
Total current liabilities		58,181	50,838
Non-current liabilities			
Deferred Tax Liabilities - Investment Portfolio	12	-	114,700
Total non-current liabilities		-	114,700
Total liabilities		58,181	165,538
Net assets		11,837,166	13,329,872
Equity			
Issued Capital	13	4,426,435	4,241,120
Realised Capital Gains Reserve	15 (a)	1,112,510	1,112,510
Unrealised Revaluation Reserve	15 (b)	(1,430,533)	267,636
Retained Profits	15 (c)	7,728,754	7,708,606
Total equity		11,837,166	13,329,872

The accompanying notes form part of these financial statements.

London City Equities Limited

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Statement of Changes in Equity for the Year Ended 30 June 2009

	Notes	2009 \$	2008 \$
Total Equity at the beginning of the year		13,329,872	12,882,990
Transactions with Equity holders in their capacity as equity holders:			
Contributions of Equity, net of transaction costs:		185,315	353,547
Dividends paid:	17	(217,424)	(420,706)
Total transactions with Equity holders in their capacity as equity holders:		(32,109)	(67,159)
Income and Expense for Year:			
Profit for Year:		237,572	646,191
Revaluation of Investment Portfolio:		(2,424,868)	(188,450)
Provision for Tax on unrealised gains:		726,700	56,300
Total recognised income (including unrealised gains) and expenses for the Year		(1,460,596)	514,041
Total Equity at the end of the year	16	11,837,166	13,329,872

The accompanying notes form part of these financial statements.

London City Equities Limited

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Cash Flow Statement for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from Underwriting and other Fees (inclusive of goods and services tax)		-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(291,574)	(873,035)
Dividends Received		1,183	1,488
Interest Received		61,678	121,262
Unit Trust Distributions		505,401	768,765
Net cash inflow (outflow) from operating activities	26	276,688	18,480
Cash flows from investing activities			
Payments for investments		(6,209,918)	(1,083,765)
Proceeds from sale of investment		6,602,220	2,354,776
Payments for bank bills		-	-
Proceeds from bank bills		-	-
Net cash inflow (outflow) from investing activities		392,302	1,271,011
Cash flows from financing activities			
Increase (Reduction) in related corporations accounts		(28,159)	30,289
Increase (Reduction) in other corporations accounts		-	93,803
Dividends paid		(28,155)	(67,159)
Net cash inflow (outflow) from financing activities		(56,314)	56,933
Net increase (decrease) in cash held		612,676	1,346,424
Cash at beginning of the financial year		1,425,117	78,693
Effects of exchange rate changes on cash		-	-
Cash at end of the financial year	6	2,037,793	1,425,117

The accompanying notes form part of these financial statements.



Note 1: Summary of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB.

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

The following is a summary of the significant accounting policies adopted by the company entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Accounting

London City Equities Limited is a listed public company incorporated and domiciled in Australia. It is a free standing company and its accounts are presented as such. The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with historical cost convention.

(a) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the asset bases of assets and liabilities and their carrying amounts in the financial statements and to the unused tax losses.

Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is possible that future taxable amounts will be available to utilise those differences and losses.

A tax provision is made for the unrealised gain or loss on held - for - trading securities valued at market value through the Income Statement.

Where non-current available - for - sale securities are adjusted for unrealised gains or losses at balance date in the Unrealised Revaluation Reserve an assessed deferred tax liability or asset is created to reflect the applicable tax, even though there may be no intention to dispose of those holdings. The tax sum is applied to the Unrealised Revaluation Reserve on one hand and the deferred tax liability or asset on the other.

A tax provision is made for the unrealised gain or loss on securities valued at market value through the Income Statement - i.e. trading portfolio.

A provision has to be made for any taxes that could arise on disposal of securities in the investment portfolio, even though there is no intention to dispose of them. Where the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes offset against any capital losses carried forward.

(b) Investments

The Company has two discrete types of investments - Held-for-trading Financial Assets (Current Assets) and Available-for-sale Financial Assets (Non-Current Assets).

All investments are initially recognised at the fair value of the consideration given. After initial recognition, investments (classified as either Held-for-Trading or Available-for-Sale) are measured at their fair value.

Fair Value of listed securities is determined by reference to the last sale price at the close of business at balance date. Gains on Held-for-Trading investments are recognised in the Income Statement.

Gains on Available-for-Sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of.

Dividend income is only taken to account when the right to receive a dividend has been established, interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(c) Non-Current Assets

The carrying amounts of all non-current assets other than investments are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

London City Equities Limited

Notes to the financial statements - 30 June 2009



Note 1: Summary of significant accounting policies (Cont'd)

(d) Derivatives

To a large extent the company may be exposed to fluctuations in interest rates with its activities. It is not the policy of the company to use derivative financial instruments. The company does not hedge its exposure to interest rates or foreign currency fluctuations.

(e) Financial Risk issues

The economic entity has in place risk management controls supervised by the Board and the Audit, Compliance and Risk Management Committee. Risk issues are explained further in Note 17 of the financial statements.

(f) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Impairment of Assets

When the market value of a stock that is held in the investment portfolio is below its cost, it is reviewed for impairment. *AASB 139 - Financial Instruments : Recognition and Measurement* states that impairment has occurred if there has been a 'loss event or events' that have an impact on the future cash flows of the financial asset that can be reliably estimated.

When 'impairment' is held to have occurred, the amount of the loss that has been taken through the Revaluation Reserve is reversed and instead is taken through the Income Statement. Any subsequent increase in the market value of a stock thus impaired does not go through the Income Statement however, but will be accounted for through the Revaluation Reserve whilst any further decrease will continue to be accounted for through the Income Statement.

The company regularly reviews the stocks in the Investment Portfolio, and where it believes that such an event has occurred or is likely to occur, will seek to exit the position. Should that position not be exited by the balance sheet date, an impairment charge may be taken to the Income Statement as described above.

The Company is a long-term investor and does not regard short-term cyclical movements in the share-price of its investments as evidence of impairment. However, the relevant Accounting Standard also states that a "significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment." The company's approach to this is subject to other evidence to the contrary and judgement. An investment is impaired if it has been below its accounting cost for a minimum of 15 months or if the fair value of the investment is more than 35% below its accounting cost.

Shareholders should note that all investments are continuously marked-to-market. Any impairment charge taken on investments that are not disposed of by the Company therefore has no impact on the Net Tangible Assets or the Shareholders' equity.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Revenues from the rendering of a service is recognised upon delivery of the service.

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO is included with other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are reported as operating cash flows.

(j) Financial Statements Approval

The financial statements were authorised for issue by the Board of Directors on 14 August 2009.



Note 2. Segmental information

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

2009	Equity Investment	Other	Total
Revenue	\$	\$	\$
Investment /other revenue	85,669	484,174	569,843
Segment result			
Profit after tax	51,812	185,760	237,572
Segment assets	6,358,308	5,537,039	11,895,347
Segment liabilities	(33,181)	(25,000)	(58,181)
Net cash inflow from operating activities	(975)	277,663	276,688

2008	Equity Investment	Other	Total
Revenue	\$	\$	\$
Investment /other revenue	46,913	844,797	891,710
Segment result			
Profit after tax	(38,809)	685,000	646,191
Segment assets	2,014,190	11,481,220	13,495,410
Segment liabilities	(140,538)	(25,000)	(165,538)
Net cash inflow from operating activities	35,825	(17,345)	18,480

Note 3. Revenue

	2009	2008
From continuing operations	\$	\$
Interest - Other Corporations	61,434	121,397
Dividends	1,008	1,548
Distribution from managed fund	505,401	768,765
Other Income	-	-
Reversal Prior Unrealised Loss	2,000	-
Total Operating Revenue	569,843	891,710

Note 4. Profit from ordinary activities

Profit from ordinary activities before income tax expense includes the following specific expenses:

Expenses	2009	2008
	\$	\$
Auditors Fees (Note 20)	15,200	14,150
Directors fees (Note 19)	50,000	46,205
Directors fees - Audit Committee (Note 19)	-	1,500
Superannuation - Directors	2,250	2,700
Rental expense relating to operating leases	15,988	12,444
Management fees - associated company		
- Basic management fee	122,291	130,320
- Performance Fee	-	-
- Basic management fee (GST lost)	3,057	29,513
Net loss on investment	7,780	-
Unrealised Losses on Investments available-for-sale	-	2,625
Other Operating Expenses	55,005	54,762
Total Operating Expenses	271,571	294,219
Operating Profit before Tax	298,272	597,491

(b) Individually significant items included above

(no income tax applicable)

Management fees - associated company	122,291	130,320
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London City Equities Limited

Notes to the financial statements - 30 June 2009 (Cont'd)



2009

2008

Note 5. Income Tax Expense

(a) The components of income tax credit (expense) comprise:

Current Tax	-	-
Deferred Tax	(219,700)	(56,300)
Recognition of deferred tax assets in respect of prior year losses	159,000	105,000
	<u>(60,700)</u>	<u>48,700</u>

(b) The income tax credit (expense) for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

Profit from ordinary activities before income tax expense	298,272	597,491
Income tax calculated at 30%	(89,482)	(179,247)
Less: Tax Effect of :		
- Rebatable fully franked dividends	25,981	14,002
- Recoupment of prior year losses	63,500	108,945
- De-recognise Deferred Tax Asset on investment portfolio	(114,700)	-
- Future income tax benefits arising in prior years not previously brought to account	54,000	105,000
Income tax benefit (expense)	<u>(60,700)</u>	<u>48,700</u>

(c) Amounts recognised directly in equity:

Reduction (increase) in deferred tax liabilities relating to capital gains tax on the increase in unrealised gains in the investment portfolio

726,700	56,300
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(d) Deferred tax assets not recognised

No future income tax benefit has been brought to account in the accounts in respect of estimated tax losses of :

Revenue Losses	200,000	1,000,000
Capital Losses	2,000,000	2,000,000
	<u>2,200,000</u>	<u>3,000,000</u>

These losses have not been confirmed by the tax authorities. The taxation benefits will only be obtained if:-

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

Note 6. Current assets - Cash and cash equivalents

Cash at Bank and on Hand	2,037,793	1,425,117
	<u>2,037,793</u>	<u>1,425,117</u>

The above figures are the final balances of the statement of cash flows.

Note 7. Held-for-trading financial assets

Listed securities of corporations at market value	-	23,000
	<u>-</u>	<u>23,000</u>

Note 8. Current assets - Trade and other receivables

Other debtors	14,884	8,399
Amounts receivable from:		
Associated company	42,630	-
	<u>57,514</u>	<u>8,399</u>

London City Equities Limited

Notes to the financial statements - 30 June 2009



	2009	2008
	\$	\$

Note 9. Non current assets - Other financial assets - Available-for-sale

Listed investments

Listed securities of corporations at market value	4,217,253	-
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Unlisted investments

Investment in associated managed fund which is invested in listed companies and/or bank instruments		
-at market value at balance date	4,811,787	11,819,194
	9,029,040	11,819,194

Note 10. Non current assets - Deferred Tax Assets

Recognised deferred tax assets are attributable to the following:

Tax Value of loss carry-forwards recognised:	771,000	219,700
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Note 11. Current liabilities - Trade and Other Payables

Unsecured liabilities

Sundry Creditors	56,312	21,658
Amounts payable to associated company	1,869	29,180
	58,181	50,838

Note 12. Non-current liabilities - Deferred Tax Liabilities

Deferred Tax Liabilities - Investment Portfolio	-	114,700
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Note 13. Contributed Equity

(a) Issued capital

22,120,642 (2008: 21,742,426) fully paid ordinary shares	4,426,435	4,241,120
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(b) Movement in ordinary share capital:

Balance at beginning of accounting period	4,241,120	3,887,573
Movements during year:		
New Share Capital issued	185,315	353,547
Balance at reporting date	4,426,435	4,241,120

(c) Movement in ordinary share numbers:

	Number	Number
Balance at beginning of accounting period	21,742,426	21,035,313
Movements 2008 - 2009:		
Dividend Reinvestment Plan	378,216	707,113
Balance at reporting date	22,120,642	21,742,426

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number and amounts paid on the shares. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll is entitled to one vote.

Note 14. Capital Management

The Company's objective in managing capital is to continue to provide shareholders with attractive investment returns through access to a steady stream of fully-franked dividends and enhancement of capital invested, with goals of paying dividends which over time grow faster than the rate of inflation and providing attractive total returns over the medium to long term. The company is averse to debt borrowings.

The company recognises that its capital will fluctuate in accordance with market conditions, and may adjust the amount of dividends paid, issue new shares from time to time, buy-back its own shares or sell assets to reduce debt.

London City Equities Limited

Notes to the financial statements - 30 June 2009



Note 15. Reserves and retained profits

	2009 \$	2008 \$
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(a) Realised Capital Gains Reserve

Balance - beginning of year	1,112,510	1,112,510
Balance - year end	1,112,510	1,112,510

(b) Unrealised Revaluation Reserve

Balance - beginning of year	267,636	399,786
Increase (Reduction) in Unrealised Gains	(2,424,869)	(188,450)
Provision for Tax on Unrealised gains	726,700	56,300
Balance - year end	(1,430,533)	267,636

(c) Retained Profits

Retained Earnings at the start of the financial year	7,708,606	7,483,121
Net profit attributable to members of London City Equities Limited	237,572	646,191
Dividends paid	(217,424)	(420,706)
Retained profits at the end of the financial year	7,728,754	7,708,606

(d) Nature and purpose of reserves

Realised Capital Gains Reserve

The Realised Capital Gains Reserve records realisation gains from the sale of non-current assets. The reserves may be used for the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

Unrealised Revaluation Reserve

The Unrealised Revaluation Reserve is used to record increments and decrements on the revaluation of non-current available - for - sale assets, as described in the accounting policies and adjusted to reflect the applicable deferred tax liability or asset.

Note 16. Movements in Equity

Total equity at the beginning of the financial year	13,329,872	12,882,990
Total changes in equity recognised in the statement of financial performance	237,572	646,191
New Share Capital Raised	185,315	353,547
Less Dividends Paid	(217,424)	(420,706)
Plus: Unrealised Gains - Non Current	-	-
Less: Reduction in Unrealised Gains - Non Current	(1,698,168)	(132,150)
Total equity at the end of the financial year	11,837,166	13,329,872

Note 17. Dividends

(a) Status of dividends

Dividend paid - Fully Franked	17 October 2008	(217,424)	(420,706)
Dividend paid - Unfranked		-	-
Total Dividends Paid		(217,424)	(420,706)
Proposed fully franked dividends			
- One Cent per share (Ordinary Div.)	16 October 2009	221,206	(217,424)

Note: The dividend recommended for October 2009 has not been accrued in the above accounts.

(b) Franking credits

Franking credit tax component available for dividends in future years	101,758	147,257
Fully franked dividends possible at tax rate of 30%	237,435	343,600

Note: The above amounts represent the balance of the franking account as at the end of the financial year adjusted for franking credits and debits arising from payment of tax liabilities and receipt of franked dividends.



Note 18. Financial instruments and risk

A. Financial instruments - net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary assets and financial liabilities of the company approximates their carrying value. The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rate for assets and liabilities with similar risk profiles. Equity investments traded on organised markets have been valued by reference to the last sale price at balance date. For non-traded equity investments the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:-

	----- 2009 -----		----- 2008 -----	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
On-balance sheet financial instruments				
Financial assets	\$	\$	\$	\$
Cash & cash equivalents	2,037,793	2,037,793	1,425,117	1,425,117
Debtors	57,514	57,514	8,399	8,399
Non-traded financial assets	2,095,307	2,095,307	1,433,516	1,433,516
Traded investments - current	-	-	23,000	23,000
Shares and Units in other corporations				
- non-current	9,029,040	9,029,040	11,819,194	11,819,194
	11,124,347	11,124,347	13,275,710	13,275,710
Financial liabilities	\$	\$	\$	\$
Other creditors	(58,181)	(58,181)	(50,838)	(50,838)
Non-traded financial liabilities	(58,181)	(58,181)	(50,838)	(50,838)

Other than those classes of assets and liabilities denoted as "traded", none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form. Fair Values are based on cash flows discounted to commercial deposit rates. Net fair value is exclusive of costs which would be incurred on realisation of an asset, and inclusive of costs which would be incurred on settlement of a liability.

B. Main Risk Considerations

London City's activities expose it to various financial risks, mainly market risk, credit risk and liquidity risk. Risk management is carried out by senior management under policies and strategies approved by the Board and the Audit, Compliance and Risk Management Committee. The company is not directly exposed to currency risk.

(a) Market Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. London City seeks to reduce market risk by adhering to the prudent investment guidelines of its Board, including guidelines in respect of industry status, investee position in industry, performance outlook, management skills and level of strategic shareholding acquired. Price and Interest Rate risks are shown below.

(a) (i) Price Risk

The company is exposed to equities securities price risk. This arises from investments held by the company and classified on the balance sheet as either held-for-trading or available-for-sale. London City is not directly exposed to commodity price risk or derivative securities risk.



Note 18. Financial instruments and risk (Cont'd)

Price Risk Sensitivity Analysis:

The table below summarises the pre-tax impact of both a general increase and general fall in stock-market prices by 10%. The analysis is based on the assumption that the movements are spread equally over all assets in the investment and trading portfolios.

	---- 2009 ----		---- 2008 ----	
	10.0% increase in market prices	10.0% decrease in market prices	10.0% increase in market prices	10.0% decrease in market prices
	\$	\$	\$	\$
Impact on Profit (Pre tax)	(11,107)	11,107	(10,967)	10,967
Impact on Equity (Pre tax)	558,731	(558,731)	1,181,919	(1,181,919)

(a) (ii) Interest Rate Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At balance date London City had a significant proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the company's revenues and assets are subject to interest rate risk to the extent that the cash rate falls over any given period. Given that London City does not have any interest bearing liabilities at balance date, the Board and management do not consider it necessary to hedge the group's exposure to interest rate risk.

Interest Rate Risk Sensitivity Analysis:

The table below summarises the pre-tax impact of both a decrease and an increase in interest rates by 100 basis points (1.00%). The analysis is based on the assumption that the change is based on the amounts of cash at bank and cash on hand at year end.

	---- 2009 ----		---- 2008 ----	
	100 bps increase in Interest Rate	100 bps decrease in Interest Rate	100 bps increase in Interest Rate	100 bps decrease in Interest Rate
	\$	\$	\$	\$
Impact on profit (pre-tax)	54,648	(54,648)	14,109	(14,109)

(b) Credit Risk

The credit risk on the financial assets of an entity is the risk that one party to a financial instrument may cause a financial loss for the other party by failing to discharge an obligation. This credit risk for London City is minimised by its policy of placing surplus funds with the company's bankers.

(b) (i) Cash and Cash Equivalents

The credit risk of London City in relation to cash and cash equivalents is in the carrying amount and any accrued unpaid interest. The average weighted maturity of the cash portfolio at any time is no greater than 90 days. The credit quality of material deposits of cash and cash equivalents can be assessed by reference to external credit ratings.

	2009	2008
Cash at bank and short-term bank deposits:		
AA/A-1+	2,037,793	-
A-1+		1,425,117

(b) (ii) Trade and sundry receivables

The credit risk of the company in relation to trade and sundry receivables is their carrying amounts. The sums are minor and relate mainly to accrued interest and prepayments. The risk is mitigated by internal monitoring.

(c) Liquidity Risk

This risk is that experienced by an entity when it has difficulties meeting its financial obligations. London City has no external borrowings. It manages liquidity carefully, maintaining appropriate maturity balances of short term deposits and marketable securities. London City's Board and management actively review the liquidity position on a regular basis to ensure that the company can always meet its commitments, including investment programmes.



Note 18. Financial instruments and risk (Cont'd)

(c) (i) Maturities of financial assets

The following table details London City's maturity periods of its financial assets. This table has been prepared based on the fair values of financial assets as at 30 June and according to the committed deposit maturing dates. Estimates are continually evaluated and are based on historical experience and expectations which are considered reasonable.

Maturity:	2009	2008
Immediate	2,037,793	1,425,117
To 30 Days	57,514	8,399
30 - 365 days	-	23,000
Longer Term	9,029,040	11,819,194

(c) (ii) Maturities of financial liabilities

The following table details the company's maturity periods of its financial liabilities. This table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which London City is liable to meet its obligations. The table includes both interest (where applicable) and principal cash flows.

Maturity:	2009	2008
To 30 Days	58,181	50,838
Longer Term	-	114,700

Note 19. Directors and Executives' Remuneration

The company has no executives. Its portfolio is managed by a Management Agreement with Imperial Pacific Asset Management Pty Limited. The management charge for 2009 was \$122,291 (2008 - \$130,320).

(a) Names and positions held of directors and specified executives in office

at any time during the financial year are:

Mr J C Plummer	- Chairman
Mr P E J Murray	- Chief Operating Officer
Mr R Chenery	- Director - Non-Executive

(b) Directors' Remuneration:

	Primary	Post	Other	Total
2009	Salary, Fees Superannuation	Employment	(Equity Options Etc)	
	Commissions Contributions			\$
Mr J C Plummer	25,000 2,250	-	-	27,250
Mr P E J Murray	- -	-	-	-
Mr R Chenery	25,000 -	-	-	25,000
	<u>50,000 2,250</u>	<u>-</u>	<u>-</u>	<u>52,250</u>
2008	Primary	Post	Other	Total
	Salary, Fees Superannuation	Employment	(Equity Options Etc)	
	Commissions Contributions			\$
Mr J C Plummer	20,500 1,845	-	-	22,345
Mr P E J Murray	- -	-	-	-
Mr R Chenery	17,705 -	-	-	17,705
Mr P G Cooper *	9,500 855	-	-	10,355
	<u>47,705 2,700</u>	<u>-</u>	<u>-</u>	<u>50,405</u>

* Includes \$1,500 as Chairman of Audit, Compliance and Risk Management Committee.

(c) Shareholdings

Number of Shares held by Directors and Specified Executives

	Balance	Received as	Options	Net change *	Balance
	01-Jul-08	Remuneration	Exercised		30-Jun-09
Mr J C Plummer	6,187,983	-	-	4,182,539	10,370,522
Mr P E J Murray	6,631,575	-	-	206,879	6,838,454
Mr R Chenery	5,919,033	-	-	182,539	6,101,572

* Net change refers to shares purchased, sold or resulting from relevant interest during the financial year

Note: Each holding includes 6,101,572 shares (2008 - 5,919,033 shares) held by Belmont Holdings Ltd.



Note 19. Directors and Executives' Remuneration (Cont'd)

(d) Remuneration Practices

1. The company has no executives.
2. The remuneration arrangements for directors are determined by the shareholders in general meeting. From time to time the Board may submit proposals to increase the fees, which are presently a maximum of \$125,000. The company has scope to remunerate Directors for special duties that may be requested on occasion. Mr Murray does not receive Directors Fees from the Company.
3. There is a formal management agreement in place with Imperial Pacific Asset Management Pty Limited, a subsidiary of Belmont Holdings Limited. This was approved by shareholders on 16 November 2005 and provides for, inter alia, a term of 15 years from 1 July 2006 and fees of 1% of the value of the Portfolio, together with possible performance fees of 15% of any gain achieved above the performance of the S&P ASX 300 Accum Index movement. The total fee payable during 2009 was \$122,291 (2008 \$130,320).
4. Interests of Mr Murray were paid \$153,636 by Belmont Holdings Limited during 2009.
5. The company has a Remuneration Committee in operation.

Note 20. Auditor's remuneration

Remuneration for audit review of the financial reports of the parent entity or any entity in the consolidated entity.

	2009	2008
	\$	\$
Cutcher & Neale - Assurance services	13,000	12,100
	<u>13,000</u>	<u>12,100</u>
Remuneration for other services		
Cutcher & Neale - Other compliance services	2,200	2,050
	<u>2,200</u>	<u>2,050</u>
	<u>15,200</u>	<u>14,150</u>

Note 21. Contingent liabilities

The Directors of London City Equities Limited are not aware of any contingent liabilities that may impact on the company.

Note 22. Capital and Leasing commitments

	2009	2008
	\$	\$
(a) Capital Expenditure Commitments		
There are no material capital commitments outstanding at year end.		
(b) Operating Lease Commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable		
Not later than one year	15,000	15,000
Between 1 & 2 years	5,000	15,000
Later than 2 years but not later than 5 years	-	5,000
	<u>20,000</u>	<u>35,000</u>

These commitments represent non-cancellable operating leases relating to office premises.

Note 23. Related parties

Directors

The names of persons who were Directors of London City Equities Limited at any time during the financial year were Mr J.C.Plummer, Mr P.E.J.Murray and Mr R.Chenery. Mr Plummer, Mr Murray and Mr Chenery were directors during the full year ended 30 June 2009. Each Director was also a Director of associated company, Belmont Holdings Limited and its group companies during this period, including the subsidiary Imperial Pacific Asset Management Pty Limited, the manager of London City's portfolio.

Remuneration

Information on remuneration of directors is disclosed in Note 19.



Note 23. Related parties (Cont'd)

Other related parties

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with other related parties, predominantly its associate Belmont Holdings Limited.:

Management fee payable:

Associated Entity - Belmont Holdings Limited Group	122,291	130,320
Amounts payable to Belmont Holdings Limited Group	1,869	29,180
Amounts receivable from Belmont Holdings Ltd Group	42,630	-

Note 24. Economic dependency

The main trading activity of the company during the year was investment in equities, property and cash deposits. From time to time a significant strategic investment may be made which could influence its economic dependency. The company owns directly and indirectly 9.1% of South Australian based Penrice Soda Holdings Limited, costing \$5,929,826. To a major extent the company's economic dependency will depend on the business activities of Penrice Soda which comprise the production of soda ash and bi-carbonate of soda as well as the quarrying of limestone materials. London City also has large sums of funds on deposit with its bankers. Until these are invested in equities the Company's revenue will have some dependence on the level of interest rates.

Note 25. Events occurring after balance date

An Ordinary Dividend of One Cent per share has been proposed for payment in October 2009 by the Directors. This has not been provided for in the financial statements.

Note 26. Cash Flow Information

	2009	2008
	\$	\$
Reconciliation of operating profit after income tax to net cash inflow from operating activities:		
Operating Profit after Income Tax	237,572	646,191
Income Tax Benefit / Expense accrued not received	60,700	(48,700)
Management fee accrued not paid	74,657	106,050
Management fee paid re 2007	(130,320)	(691,118)
Net Gains on Book Valuation	(2,000)	2,625
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Other Debtors, prepayments	8,357	25,353
Increase (Decrease) in Other Creditors	19,719	4,834
Increase (Decrease) in loans from related companies being non cash items included in expenses	8,003	(26,755)
Net Cash used by Operating Activities	<u>276,688</u>	<u>18,480</u>
Cash Balances at year end:		
Money at Bank and on Hand	<u>2,037,793</u>	<u>1,425,117</u>
	<u>2,037,793</u>	<u>1,425,117</u>

Note 27. Earnings per share

	Cents	Cents
Basic earnings per share	1.08	3.01
(Note: No dilution as no options in existence).		

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	22,065,471	21,447,796
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Note 28. New Accounting Standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The company's assessment of the impact of these new standards is set out below.

The following Standards and interpretations, which are expected to be initially applied in the financial year ending 30 June 2010, unless otherwise stated, are not expected to have any material impact on the financial report of the company:

- AASB 101: *Presentation of Financial Statements*
- AASB 102: *Inventories*
- AASB 107: *Cash Flow Statements*
- AASB 114: *Segment Reporting*
- AASB 116: *Property, Plant and Equipment*
- AASB 119: *Employee Benefits*
- AASB 123: *Borrowing Costs*
- AASB 127: *Consolidated and Separate Financial Statements*
- AASB 136: *Impairment of Assets*
- AASB 138: *Intangible Assets*

London City Equities Limited



Directors' Declaration

In the opinion of the Directors of London City Equities Limited ("the Company"):

- (a) the financial statements and notes as set out on pages 12 to 27 are in accordance with the Corporations Act 2001 including
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out in the financial report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.
- (d) The Directors have been given the declarations by the effective chief executive officer and the effective chief financial officer required by Section 295A of the Corporations Act 2001.

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

J. C. PLUMMER, Director

P. E. J. MURRAY, Director

Sydney

Dated: 3 September 2009



**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF**

**LONDON CITY EQUITIES LIMITED
ABN 59 003 200 664**

ABN 40 332 649 703

The Bolton Building
25 Bolton Street
Newcastle NSW 2300
PO Box 694

Phone: (02) 4928 8500
Fax: (02) 4926 1971
DX 7811 Newcastle

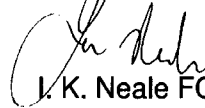
www.cutcher.com.au
cnmail@cutcher.com.au

I declare that to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated this 3rd day of September 2009
First Floor
25 Bolton Street
NEWCASTLE

CUTCHER & NEALE
CHARTERED ACCOUNTANTS


J. K. Neale FCA
Partner



**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
LONDON CITY EQUITIES LIMITED
ABN 59 003 200 664**

ABN 40 332 649 703

The Bolton Building
25 Bolton Street
Newcastle NSW 2300
PO Box 694

Phone: (02) 4928 8500
Fax: (02) 4926 1971
DX 7811 Newcastle

www.cutcher.com.au
cnmail@cutcher.com.au

Report on the Financial Report

We have audited the accompanying financial report of London City Equities Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cashflow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of London City Equities Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.



INDEPENDENT AUDIT REPORT TO THE MEMBERS (Cont'd)

Auditor's Responsibility (Cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement on the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors', as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors London City Equities Limited on 3 September 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

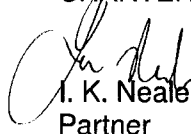
Auditor's Opinion

In our opinion:

- (a) the financial report of London City Equities Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Dated this 3rd day of September 2009
First Floor
25 Bolton Street
NEWCASTLE

CUTCHER & NEALE
CHARTERED ACCOUNTANTS


I. K. Neale FCA
Partner

London City Equities Limited



Corporate Governance Charters - 2009

A – The Board Charter of London City Equities Limited

The Board of London City Equities Limited ("London City") recognises that formal and informal responsibilities and tasks are established in the company's Constitution, in legislation and in regulatory requirements.

The purpose of this Charter is to provide a structural framework to give the Board of Belmont direction and authority over non contractual, legislative or regulatory responsibilities and duties.

Terms of Reference

Complementary to contractual, legislative or regulatory responsibilities, the Board's responsibilities shall include the following:

- Considering and approving corporate strategies and policies, reviewing and approving business plans and major items of expenditure and reviewing and approving financial statements and their presentation to shareholders
- Monitoring and utilising bodies such as the Audit, Compliance and Risk Management Committee and the Remuneration Committee, ensuring that the company has in place a reporting system which enables it to address the compliance and risk management responsibilities of the business carried out by London City.
- Assessing management, including the appointment of executives to the organisation, including the Company Secretary and examining corporate and executive performance.
- Considering Board appointments
- Reviewing from time to time the compliance undertaken by the company's portfolio manager, Imperial Pacific Asset Management Pty Limited.

Membership

The membership of the Board is determined by the Constitution and "shall be not less than 3 or more than 7". One-third of (non-executive) Directors must retire from office each year. They may seek re-election. From time to time the Board may consider it appropriate to appoint a new member (or members) to the Board. Personnel considered for selection shall be chosen in the first place on the basis of their requisite business, financial and communications skills. Assessments will then be made as to their suitability for the role in the light of other characteristics including conflicts of interest, personality, costs, availability and the ability to conform to a small company operation such as that of London City. (Independence (as defined by ASX Corporate Governance statements) is not considered an important characteristic for London City.) The Board continues to comprise the following members: J C Plummer (Chairman), P E J Murray (Chief Operating Officer), R Chenery.

Meetings

The Board proposes to meet a minimum of four times each year. Additional meetings may be initiated by a Director or through requests from senior management.

External Reporting

The Board recognises its legislative and regulatory obligations to report financial and other events to its owners, the shareholders, on a continuous disclosure basis and to comply with other regulatory obligations such as those of ASIC and ATO and to undertake scrutiny and re-election at Shareholder Meetings.

Other Duties and Responsibilities

In addition to its formal legislative and regulatory obligations, the Board's responsibilities include the following:

Planning and Decision making

- Considering and approving corporate strategies and policies;
- Reviewing and approving business plans and major items of expenditure
- Assessing and deciding upon Investment opportunities.
- Assessing and deciding upon capital adequacy, gearing ratios and conservative placement of surplus monies on deposit.
- Meeting regularly, formally and informally.

Board Charter (Cont'd)

Monitoring

- Monitoring the company's performance and its capital and funding adequacy.
- Creating, monitoring and utilising the Audit, Compliance and Risk Management Committee;
- Ensuring that the company has in place a reporting system which enables it to address the reporting, compliance and risk management responsibilities of the business carried out by London City.
- Reviewing from time to time the compliance undertaken by the company's portfolio manager, Imperial Pacific Asset Management Pty Limited.

Reporting

- Ensuring that the company has in place a reporting system which enables it to produce effective, accurate and responsible financial reporting to the shareholders and other parties, including ASIC, ASX and ATO.
- Assessing Section 295A declarations by the CEO and the CFO.
- Reviewing and approving final financial statements and their presentation to shareholders.
- Maintaining open dialogue with all shareholders, especially at the Shareholder Meetings.

Management

- Assessing the need for additional or amended management personnel
- Evaluating corporate and executive performance
- Selecting and appointing executives to the organisation
- Delegating the task of managing the corporation to executive management, namely:
 - Creating structure of command and responsibilities
 - Day-to-day management of resources
 - Payments of accounts and receipt of monies
 - Recording of transactions
 - Preparation and presentation of investment proposals, updates on existing and potential investments to the Board in conjunction with Imperial Pacific Asset Management Pty Limited
 - Preparation and presentation of various Board reports, agenda and minutes.
- Creating, monitoring and utilising the Remuneration Committee;

Liaison with Management

- The Board is ultimately responsible for the success of the entity and although it undertakes top level strategic planning and decision making for the entity, any Director is entitled to examine and if necessary, audit, any aspect of the company's operations or its management.

Codes of Conduct, Securities Dealings

- Considering and establishing codes of conduct about Director and personnel behaviour.
- Considering and establishing principles in relation to dealing in securities by Directors and company personnel, including Embargo Lists

Other

Any Director has the right, with Board approval, to seek independent professional advice where this is reasonably required for fulfilment of the responsibilities set out in this Charter.

B – The Audit, Compliance and Risk Management Committee Charter (Summary)

The Audit, Compliance and Risk Management ("ACRM") Committee's activities are directed towards satisfaction of Principles 4 and 7 of the ASX Corporate Governance Principles released in August 2007.

Terms of Reference

The primary function of the ACRM Committee is to assist the Board of London City Equities Limited ("London City") in fulfilling its governance responsibilities in the following areas of Audit, Compliance and Risk Management:

A. Audit

- a. Articulation of the guiding principles to be adopted by the external auditors;
- b. Consideration of operating functions that will ensure adequate internal controls and financial reporting systems are in place.

B. Compliance

- c. Consideration of operating functions that will provide adequate compliance with all relevant statutory and regulatory requirements and community obligations.

C. Risk Management

- d. Appropriate consideration of operating functions that will provide adequate protection of the company's tangible and intangible assets by acceptable management of risk;

ACRM Charter (Summary) (Cont'd)

Membership

The membership of the ACRM Committee will be determined from time to time by the Board and comprise two non-executive members of the Board appointed by the Board on the basis of requisite business, financial and communications skills. The Board appoints the Chairman of the Committee. The Chairman presides over the meetings of the Committee and reports, as necessary, its actions and recommendations to the Board. The company's Chief Operating Officer and other personnel may be invited to attend meetings. The Chairman may call special meetings of the Committee in addition to those regularly scheduled and may request the attendance of staff and / or external auditors. A Secretary of the Committee may be appointed to facilitate administrative functions including the preparation and circulation of notices of meetings and agendas, and the recording of minutes.

The ACRM Committee continues to comprise the following members:

- R Chenery (Chairman)
- JC Plummer

Meetings

The ACRM Committee shall meet a minimum of four times during each year. Additional meetings are held at the discretion of the Committee Chairman or by direction of the Board. Agendas and minutes shall be prepared in relation to the meetings.

Reporting to the Board

The outcomes of the Committee's deliberations are to be reported to the Board as soon as possible after each meeting of the Committee. The minutes of these meetings are to be circulated to the Board.

Specific Duties and Responsibilities

The Committee is given responsibility for considering and advising Board on the following six areas:

One - Internal Controls and Procedures

- Ensuring through regular reviews that adequate procedures are in place to safeguard the company's assets provide informative financial statements and reports.
- Reviewing internal audit reports.
- Seeking to ensure that a system is in place to monitor legislative changes and current developments in accounting standards that might impact on the company.
- Assessing Section 295A declarations by the CEO and the CFO.

Two - External Audit

- Discussing with the external auditors the scope and extent of the half yearly and full year financial audits
- Reviewing and discussing findings of the external auditors and advising the Board of any issues of concern.

Three - Published Financial Statements

- Ensuring that systems are in place to allow the annual report statements to reflect properly the financial condition of the company and comply with ASX listing and other regulatory requirements

Four - Compliance

- Ensuring that the company has in place a reporting system which advises the Board periodically and addresses the compliance obligations of a public listed company such as London City.
- Reviewing from time to time the appropriateness of, and compliance action taken, by the company in maximising compliance obligations.
- Reviewing from time to time the compliance undertaken by the company's portfolio manager, Imperial Pacific Asset Management Pty Limited.

Five - Risk Management

- Ensuring that the company has in place a system which addresses risk recognition, oversight and management and reports as appropriate to the Board.
- Reviewing from time to time the appropriateness of, and risk management action taken by the company in maximising risk management protection.

Six - Special Assignments

- Subject to Board approval, doing such other things as are necessary or prudent to fulfil the responsibilities of the Committee.
- Undertaking other related activities referred to the ACRM Committee by the Board.

General

The ACRM Committee has the right at all times to obtain from all levels of management such information as is necessary to fulfil the responsibilities set out in this Charter. The Committee has the right, with Board approval, to seek independent professional advice where this is reasonably required for fulfilment of the responsibilities set out in this Charter.

C – The Remunerations Committee Charter (Summary)

The Remuneration Committee's activities are directed towards satisfaction of Principle 1 of the ASX Corporate Governance Principles released in August 2007. The primary function of the Remuneration Committee is to assist the Board of London City Equities Limited ("London City") in fulfilling its governance responsibilities in the following area:

Establishing the guiding principles and the actual approval process to be adopted in the payment of sums of remuneration (or applicable financial arrangements) for any Director, or employee of the organisation or related party such as a portfolio management service provider.

The membership of the Remuneration Committee will be determined from time to time by the Board and comprise two non-executive members of the Board appointed by the Board on the basis of requisite business, financial and communications skills. The Board appoints the Chairman of the Committee. The Chairman presides over the meetings of the Committee and reports, as necessary, its actions and recommendations to the Board. The company's Chief Operating Officer and other personnel may be invited to attend meetings. The Chairman may call special meetings of the Committee in addition to those regularly scheduled and may request the attendance of staff. A Secretary of the Committee may be appointed to facilitate administrative functions including the preparation and circulation of notices of meetings and agendas, and the recording of minutes. The Remuneration Committee continues to comprise J C Plummer (Chairman) and R Chenery

The Remuneration Committee shall meet as required, expected to be not less than twice per year. Additional meetings are held at the discretion of the Committee Chairman or by direction of the Board. Agendas and minutes shall be prepared in relation to the meetings. The outcomes of the Committee's deliberations are to be reported to the Board as soon as possible after each meeting of the Committee. The minutes of these meetings are to be circulated to the Board.

The Committee is given responsibility for considering and advising Board on the following three areas:

One - The Board - Establishing the guiding principles and the actual approval process to be adopted in the payment of sums of remuneration (or applicable financial arrangements) for members of the Board, predominantly directors fees, examining comparative sums payable in the marketplace for similar services and ensuring proper compliance is undertaken for shareholder approval.

Two – Management - Establishing the guiding principles and the actual approval process to be adopted in the payment of sums of remuneration (or applicable financial arrangements) for executive management and examining comparative sums payable in the marketplace for similar services.

Three - Service Provider – Assessing and monitoring the payment of portfolio management fees to service provider, Imperial Pacific Asset Management Pty Limited.

The Remuneration Committee has the right at all times to obtain from management such information as is necessary to fulfil the responsibilities set out in this Charter

London City Equities Limited

Additional Information for Australian Stock Exchange Limited



Distribution of Equity Securities as at 2 September 2009

261 Shareholders held Ordinary Shares

Number of Ordinary Shares	Number of Shareholders
1 - 1,000	85
1,001 - 5,000	30
5,001 - 10,000	53
10,001 - 100,000	79
100,001 and over	14
	<u>261</u>

Note: There were 82 shareholders with non-marketable parcels of shares.

Substantial Shareholders as at 2 September 2009

Shares in which a relevant interest could be held

V.J.Plummer	6,345,897
Belmont Holdings Limited	6,101,572
J.C.Plummer	4,268,950

Twenty Largest Shareholders as at 2 September 2009

The names of the 20 largest shareholders are:-

<i>Name</i>	<i>Number</i>	
V. J. Plummer	6,345,897	1
Belmont Holdings Limited	6,101,572	2
J.C. Plummer	4,268,950	3
Capel Court Corporation Pty Limited	690,861	4
Ellaville Holdings Pty Limited	681,938	5
D.J. and B.L. LeCornu	275,000	6
M.E. Abbott	256,962	7
D.G. & G.E. Mackenzie	208,076	8
Oakey Creek Pastoral Co Pty Limited	164,490	9
Boulderstone Nominees Pty Limited	155,000	10
Miek Pty Limited	112,076	11
Wildrose Pty Limited	120,000	12
A. Magnus	105,000	13
Quevy Holdings Pty Limited	90,650	14
Forwest Investments Pty Limited	87,729	15
R.E.Redfern	72,047	16
Minton Consulting Pty Limited	60,315	17
M. Haydon	55,000	18
TAT Investments Pty Limited	50,000	19
S.G.S.Hughes	50,000	20
	<u>19,951,563</u>	

Percentage of the issued capital held by top twenty: 94.85%

Voting Rights

Voting Rights are one vote per share held

Service Agreements

There is no Contingent Liability of this company and its subsidiaries for employee termination benefits under service agreements as at the date of this report.



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