CITY OF LONDON
INVESTMENT GROUP PLC

HALF YEAR REPORT 2013/14

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

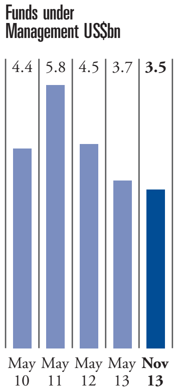
Contents

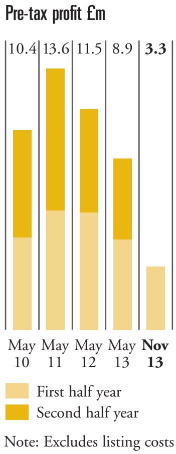
Half year summary

- Funds under Management ("FuM") of US$3.5 billion (£2.1 billion) at 30th November 2013. This compares with US$3.7 billion (£2.4 billion) at the beginning of this financial year on 1st June 2013 and US$3.9 billion (£2.4 billion) at 30th November 2012
- FuM at 31st December 2013 of US$3.5 billion (£2.1 billion)
- Revenues representing the Group's management charges on FuM, were £11.8 million (2012: £15.1 million)
- Profit before tax of £3.3 million (2012: £4.7 million)
- Maintained interim dividend of 8p per share payable on 28th February 2014 to shareholders on the register on 7th February 2014
- Cash and cash equivalents at the period end of £9.9 million (2012: £5.8 million)
- Change of financial year end from 31st May to 30th June

"It was with considerable pleasure that we witnessed towards the end of the 6 month period both confirmation of the turnaround in our investment performance together with renewed interest in taking advantage of a "cheap" Emerging Markets CEF sector by contrarian and opportunistic investors."

David Cardale, Chairman





Chairman's statement

"In writing this, my second interim report as Chairman, I find that I have much in common with George Osborne, the UK Chancellor of the Exchequer, in reporting in his Autumn Statement on the state of the economy. We have come through some difficult times but there really are now significant green shoots enabling us to take a rather more positive view of prospects for 2014."

The financial results for the six month period to 30th November 2013 reflect the less favourable investing conditions that we have been experiencing. Not only were there fewer profitable trading opportunities combined with an adverse head wind specific to the CEF sector, but in addition global investors continued to be nervous of prospects for emerging economies particularly compared to the developed economies. This, together with our below par investment performance, resulted in an environment in which there continued to be little or no interest from investors in taking up any new strategies or products, including our own.

In light of the above it was with considerable pleasure that we witnessed towards the end of the 6 month period both confirmation of the turn around in our investment performance together with renewed interest in taking advantage of a "cheap" Emerging Markets CEF sector by contrarian and opportunistic investors. New funds under management ("FuM") have subsequently been subscribed both by existing and new clients in our core Emerging Markets CEF products.

FuM at the Company's half-year end on 30th November 2013 were US$3.5 billion (£2.1 billion), compared to the US$3.7 billion (£2.4 billion) at 31st May 2013. The decrease of 6% in US dollar terms compares with a 2% increase in the MSCI Emerging Markets Index (MXEF).

Results – unaudited

As a result of the decline in FuM, revenues for the half-year were 22% lower at £11.8 million (2012: £15.1 million). As previously, our practice of keeping our ratio of fixed costs to variable costs to a minimum meant that overall costs declined with revenues, producing a 19% reduction in administrative expenses to £8.5 million for the period (2012: £10.5 million). Profit before tax was £3.3 million compared to £4.7 million for the six months to 30th November 2012, representing a decline of 29%.

Variable costs within administrative expenses represented approximately 42% of the total (2012: 49%). The principal components are profit-share of £1.6 million (2012: £2.3 million), and the commission payable to our ex-third party marketing consultant of £1.5 million (2012: £2.2 million).

Basic earnings per share, after a 28% tax charge of £0.9 million (2012: £1.4 million representing 29% of profit before tax), were 9.6p (2012 : 13.1p). Diluted earnings per share were 9.6p (2012: 12.9p).

Year end

As explained in the CEO's report, your board has decided to bring your company's year end into line with a quarter date – 30th June. The logic in making this change as set out in that report is compelling, indeed I wonder why we have taken so long in making the change from a year end date that was originally determined by the date of founding the original business.

Dividends

Since becoming a public company in 2006, it has been your board's policy at least to maintain the dividend within the constraints of financial responsibility. In the light of both our substantial uncommitted liquid resources, together with the improved trading outlook, it is our intention, notwithstanding the weaker trading over the first half year, to pay a maintained dividend of 8p on 28th February 2014 to shareholders on the register on 7th February 2014.

Our dividend payment policy has normally been based on a split of one third/two thirds between the interim and the final, and currently there are no plans for this to change however this assumes a continuation of the recovery that we have been benefiting from in recent months. In the light of the limited amount of working capital that a business of this nature both needs and, in addition, is required by the regulators to maintain, the board is reviewing the logic of our historic policy of a target cover as high as 1.5 times.

Board

As previously announced, with the appointment of Barry Aling in August 2013 as a UK based NED we now have a better balance on the board and we have already benefited from his extensive experience in the London and Far East international equity markets. He has been appointed chairman of the Audit Committee with Allan Bufferd continuing to chair the Remuneration Committee and Rian Dartnell the Nominations Committee.

In line with our policy of putting in place long term succession arrangements, further progress has been made in planning for the CIO responsibility for our core Emerging Markets CEF product to be devolved to Mark Dwyer who has had approximately 9 years of experience at City of London and is extremely well versed in our investment methodology. This process should be complete in 2015.

Outlook

Following on from my comments at the year end, I can confirm the steady if unspectacular improvement in much of our business. Whilst there are external pressures on fees across the industry, we are countering with containment of our own costs and working hard on converting significant new business opportunities. In the light of this I am happy to repeat my earlier statement in the Annual Report that I anticipate a satisfactory outcome for the financial period as a whole.

David Cardale

David Cardale
Chairman
17th January 2014

Chief Executive Officer's review

"Funds under Management ('FuM') at the Group's half year end, 30th November 2013 were US$3.5 billion (£2.1 billion). This should be compared with US $3.9 billion (£2.4 billion) at 30th November 2012 and US$3.7 billion (£2.4 billion) as at 31st May 2013. As an update, FuM at the end of December were US$3.5 billion (£2.1 billion)."

MXEF, (which we use as a proxy via which our FuM can be measured and compared), was 1018 at the end of November 2013, 1007 at the end of November 2012, 928 at the end of November 2011 and 1008 at the end of May 2013. MXEF at the end of December 2013 was 1002. These price index levels should be compared with the all-time high in MXEF of 1340 at the end of October 2007 and our all-time high assets under management of US$6.2 billion at the end of April 2011.

For some time we have been considering the possibility of changing our Financial Year from end May to end June. The complexity of making quarterly trading announcements outside our clients' quarter end has made our announcements significantly more complicated than necessary. Additionally with our competitors using March, June, September and December as quarter ends for both profit and performance calculation purposes, we have had a mismatch of information in terms of research coverage. We have therefore decided to extend this financial year by one month to end June.

We are investigating if we can pay the dividend earlier than would otherwise be the case (around the present assumed date in October).

Over the past few years we have gradually attempted to become more transparent with our shareholders. The benefits of this are significant as not only are shareholders able to trade in our shares with greater confidence, but in addition to our shareholders, CLIM staff and clients (the three stakeholders in our business), are better able to determine the condition of our business and thus what their version of our share price should be. We started this process a few years ago with a table showing the run-off benefits from our agreement with our original third party marketing agent in terms of the potential amount they were owed during the period of the contract's run-off, and we extended this last year via the publication of CLIM monthly FuM on our website: *http://www.citlon.co.uk/shareholders/announcements.php*

As we are all aware, increasingly we are expected to be more transparent regarding just about every aspect of our business. Regulators, clients and consultants (not to mention shareholders) are increasingly expecting that fund managers are both transparent and, more important, that we avoid conflicts of interest. From our point of view we have always attempted to be at the leading edge in terms of openness and this has enabled us, we hope, to retain the trust of our shareholders through this period of our underperformance. Obviously, during a difficult period in terms of our business and profitability, we believe the benefits of becoming more open outweigh the status quo.

As a result of this wish to become more transparent we are now moving in the direction of forward guidance. Most of the leading central banks have attempted over the past few years to become significantly more transparent. If the Federal Reserve can provide forward guidance as a result of its analysis of the US (and World?) economy then I am sure that CLIG can too.

Our business is a simple one and therefore lends itself to greater transparency based upon potentially a few key assumptions. Our forward guidance is not a specific forecast, rather it's an attempt to provide an illustrative framework that enables interested parties to calculate what might happen in the future to our post-tax profits based upon these key assumptions. Obviously internally we review this data monthly but we have decided that quarterly data, projected out six quarters would be a starting point in this regard.

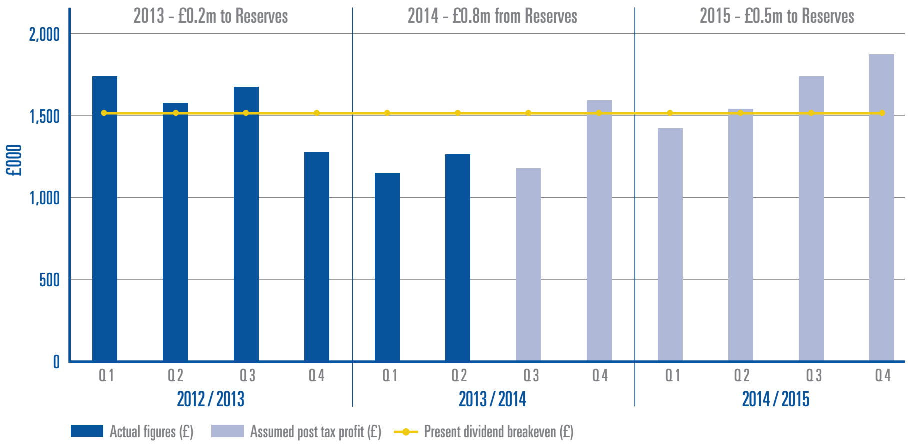
In addition we have produced actual equivalent data for F/Y/E 2013.

Table with assumptions (below) including the quarterly estimated cost of a maintained dividend:

- Dark blue bars represent actual figures
- Light blue bars represent assumptions as follows:
  - Starting point Current FuM (Dec 2013)
  - Pipeline of potential mandates (additional $500m) straight-lined to Dec 2014 and target new money for 2015 (additional $500m) straight-lined Jan-Dec 2015
  - Operating margin adjusted monthly for change in client mix and commission run-off
  - Market growth: +5% (six months end June 2014) + an additional 10% (twelve months June 2015)
  - Increase in overhead: +1% (2014/15)
  - Assumes total number and mix of staff overhead between the four offices remains constant
  - Corporation tax based on an estimated average rate of 28% for Y/E 2014 and 27% for Y/E 2015
  - Exchange rate assumed to be £1/$1.63 for entire period
  - Number of CLIG Shares in issue (27.0m) less those held by the ESOP Trust (1.8m) as at 31st Dec 2013
  - Includes extra month of income in Q4 2014
  - Includes in Q3 2013/14 profit of $250,000 from sale of CLIM International CEF Fund

Given the above assumptions it should be possible for shareholders and other interested parties to construct models projecting our profitability based upon their own opinions.

Dividend cover – actual and assumed 2013 - 2015



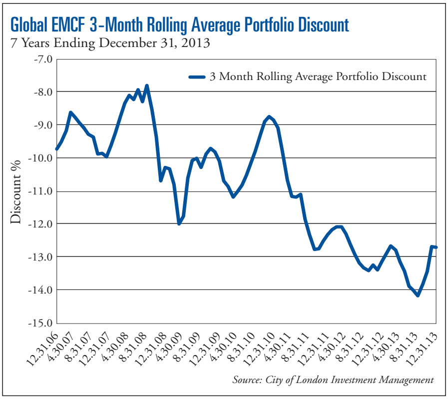
Chief Executive Officer's review

Continued

As we have suggested in previous statements we are gradually gaining traction in a number of areas of our business. The Absolute Return group has won a mandate for $20m and the Frontier, Developed and Natural Resource teams are all expected to win additional mandates prior to the end of calendar year end 2014.

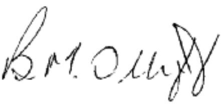
I am very pleased to report that the expected investment performance of the Emerging Markets Closed End Fund team should place us in the top of the second quartile for calendar 2013. This completes the process of turning around our business and confirms that with good people, technology and also a conservative country allocation process it's possible to take advantage of pricing anomalies amongst the closed end funds in which we can invest. I am now hopeful that we can build from this base and continue to provide consistent uninterrupted alpha for our clients. Based upon our in depth research into new areas of our attribution we have learnt a lot over the past year or so, the most important example of this being confirmation that wide discounts are not of themselves an opportunity to make money. Having made this point I would add that the Emerging Markets Investment Management team has remained unchanged throughout this period with one exception, the addition of Mark Dwyer. Mark rejoined CLIM in May 2012 and will during 2015 take over my EM CEF CIO responsibilities.

Below I have produced an updated graph of our largest fund's Size Weighted Average Discount (SWAD). This remains very wide and while it remains wide should enable us to continue to provide additional alpha as a result of the significant and ongoing corporate actions from many of the EM CEF in which we invest. If the SWAD narrows there will potentially be an additional benefit.



Global EMCF 3-Month Rolling Average Portfolio Discount
7 Years Ending December 31, 2013

Source: City of London Investment Management



Barry M. Olliff
Chief Executive Officer
17th January 2014

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

Consolidated income statement

For the six months ended 30th November 2013

	Note	Six months ended 30th Nov 2013 (unaudited) £	Six months ended 30th Nov 2012 (unaudited) £	Year ended 31st May 2013 (audited) £
Revenue	2	**11,785,990**	15,135,250	29,363,734
Administrative expenses				
Staff costs		**4,623,433**	5,696,604	11,665,656
Commissions payable		**1,552,237**	2,227,843	4,194,097
Custody fees payable		**458,982**	643,855	1,244,318
Other administrative expenses		**1,756,378**	1,824,386	3,678,097
Depreciation and amortisation		**86,072**	111,830	222,556
		(8,477,102)	(10,504,518)	(21,004,724)
Operating profit		**3,308,888**	4,630,732	8,359,010
Interest receivable and similar income	3	**26,284**	34,097	501,107
Profit before tax		**3,335,172**	4,664,829	8,860,117
Income tax expense		**(915,365)**	(1,355,279)	(2,593,675)
Profit for the period		**2,419,807**	3,309,550	6,266,442
Basic earnings per share	4	**9.6p**	13.1p	24.9p
Diluted earnings per share	4	**9.6p**	12.9p	24.6p

Consolidated statement of comprehensive income

For the six months ended 30th November 2013

	Six months ended 30th Nov 2013 (unaudited) £	Six months ended 30th Nov 2012 (unaudited) £	Year ended 31st May 2013 (audited) £
Profit for the period	**2,419,807**	3,309,550	6,266,442
Fair value gains on available-for-sale investments*	**114,506**	379,361	534,357
Release of fair value (gains) on disposal of available-for-sale investments*	**(33,161)**	–	(165,621)
Other comprehensive income	**81,345**	379,361	368,736
Total comprehensive income for the period attributable to equity holders of the company	**2,501,152**	3,688,911	6,635,178

*Net of deferred tax

Consolidated statement of financial position

30th November 2013

	Note	30th Nov 2013 (unaudited) £	30th Nov 2012 (unaudited) £	31st May 2013 (audited) £
Non-current assets				
Property and equipment		**438,874**	559,272	490,658
Intangible assets		**284,128**	329,589	306,858
Other financial assets		**27,344**	31,486	37,897
Deferred tax asset		**159,839**	337,191	239,980
		910,185	1,257,538	1,075,393
Current assets				
Trade and other receivables		**3,400,539**	3,693,521	3,538,726
Available-for-sale financial assets		**1,701,342**	7,526,393	3,847,526
Cash and cash equivalents		**9,896,827**	5,791,168	10,061,185
		14,998,708	17,011,082	17,447,437
Current liabilities				
Trade and other payables		**(2,275,620)**	(4,092,094)	(3,130,923)
Current tax payable		**(477,040)**	(441,180)	(671,404)
Creditors, amounts falling due within one year		**(2,752,660)**	(4,533,274)	(3,802,327)
Net current assets		**12,246,048**	12,477,808	13,645,110
Total assets less current liabilities		**13,156,233**	13,735,346	14,720,503
Non-current liabilities				
Deferred tax liability		**(114,764)**	(98,997)	(90,467)
Net assets		**13,041,469**	13,636,349	14,630,036
Capital and reserves				
Share capital		**269,727**	268,327	269,377
Share premium account		**2,060,809**	2,019,159	2,045,409
Investment in own shares	5	**(4,910,800)**	(4,984,300)	(4,910,800)
Fair value reserve		**384,212**	313,492	302,867
Share option reserve		**628,227**	786,162	716,660
Capital redemption reserve		**20,582**	20,582	20,582
Retained earnings		**14,588,712**	15,212,927	16,185,941
Total equity		**13,041,469**	13,636,349	14,630,036

Consolidated statement of changes in equity

For the six months ended 30th November 2013

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

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2012	268,784	1,980,084	(4,560,603)	(65,869)	1,267,553	18,562	16,380,074	15,288,585
Profit for the period	–	–	–	–	–	–	3,309,550	3,309,550
Comprehensive income	–	–	–	379,361	–	–	–	379,361
Total comprehensive income	–	–	–	379,361	–	–	3,309,550	3,688,911
Transactions with owners								
Share option exercise	1,563	39,075	95,125	–	(20,443)	–	20,443	135,763
Share cancellation	(2,020)	–	–	–	–	2,020	(516,241)	(516,241)
Purchase of own shares	–	–	(518,822)	–	–	–	–	(518,822)
Share-based payment	–	–	–	–	86,195	–	–	86,195
Deferred tax	–	–	–	–	(547,143)	–	(49,970)	(597,113)
Current tax on share options	–	–	–	–	–	–	119,389	119,389
Dividends paid	–	–	–	–	–	–	(4,050,318)	(4,050,318)
Total transactions with owners	(457)	39,075	(423,697)	–	(481,391)	2,020	(4,476,697)	(5,341,147)
As at 30th November 2012	268,327	2,019,159	(4,984,300)	313,492	786,162	20,582	15,212,927	13,636,349

Consolidated statement of changes in equity

Continued

	Share capital £	Share premium account £	Investment in own shares £	Fair value reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2012	268,784	1,980,084	(4,560,603)	(65,869)	1,267,553	18,562	16,380,074	15,288,585
Profit for the year	–	–	–	–	–	–	6,266,442	6,266,442
Comprehensive income	–	–	–	368,736	–	–	–	368,736
Total comprehensive income	–	–	–	368,736	–	–	6,266,442	6,635,178
Transactions with owners								
Share option exercise	2,613	65,325	168,625	–	(37,159)	–	37,159	236,563
Share cancellation	(2,020)	–	–	–	–	2,020	(516,241)	(516,241)
Purchase of own shares	–	–	(518,822)	–	–	–	–	(518,822)
Share-based payment	–	–	–	–	135,872	–	–	135,872
Deferred tax	–	–	–	–	(649,606)	–	(57,325)	(706,931)
Current tax on share options	–	–	–	–	–	–	122,544	122,544
Dividends paid	–	–	–	–	–	–	(6,046,712)	(6,046,712)
Total transactions with owners	593	65,325	(350,197)	–	(550,893)	2,020	(6,460,575)	(7,293,727)
As at 31st May 2013	269,377	2,045,409	(4,910,800)	302,867	716,660	20,582	16,185,941	14,630,036

Consolidated cash flow statement

For the six months ended 30th November 2013

	Six months ended 30th Nov 2013 (unaudited) £	Six months ended 30th Nov 2012 (unaudited) £	Year ended 31st May 2013 (audited) £
Cash flow from operating activities			
Operating profit	3,308,888	4,630,732	8,359,010
Adjustments for:			
Depreciation charges	63,342	89,100	177,095
Amortisation of intangible assets	22,730	22,730	45,461
Share-based payment charge	(34,247)	86,196	135,872
Translation adjustments	7,130	162,539	(8,539)
Cash generated from operations before changes in working capital	3,367,843	4,991,297	8,708,899
Decrease in trade and other receivables	138,187	1,651,813	1,806,608
Decrease in trade and other payables	(855,303)	(834,236)	(760,344)
Cash generated from operations	2,650,727	5,808,874	9,755,163
Interest received	53,109	34,097	60,898
Interest paid	(385)	–	–
Taxation paid	(1,080,102)	(1,230,826)	(2,248,450)
Net cash generated from operating activities	1,623,349	4,612,145	7,567,611
Cash flow from investing activities			
Purchase of property and equipment	(11,558)	(40,935)	(60,316)
Purchase of non-current financial assets	(1,833)	–	(3,811)
Proceeds from sale of non-current financial assets	10,217	–	–
Purchase of current financial assets	–	(312,246)	(328,991)
Proceeds from sale of current financial assets	2,115,326	–	4,332,466
Net cash generated from/(used in) investing activities	2,112,152	(353,181)	3,939,348
Cash flow from financing activities			
Proceeds from issue of ordinary shares	15,750	40,638	67,938
Ordinary dividends paid	(4,020,708)	(4,050,318)	(6,046,712)
Purchase and cancellation of own shares	–	–	(516,241)
Purchase of own shares by employee share option trust	–	–	(518,822)
Proceeds from sale of own shares by employee share option trust	–	95,125	168,625
Net cash used in financing activities	(4,004,958)	(3,914,555)	(6,845,212)
Net (decrease)/increase in cash and cash equivalents	(269,457)	344,409	4,661,747
Cash and cash equivalents at start of period	10,061,185	5,399,869	5,399,869
Effect of exchange rate changes	105,099	46,890	(431)
Cash and cash equivalents at end of period	9,896,827	5,791,168	10,061,185

Notes

1 Basis of preparation and significant accounting policies

The financial information contained herein is unaudited and does not comprise statutory financial information within the meaning of section 434 of the Companies Act 2006. The information for the year ended 31st May 2013 has been extracted from the latest published audited accounts. The report of the independent auditor on those financial statements contained no qualification or statement under s498(2) or (3) of the Companies Act 2006.

These interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 "Interim Financial Reporting" as adopted by the European Union. The accounting policies are consistent with those set out and applied in the statutory accounts of the Group for the period ended 31st May 2013, which were prepared in accordance with IFRSs as adopted by the European Union.

2 Segmental analysis

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

	USA £	Canada £	UK £	Europe (ex UK) £	Other £	Total £
Six months to 30th Nov 2013						
Revenue	**10,800,412**	**347,397**	**134,845**	**503,336**	**–**	**11,785,990**
Non-current assets:						
Property and equipment	**292,514**	**–**	**137,453**	**–**	**8,907**	**438,874**
Intangible assets	**284,128**	**–**	**–**	**–**	**–**	**284,128**
Six months to 30th Nov 2012						
Revenue	12,721,460	332,248	1,227,868	853,674	–	15,135,250
Non-current assets:						
Property and equipment	362,049	–	178,480	–	18,743	559,272
Intangible assets	329,589	–	–	–	–	329,589
Year to 31st May 2013						
Revenue	25,411,693	699,249	1,551,037	1,701,755	–	29,363,734
Non-current assets:						
Property and equipment	319,595	–	158,353	–	12,710	490,658
Intangible assets	306,858	–	–	–	–	306,858

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

3 Interest receivable and similar income

	30th Nov 2013 £	30th Nov 2012 £	31st May 2013 £
Interest	52,724	34,097	60,898
(Loss)/Gain on sale of investments	(26,440)	–	440,209
	26,284	34,097	501,107

4 Earnings per share

The calculation of earnings per share is based on the profit for the period of £2,419,807 (31st May 2013 – £6,266,442; 30th November 2012 – £3,309,550) divided by the weighted average number of ordinary shares in issue for the six months ended 30th November 2013 of 25,124,451 (31st May 2013 – 25,152,921; 30th November 2012 – 25,254,902).

As set out in note 5 the Employee Benefit Trust held 1,843,283 ordinary shares in the company as at 30th November 2013. The Trustees of the Trust have waived all rights to dividends associated with these shares. In accordance with IAS33 “Earnings per share”, the ordinary shares held by the Employee Benefit Trust have been excluded from the calculation of the weighted average number of ordinary shares in issue.

The calculation of diluted earnings per share is based on the profit for the period of £2,419,807 (31st May 2013 – £6,266,442; 30th November 2012 – £3,309,550) divided by the diluted weighted average number of ordinary shares in issue for the six months ended 30th November 2013 of 25,289,846 (31st May 2013 – 25,432,704; 30th November 2012 – 25,697,187).

5 Investment in own shares

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

At 30th November 2013 the Trust held 1,843,283 ordinary 1p shares (31st May 2013 – 1,843,283; 30th November 2012 – 1,877,783), of which 1,552,490 ordinary 1p shares (31st May 2013 – 1,773,865; 30th November 2012 – 1,585,115) were subject to options in issue.

6 Dividends

A final dividend of 16p per share in respect of the year ended 31st May 2013 was paid on 25th October 2013.

An interim dividend of 8p per share (2013 – 8p) in respect of the year ended 31st May 2014 will be paid on 28th February 2014 to members registered at the close of business on 7th February 2014.

Notes
Continued

7 Principal risks and uncertainties

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

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

8 General

The interim financial statements for the six months to 30th November 2013 were approved by the Board on 15th January 2014. These financial statements are unaudited, but they have been reviewed by the auditors, having regard to the bulletin "Review of Interim Financial Information" issued by the Auditing Practices Board.

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

Statement of directors' responsibilities

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

- this condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, and

- this condensed set of financial statements includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

By order of the Board

B M Olliff
Chief Executive Officer

Independent review report to City of London Investment Group PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th November 2013 set out on pages 7 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists principally of making enquiries, primarily of persons responsible for accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30th November 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

17th January 2014

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