

Chairman's Statement

On the following pages are the unaudited Accounts for the six months ended 30 September 2011. Revenue is down by 12.5% but earnings per share are down by less than 10%. This is attributable largely to the reduction in corporation tax from 28% to 26%.

Economic conditions remain difficult and there is the possibility that they may get worse. Against this background I consider the company's performance to be robust. The company has made significant purchases during these six months and in so doing has broadened the geographical base of its portfolio whilst not missing the opportunity to buy properties in prime London locations.

By making these purchases at this time the company has used its resources wisely when the market was at a low point. Although the economy may yet worsen these properties will show good appreciation and good profits when the market improves. As a result of these asset purchases, borrowings increased by approximately £30 million during the period. Nonetheless, the company continues to be very sound financially and is very well placed to make further good purchases when the opportunities can be found.

I believe that with the right purchases and the right staff recruitment the company can contemplate the future with equanimity although with the current economic situation the next few years may prove challenging. Nevertheless I am confident that the company can weather any economic storms and come through them even more strongly placed.

The interim dividend is maintained at 50 pence per share and will be payable on 26 March 2012 to shareholders on the register at 24 February 2012.

GROUP STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Half year ended 30.09.2011 £000	Half year ended 30.09.2010 £000	Year ended 31.03.2011 £000
Revenue	21,249	24,265	47,655
Cost of Sales	(8,239)	(9,091)	(18,548)
Gross Profit	13,010	15,174	29,107
Administrative expenses	(1,588)	(1,832)	(4,454)
Gain on disposal of investment properties	211	50	149
Operating profit before changes in fair value of investment properties	11,633	13,392	24,802

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Increase in fair value of investments	-	-	2,454
Profit from operations	11,633	13,392	27,256
Change in fair value of derivatives	-	-	(292)
Net finance costs	(1,885)	(1,751)	(3,404)
Profit before taxation	9,748	11,641	23,560
Taxation – current	(3,332)	(3,604)	(7,425)
Taxation – deferred	1,239	443	836
Taxation	(2,093)	(3,161)	(6,589)
Profit attributable to equity shareholders	7,655	8,480	16,971
Basic and diluted earnings per share (pence)	196.3	217.5p	435.3

All items within the consolidated income statement relate to continuing operations.

GROUP STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 30.09.2011 £000	As at 30.09.2010 £000	As at 31.03.2011 £000
Assets			
Non-current assets			
Property plant and equipment	2,388	2,453	2,461
Investment properties	27,196	32,348	30,314
	29,584	34,801	32,775
Current assets			
Inventories of trading properties	295,976	252,966	259,462
Trade and other receivables	1,368	1,738	1,192
Cash and cash equivalents	175	115	116
	297,519	254,819	260,770
Total assets	327,103	289,620	293,545
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	195	195	195
Capital redemption reserve	55	55	55
Capital reserve	25	25	25
Other reserve	56	56	56
Cash flow hedge reserve	(2,340)	(3,640)	(2,340)

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Retained earnings	220,077	210,363	216,905
	218,068	207,054	214,896
Non-current liabilities			
Long-term borrowings	80,000	55,000	50,000
Deferred tax	6,082	7,713	7,321
	86,082	62,713	57,321
Current liabilities			
Bank overdrafts and loans	16,233	11,768	13,940
Trade and other payables	743	920	1,485
Current tax payable	3,345	3,525	3,271
Derivative financial instruments	2,632	3,640	2,632
	22,953	19,853	21,328
Total liabilities	109,035	82,566	78,649
Total equity and liabilities	327,103	289,620	293,545

GROUP CASHFLOW STATEMENT (UNAUDITED)

	Half year ended 30.09.2011 £000	Half year ended 30.09.2010 £000	Year ended 31.03.2011 £000
Cash flows from operating activities			
Profit from operations	11,633	13,392	27,256
Adjustment for:			
Depreciation	70	75	174
Loss/(Gain) on disposal of property, plant and equipment	3	(17)	11
Gain on disposal of investment properties	(211)	-	-
(Increase) in fair value of investment properties	-	-	(2,454)
Cash flow from operations before movement in working capital	11,495	13,450	24,987
(Increase)/Decrease in inventories	(36,514)	3,999	(2,498)
(Increase)/Decrease in receivables	(176)	(541)	5
(Decrease)/Increase in payables	(740)	(488)	125
Cash generated from operations	(25,935)	16,420	22,619
Interest paid	(1,885)	(1,751)	(3,404)
Income taxes paid	(3,261)	(3,891)	(8,027)
Net cash (outflow)/ inflow from operating activities	(31,081)	10,778	11,188
Investing activities			
Proceeds from disposal of investment properties	4,029	1,100	6,600
Proceeds from disposal of property, plant and equipment	4	39	-
Purchase of property, plant and equipment	(3)	(129)	(309)
Capital expenditure on investment properties	(700)	(525)	(1,438)

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Net cash inflow from investing activities	3,330	485	4,853
Cash flows from financing activities			
Increase in borrowings	29,800	-	-
Repayment of borrowings	-	(9,800)	(14,700)
Equity dividend paid	(4,483)	(4,483)	(6,432)
Net cash inflow/(outflow) from financing activities	25,317	(14,283)	(21,132)
Net (decrease) in cash and cash equivalents	(2,434)	(3,020)	(5,091)
Opening cash and cash equivalents	(13,349)	(8,258)	(8,258)
Closing cash and cash equivalents	(15,783)	(11,278)	(13,349)

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Half year ended 30.09.2011 £000	Half year ended 30.09.2010 £000	Year ended 31.03.2011 £000
Shareholders' funds as at the beginning of the period	214,896	203,057	203,057
Reduction in reserve	-	-	1,300
Profit for the period	7,655	8,480	16,971
Dividends	(4,483)	(4,483)	(6,432)
Shareholders' funds at the end of the period	218,068	207,054	214,896

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