CONYGAR

THE CONYGAR INVESTMENT COMPANY PLC

INTERIM REPORT
Six Months ended 31 March 2010

The Conygar Investment Company PLC

Interim Results

for the six months ended 31 March 2010

Highlights

- Net asset value per share increased by 2.9% to 144p from 140p at 30 September 2009
- Profit before taxation of £7.0 million in the six months ended 31 March 2010 compared with loss of £2.3 million in the six months ended 31 March 2009
- Intention to pay a dividend for the year ended 30 September 2010 of no less than 1p per share
- Cash available for further opportunities of £72 million increasing to £110 million following a re-financing of the portfolio
- Disposal of £45.9 million of properties at a profit of £5.7 million over 30 September 2009 valuation
- Acquired a portfolio of seven office and industrial properties in November 2009 for £44.8 million
- Planning consent obtained for development of 110,000 square feet of office and distribution warehouses at Parc Cybi, Holyhead, Anglesey

Summary Group Net Assets as at 31 March 2010

The Group net assets as at 31 March 2010 may be summarised as follows:

	£'m
Property Assets	160.7
Development Projects	12.4
Cash	72.0
Other net (liabilities)	(8.5)
	236.6
Bank loans	(54.3)
Preference shares	(13.2)
Net assets	169.1
NAV per share (pence)	144p

The Conygar Investment Company PLC

Interim Results

for the six months ended 31 March 2010

Chairman's & Chief Executive's Statement

Progress and Results

The six months ended 31 March 2010 have been a good period for the Group, with profit before taxation of £7.0 million compared with a loss of £2.3 million in the six months ended 31 March 2009. Our net asset value per share rose 2.9% to 144p at 31 March 2010 from 140p at 30 September 2009, and the Group had net cash of £16.4 million comprising £72.0 million cash and bank debt of £55.6 million. During the first half of 2010, the Group made disposals of £45.9 million for a net profit of £5.7 million. The Group's investment properties as at 31 March 2010 were valued at £160.7 million with an annual contracted rent roll of £14.7 million. The independent valuations showed a modest increase of £0.7 million from the valuation as at 30 September 2009, which reflects our view that the property market outside London remains relatively flat.

Acquisition

In November 2009 we announced the acquisition of a portfolio of seven freehold and long leasehold buildings for a total cash consideration of £44.8 million (the "Lamont portfolio"). These business park, office and industrial assets have an annual rent roll of approximately £4.41 million, representing a net initial yield on acquisition of 9.9%. A number of asset management initiatives are well advanced and if successful, should result in a pleasing increase in value. We are also in the process of re-financing these assets to release further funds for acquisitions described in more detail below.

The Advantage Property Income Trust Limited ("TAP")

Since the acquisition of TAP in September 2009, we have now disposed of assets for a total of £42.8 million, realising a profit of £5.8 million over and above the property valuation at 30 September 2009. In seven months since acquisition we have realised some 25% of the portfolio by value and all of the funds realised have been applied towards repayment of debt, which is now below 48% loan to value.

During the period we compulsorily acquired the remaining shares in TAP that we did not own at 30 September 2009 and the Group now owns 100% of TAP, which resulted in a further profit on acquisition of £0.6 million. The net assets of the TAP group as at 31 March 2010 were £58.1 million compared with £51.0 million upon acquisition. The total cost to the Group of the acquisition was £28.8 million representing a 100% return in just over seven months. We have cut TAP's administrative costs which combined with the debt reduction, results in TAP now having positive cash flow. It is our intention to continue to make disposals where no further value can be added by the Group. The remainder of the TAP portfolio will be subject to various asset management initiatives and funds are available to support this from TAP's own cash flow.

Development Projects

Significant progress has been made on our waterfront development land bank at Pembroke Dock, Holyhead and Fishguard. We are resolving outstanding planning conditions at Pembroke Dock and should be in a position to start development early next year if market conditions are favourable. At Holyhead, our joint venture with Stena Line, we intend to submit our planning application for a mixed use development shortly. Significant progress has also been made at Fishguard in respect of progressing our planning application and we anticipate that this will come to fruition at the same time as Holyhead. We hope and expect to be in a position to start development on both of these projects by the end of 2011. These are exciting projects which are expected to develop in excess of 1,200 waterside homes and 1,000 marina berths, together with considerable associated leisure and mixed use supporting development. It was particularly pleasing that in February both the Secretary of State for Wales, Peter Hain and his Conservative shadow, Cheryl Gillan gave their public support for the developments. This sort of support is essential for ambitious major projects such as these.

In addition, we have submitted and obtained a planning consent for two developments totalling 110,000 square feet at the strategic employment and regeneration site, Parc Cybi, on the outskirts of Holyhead in Anglesey. The development will consist of distribution and warehousing space for the transport operators who use Holyhead port. The next stage is to secure public sector funding support for the project and we have engaged with both the Welsh Assembly Government and the Welsh European Funding Office. This already has the potential to create several hundred jobs and we are encouraged by the level of support given to us by local government and Welsh Assembly Government. Also, the new proposed nuclear reactor at Wylfa, Anglesey will bring enormous benefit to the port and this project. This is an example of how the Group is benefiting from its relationships and commitment to its waterfront projects in Wales. Furthermore, a number of other exciting local and related development opportunities are presently being evaluated.

Property Portfolio

At 31 March 2010, the Group's 47 investment properties were independently valued at £160.7 million. The portfolio has an annual net rent roll of £14.7 million giving a net initial yield of 8.7%. The estimated rental value ("ERV") of the portfolio is £16.4 million per annum. The investment void is 12.1% and the ERV of vacant units is £2.0 million per annum. The valuation has remained relatively static since 30 September 2009, although we are in the process of a number of asset management initiatives which should increase value and reduce vacancy rates.

Dividend

The Board is pleased to announce its intention for the Group to begin paying a dividend for the year ended 30 September 2010. The Group is still very much in an investment phase so the intention is to set the initial dividend at a relatively low but sustainable level with conservative dividend cover. The proposed dividend is expected to have a base of no less than 1p per share, which will be paid each year as a final dividend. At this stage, the Board has decided against the payment of interim dividends, though this policy will be monitored and reviewed regularly.

Financing and Cash Management

At 31 March 2010, the Group had cash of £72 million or 61p per share to pursue investment opportunities. We are also pleased to announce that we have agreed an amendment to the facility acquired with TAP whereby Lloyds Banking Group has agreed to include the Lamont portfolio in the security pool. By drawing down on this committed facility, we will be able to access a further £40 million resulting in the Group having around £110 million or 93p per share to invest in new opportunities, excluding further finance that might be released from re-financing those acquisitions.

The bank debt acquired with TAP was £99.6 million and this had been reduced to £55.6 million at 31 March 2010 and stands at £47.6 million as of the date of this report. The loan to value of the debt is below 48% on TAP alone and falls to 35% taking into account the entire investment portfolio. This provides considerable headroom for additional gearing if required.

Cash management remains a priority of the Group and whilst we are content to use high gearing on a transaction, the strategy remains to pay this down as soon as possible. We adopt a cautious approach to our cash deposits and it is all accessible within one month but the price for this is low returns on cash and it is our intention to invest the cash. However, we are content to hold on to cash in the absence of suitable opportunities.

Summary Group Net Assets As At 31 March 2010

The Group net assets as at 31 March 2010 may be summarised as follows:

	£'m
Property Assets	160.7
Development Projects	12.4
Cash	72.0
Other net (liabilities)	(8.5)
	236.6
Bank loans	(54.3)
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Prospects

Whilst there are some signs of recovery, it remains a difficult and uncertain economic environment. Much of the recent optimism in the prime property sector seems driven by cash rich institutional funds but, fundamentally, occupiers' businesses remain under pressure and whilst the central London property market may be looking positive, we see little improvement in the rest of the country. It is clear that long let investment properties have increased in value while shorter let and empty properties are static or still declining. In our previous reports we talked about the potential for sourcing deals from banks and whilst we are pleased to have completed one bank sourced deal, we are still not seeing the level of deal flow we and others had anticipated. It is taking time but we still see the banks with a huge and uncomfortable exposure to property, so it remains a case of pro-actively positioning ourselves, maintaining a constructive dialogue, and waiting.

For Conygar, the outlook remains positive and the Board is confident about the future prospects of the Group. Our two acquisitions are turning out to be excellent purchases, our balance sheet is strong and we have in excess of £110 million available for further acquisitions. We are continually evaluating a pipeline of opportunities in our efforts to identify the right deal though we pass on the vast majority; as ever, we are content to do so rather than just invest for the sake of it. Our cash position represents one of the strongest cards for the Group to play. It opens doors for us to see opportunities and enables us to move extremely quickly without having to wait for funding. This has a value to sellers who increasingly have to evaluate a purchaser's ability to actually deliver on a deal as well as price. If we add our asset management skills and transaction structuring experience then we see Conygar as one of the strongest companies in the sector.

As we said in December 2009, there is no doubt that there will be further blips in any recovery. The incoming government faces tough choices on spending, investment and taxation and nothing is at all certain. This is an ideal environment for Conygar though it requires nerve and patience.

N J Hamway
Chairman

R T E Ware
Chief Executive

12 May 2010

The Conygar Investment Company PLC
Consolidated Statement of Comprehensive Income
For the six months ended 31 March 2010

	Note	*Six months ended 31 March 2010 £'000*	*Six months ended 31 March 2009 £'000*	*Year ended 30 Sept 2009 £'000*
Sales of properties		3,100	–	13,924
Rental income		7,804	687	2,544
Revenue		10,904	687	16,468
Direct costs of:				
Sales of properties		3,222	–	16,338
Rental income		1,513	(676)	728
Write-down of property inventory		–	3,200	(647)
Direct Costs		4,735	2,524	16,419
Gross Profit/(Loss)		6,169	(1,837)	49
Gain in respect of acquisition	8	608	–	21,798
Income from trading investments		–	335	335
Share of results of joint ventures		(45)	(11)	(39)
Gain on sale of investment properties		5,842	–	427
Movement on revaluations of investment properties	3	672	–	(468)
Other gains and losses		82	–	(414)
Administrative expenses		(1,602)	(1,264)	(7,950)
Operating Profit/(Loss)		11,726	(2,777)	13,738
Finance costs		(4,970)	–	(702)
Finance income		205	446	652
Profit/(Loss) Before Taxation		6,961	(2,331)	13,688
Taxation		(239)	471	348
Profit/(Loss) and Total Comprehensive Income for the Period		6,722	(1,860)	14,036
Attributable to:				
– equity shareholders		6,700	(1,860)	14,004
– minority interests		22	–	32
		6,722	(1,860)	14,036
Basic earnings/(loss) per share	2	5.73p	(4.47)p	32.27p
Diluted earnings/(loss) per share	2	5.72p	(4.47)p	31.51p

All of the activities of the Group are classed as continuing.

The Conygar Investment Company PLC
Consolidated Statement of Changes in Equity
For the six months ended 31 March 2010

	Share Capital £'000	*Share Premium £'000*	*Merger Reserve £'000*	*Equity Reserve £'000*	*Retained Earnings £'000*	*Total £'000*	*Minority Interests £'000*	*Total Equity £'000*
At 1 October 2008	2,082	57,990	–	–	8,133	68,205	5	68,210
Credit to equity for equity settled share based payment	–	–	–	–	533	533	–	533
Net income recognised directly in equity	–	–	–	–	533	533	–	533
Loss for the period	–	–	–	–	(1,860)	(1,860)	–	(1,860)
Total recognised income and expense for the period	–	–	–	–	(1,327)	(1,327)	–	(1,327)
At 31 March 2009	2,082	57,990	–	–	6,806	66,878	5	66,883
At 1 October 2008	2,082	57,990	–	–	8,133	68,205	5	68,210
Credit to equity for equity settled share based payment	–	–	–	–	1,000	1,000	–	1,000
Net income recognised directly in equity	–	–	–	–	1,000	1,000	–	1,000
Profit for the year	–	–	–	–	14,004	14,004	32	14,036
Total recognised income and expense for the year	–	–	–	–	15,004	15,004	32	15,036
Issue of share capital	3,725	67,250	7,595	–	–	78,570	–	78,570
Expenses of issue of equity shares	–	(2,146)	–	–	–	(2,146)	–	(2,146)
Issue of preference shares	–	–	–	1,258	–	1,258	–	1,258
Preference share conversion	2	–	45	(4)	–	43	–	43
Acquisition of subsidiary	–	–	–	–	–	–	1,085	1,085
Other movement	–	–	–	–	(11)	(11)	–	(11)
At 30 September 2009	5,809	123,094	7,640	1,254	23,126	160,923	1,122	162,045
Changes in equity for six months ended 31 March 2010								
At 1 October 2009	5,809	123,094	7,640	1,254	23,126	160,923	1,122	162,045
Credit to equity for equity settled share based payment	–	–	–	–	434	434	–	434
Net income recognised directly in equity	–	–	–	–	434	434	–	434
Profit for the period	–	–	–	–	6,700	6,700	22	6,722
Total recognised income and expense for the period	–	–	–	–	7,134	7,134	22	7,156
Issue of share capital	56	896	–	–	–	952	–	952
Issue of preference shares	–	–	–	2	–	2	–	2
Preference share conversion	4	–	77	9	–	90	–	90
Purchase of minority interest	–	–	–	–	–	–	(1,124)	(1,124)
At 31 March 2010	5,869	123,990	7,717	1,265	30,260	169,101	20	169,121

The Conygar Investment Company PLC
Consolidated Balance Sheet
As at 31 March 2010

	Note	*Six months ended 31 March 2010 £'000*	*Six months ended 31 March 2009 £'000*	*Year ended 30 Sept 2009 £'000*
Non-Current Assets				
Property, plant and equipment		10	7	7
Investment properties	3	160,664	–	151,589
Investment in joint ventures	4	5,079	5,042	5,087
Goodwill		3,173	3,173	3,173
Deferred tax assets		–	272	92
		168,926	8,494	159,948
Current Assets				
Development and trading properties	5	4,180	20,023	7,088
Trading investments		–	5,784	–
Trade and other receivables		1,751	308	19,077
Tax receivable		–	940	941
Cash and cash equivalents		71,974	32,585	102,827
		77,905	59,640	129,933
Total Assets		246,831	68,134	289,881
Current Liabilities				
Trade and other payables		5,886	1,251	12,669
Tax liabilities		31	–	–
		5,917	1,251	12,669
Non-Current Liabilities				
Bank loans	6	54,268	–	98,124
Preference shares	7	13,188	–	12,612
Derivatives	6	4,337	–	4,431
		71,793	–	115,167
Total Liabilities		77,710	1,251	127,836
Net Assets		169,121	66,883	162,045
Equity				
Called up share capital		5,869	2,082	5,809
Share premium account		123,990	57,990	123,094
Merger reserve		7,717	–	7,640
Equity reserve		1,265	–	1,254
Retained earnings		30,260	6,806	23,126
Equity Attributable to Equity Holders		169,101	66,878	160,923
Minority interests		20	5	1,122
Total Equity		169,121	66,883	162,045
Net Assets Per Share		144p	161p	140p

The Conygar Investment Company PLC
Consolidated Cash Flow Statement
For the six months ended 31 March 2010

	Six months ended		*Year ended*
	31 March 2010	*31 March 2009*	*30 Sept 2009*
	£'000	*£'000*	*£'000*
Cash Flows From Operating Activities			
Operating profit/(loss)	11,726	(2,777)	13,738
Depreciation	1	3	2
Share of results of joint ventures	45	11	39
Other gains and losses	(82)	–	414
Gain on sale of investment properties	(5,842)	–	–
Movement on revaluation of investment properties	(672)	–	–
Gain in respect of acquisition	(608)	–	(21,798)
Share based payment charge	434	533	1,000
Cash Flows From Operations Before Changes In Working Capital	5,002	(2,230)	(6,605)
Change in trade and other receivables	17,326	418	(12,994)
Change in land, developments and trading properties	2,908	2,872	15,807
Change in trading investments	–	(5,784)	–
Change in trade and other payables	(6,554)	(1,116)	3,341
Cash Generated From/(Used In) Operations	18,682	(5,840)	(451)
Finance costs	(4,152)	–	(627)
Finance income	205	446	652
Dividends from joint ventures	–	10	10
Tax credit received/(tax paid)	691	(314)	(303)
Cash Flows From/(Used In) Operating Activities	15,426	(5,698)	(719)
Cash Flows From Investing Activities			
Acquisition of investment properties	(44,763)	–	–
Acquisition of subsidiary	–	–	(2,826)
Sale proceeds of investment properties	42,202	–	–
Investment in joint venture	(44)	(5)	(89)
Acquisition of minority interest	(76)	–	–
Purchase of plant and equipment	(4)	(2)	(1)
Cash Flows Used In Investing Activities	(2,685)	(7)	(2,916)
Cash Flows From Financing Activities			
Bank loans repaid	(43,966)	–	–
Issue of shares	372	–	70,318
Issue costs of shares	–	–	(2,146)
Cash Flows Used In Financing Activities	(43,594)	–	68,172
Net (decrease)/increase in cash and cash equivalents	(30,853)	(5,705)	64,537
Cash and cash equivalents at 1 October	102,827	38,290	38,290
Cash and Cash Equivalents at 31 March 2010	71,974	32,585	102,827

The Conygar Investment Company PLC
Notes to the Interim Results
For the six months ended 31 March 2010

1. Basis of Preparation

The accounting policies used in preparing the condensed financial information are consistent with those of the annual financial statements for the year ended 30 September 2009 other than the mandatory adoption of new standards, revisions and interpretations that are applicable to accounting periods commencing on or after 1 October 2009 as detailed in the annual financial statements. Principal among these are the adoption of IAS 1 (revised), IFRS 8, IAS 23 (Revised), IFRS 3 (revised) and IAS 27 (revised). The adoption of IAS 1 has led to certain presentational changes, including the adoption of a single statement of comprehensive income and the inclusion of a statement of changes in equity as a primary statement. There have been no changes to the underlying figures as a result of the adoption of the standard.

IFRS 8 requires the disclosure of operating segments as they are reported to the chief operating decision maker with appropriate reconciliations back to the primary financial statements but, as a disclosure only standard, has not affected the underlying figures.

The revised version of IAS 23 requires borrowing costs to be capitalised on qualifying assets. As the majority of the group's borrowing costs specifically relate to investment properties that are not in the course of construction, the adoption of this standard has not yet had any significant effect on the financial statements but will do so when work on the group's marina developments commences.

The principal effects of the adoption of the revised versions of IFRS 3 and IAS 27 are that costs associated with acquisitions are written off in full to profit and loss in the year of a business combination, and the treatment of minority interests has been amended. Adopting these revised standards has not had a material effect on the interim information.

The condensed financial information for the six month period ended 31 March 2010 and the six month period ended 31 March 2009 has not been audited or reviewed and does not constitute full financial statements within the meaning of section 435 of the Companies Act 2006.

The financial information for the year ended 30 September 2009 does not constitute the Group's statutory accounts for that period but it is derived from those accounts. Statutory accounts for the year ended 30 September 2009 have been delivered to the Registrar of Companies. The auditors have reported on these accounts; their report was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The board of directors approved the above results on 12 May 2010.

Copies of the interim report may be obtained from the Company Secretary, The Conygar Investment Company PLC, Fourth Floor, Bond House, 19-20 Woodstock Street, London W1C 2AN.

2. Earnings per Share

The calculation of earnings per ordinary share is based on the profit after tax of £6,700,000 (March 2009: £1,860,000 loss; September 2009: £14,004,000 profit) and on the number of shares in issue being the weighted average number of shares in issue during the period of 117,017,275 (March 2009: 41,647,906; September 2009: 44,406,811). The weighted average number of shares on a fully diluted basis was 117,047,446 (March 2009: 41,647,906; September 2009: 44,699,736). No adjustment has been made for anti-dilutive potential ordinary shares. The total number of ordinary shares in issue at the date of this report was 117,387,287.

3. Investment Properties

	Freehold *£'000*	*Long-Leasehold* *£'000*	*Reverse Lease Premiums* *£'000*	*Total* *£'000*
Valuation at 30 September 2009	141,357	7,805	2,427	151,589
Additions (see Note 8)	12,593	32,170	–	44,763
Disposals	(34,664)	(450)	(1,074)	(36,188)
Reverse lease premium amortisation	–	–	(172)	(172)
Revaluation movement	263	409	–	672
Valuation at 31 March 2010	119,549	39,934	1,181	160,664

The historical cost of the properties acquired in the period is £73,254,000. The historical cost of properties held at 31 March 2010 is £251,519,000 (March 2009: £nil; September 2009: £226,842,000).

The properties were valued by Cushman & Wakefield and CB Richard Ellis, independent valuers not connected with the Group, at 31 March 2010 at market value in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors which conform to international valuation standards.

The Group has pledged £80,030,000 (March 2009: £nil; September 2009: £107,935,000) of investment property to secure Lloyds Banking Group debt facilities and £35,515,600 (March 2009: £nil; September 2009: £43,654,000) to secure Capita debt facilities. Further details of these facilities are provided in note 6.

The property rental income earned from investment property, all of which is leased out under operating leases, amounted to £7,723,322 (March 2009: £nil; September 2009: £1,235,552).

4. Investment in Joint Ventures

The group has a 50% interest in a joint venture, Conygar Stena Line Limited, which is a property development company. It also has a 50% interest in a joint venture, CM Sheffield Limited, which is a property trading company.

The following amounts represent the group's 50% share of the assets and liabilities, and results of the joint ventures. They are included in the balance sheet and income statement:

	Six months ended		*Year ended*
	31 March 2010	*31 March 2009*	*30 Sept 2009*
	£'000	*£'000*	*£'000*
Assets			
Current assets	5,082	5,059	5,093
	5,082	5,059	5,093
Liabilities			
Current liabilities	(3)	(17)	(6)
	(3)	(17)	(6)
Net assets	5,079	5,042	5,087
Operating loss	(45)	(11)	(39)
Finance income	–	–	–
Loss before tax	(45)	(11)	(39)
Tax	–	–	–
Loss after tax	(45)	(11)	(39)

5. Development and Trading Properties

	Six months ended		*Year ended*
	31 March 2010	*31 March 2009*	*30 Sept 2009*
	£'000	*£'000*	*£'000*
Properties held for resale or development	4,180	25,700	8,918
Write-down of property inventory	–	(5,677)	(1,830)
	4,180	20,023	7,088

The value of stock arising from marina developments was £4,080,000 (March 2009: £3,793,000; September 2009: £3,810,000).

6. Bank Loans

	Six months ended		*Year ended*
	31 March 2010 £'000	*31 March 2009 £'000*	*30 Sept 2009 £'000*
Bank loans	55,643	–	99,609
Debt issue costs	(1,375)	–	(1,485)
	54,268	–	98,124

The interest rate profile of the Group bank borrowings at 31 March 2010 was as follows:

	Interest Rate	*Maturity*	*31 March 2010 £'000*	*31 March 2009 £'000*	*30 Sept 2009 £'000*
Lloyds Banking Group (1)	LIBOR +2%	> 5 years	34,494	–	67,935
Capita (2)	5.24%	2-5 years	21,149	–	30,051
Capita (2)	5.425%	2-5 years	–	–	1,623
			55,643	–	99,609

(1) Senior bank facility repayable 27 January 2015. Margin is on sliding scale from 2% to 3.5% subject to loan to value covenants.
(2) Interest rate fixed until 18 January 2013.

Two swaps are in place relating to the Lloyds Banking Group facility with notional amounts of £18,393,000 (March 2009: £nil; September 2009: £22,000,000) and £21,800,000 (March 2009: £nil; September 2009: £21,800,000) and fixed rates of 5.15% and 5.135% respectively, which expire on 17 February 2015.

At 31 March 2010, the fair value of the swaps was valued at a deficit of £4,337,000 (March 2009: £nil; September 2009: £4,431,000). The valuation of the swaps was provided by Lloyds Banking Group and represents the change in fair value since execution.

7. Preference Shares

	Six months ended		*Year ended*
	31 March 2010	*31 March 2009*	*30 Sept 2009*
	£'000	*£'000*	*£'000*
Preference Shares	13,188	–	12,612

As part of the offer for The Advantage Property Income Trust Limited, the Company issued 62,979,750 (March 2009: nil; September 2009: 62,902,335) convertible preference shares of £0.01 each, of which 62,332,275 (March 2009: nil; September 2009: 62,687,730) were outstanding at the period end. The preference shares are convertible at any point into ordinary shares at the option of the preference shareholder. The conversion rate is one ordinary share for five preference shares. Any preference shares not converted are redeemable for £0.25 each on 31 December 2011.

Although equity share capital at law, the preference shares are classified as hybrid instruments under IFRS consisting of a discounted debt element of £0.20 per share and an equity element of £0.02 per share which has been credited to an equity reserve. A notional interest element is charged to the income statement over the period to redemption.

The movement on the preference shares during the period was as follows:

	31 March 2010
	£'000
At 30 September 2009	12,612
Fair value of preference shares at date of issue	18
Equity components	(2)
Liability component at date of issue	12,628
Conversions to ordinary shares in the period at carrying value	(90)
Notional interest charge	650
At 31 March 2010	13,188

8. Acquisitions

On 24 November 2009, the Group acquired six Jersey-based companies (the "Lamont portfolio") which hold seven freehold and long leasehold buildings for a total cash consideration of £44.8 million. Although effected through the acquisition of separate legal entities, the Lamont portfolio does not in substance constitute a business combination as defined by IFRS 3 and has accordingly been treated as an asset purchase. The portfolio consists of:

- Brennan House, Farnborough Aerospace Centre, Hampshire
- Three units at Aker Village, Kirkhill, Aberdeen
- Cambridge Road, Whetstone Business Park, Leicester
- Kelvin II, Kelvin Close, Birchwood Park, Warrington
- Crystal Drive, Sandwell Business Park, Oldbury, West Midlands

The annual rent roll is approximately £4.41 million representing a net initial yield of 9.9%. The buildings comprise 562,000 sq ft of lettable space and occupy some 47 acres.

The Group also acquired the remaining 2.15% of the issued share capital of The Advantage Property Income Trust Limited ("TAP") and thereby owned 100% of the issued share capital of the company by 8 January 2010.

The transaction has been accounted for by the purchase method of accounting:

	£'000
Share of net assets acquired	1,281
Gain in respect of acquisition	(608)
Total consideration	673
Satisfied by:	
Ordinary shares at fair value	580
Preference shares at fair value	17
Cash	76
	673

9. Related Party Transactions

The Group has made advances to the following joint ventures in order to provide both long term and additional working capital funding. All amounts are repayable upon demand and will be repaid from the trading activities of those subsidiaries. No provisions have been made against the outstanding amounts.

	Six months ended		*Year ended*
	31 March 2010	*31 March 2009*	*30 Sept 2009*
	£'000	*£'000*	*£'000*
Joint Ventures			
Conygar Stena Line Limited	5,235	5,117	5,191
	5,235	5,117	5,191

The loans to Conygar Stena Line Limited may be analysed as follows:

	Six months ended		*Year ended*
	31 March 2010	*31 March 2009*	*30 Sept 2009*
	£'000	*£'000*	*£'000*
Secured interest bearing loan	2,215	2,097	2,171
Unsecured non-interest bearing shareholder loan	3,020	3,020	3,020
	5,235	5,117	5,191

Key Management Compensation

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Group and are considered to be the directors of the Company. Amounts paid in respect of key management compensation were as follows:

	Six months ended		*Year ended*
	31 March 2010	*31 March 2009*	*30 Sept 2009*
	£'000	*£'000*	*£'000*
Short term employee benefits	469	355	5,459
Share based payments charge	434	533	1,000
Pension contributions	20	–	–
	923	888	6,459

REES POLLOCK
Chartered Accountants

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Independent Review Report to The Conygar Investment Company 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 31 March 2010 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes. 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.

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 AIM Rules for Companies issued by the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed 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 of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted 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.

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 31 March 2010 is not prepared, in all material aspects, in accordance with International Accounting Standard 34 as adopted by the European Union and AIM Rules for Companies issued by the London Stock Exchange.

Rees Pollock
Chartered Accountants and Registered Auditors
12 May 2010

Notes:

(a) The maintenance and integrity of The Conygar Investment Company PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the presentation and dissemination of financial information may differ from legislation in other jurisdictions.

Directors and Advisers

Directors	N J Hamway *(Non-executive Chairman)* R T E Ware *(Chief Executive)* P A Batchelor *(Finance Director)* S M Vaughan *(Property Director)* P M C Rabl *(Corporate Director)* M D Wigley *(Non-executive Director)*
Secretary	P A Batchelor
Registered Office	Fourth Floor Bond House 19-20 Woodstock Street London W1C 2AN
Registrar	Share Registrars Limited Suite E First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Nominated Adviser & Stockbroker	Oriel Securities Limited 125 Wood Street London EC2V 7AN
Solicitors to the Company	Wragge & Co LLP 55 Colmore Row Birmingham B3 2AS
Auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW

Company Registration No 4907617

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