CONYGAR

THE CONYGAR INVESTMENT COMPANY PLC

INTERIM REPORT
Six Months ended 31 March 2012

The Conygar Investment Company PLC

Interim Results

for the six months ended 31 March 2012

Highlights

- Six months ended 31 March 2012 another strong period for Conygar.
- Net asset value per share increased by 1.9% to 158p from 155p at 30 September 2011. EPRA NAV per share increased by 3.1% to 159p from 154p at 30 September 2011.
- Profit before taxation of £5.1 million for the six months ended 31 March 2012 from £3.4 million in the six months ended 31 March 2011.
- Net debt of £46.8 million representing gearing of 29.5% against net asset value and 26.3% on loan to value basis.
- Acquired a portfolio of nine freehold and long leasehold properties for £39.8 million with a net initial yield of 10.6%. Valued at £41.8 million as at 31 March 2012.
- Obtained outline planning consent for our £100 million waterfront development at Fishguard, West Wales. Await a planning decision in respect of Holyhead Waterfront, Anglesey, expected at the end of June.
- Finalising planning application in respect of the 60,000 square foot Sainsbury's retail food store and 800 residential plots in Haverfordwest.
- Good progress continues to be made on all development projects.

Summary Group Net Assets as at 31 March 2012

		Per Share
	£'m	*p*
Property Assets	177.9	177.6
Development Projects	30.3	30.2
Cash	16.8	16.8
Other net (liabilities)	(2.9)	(2.9)
	222.1	221.7
Bank loans	(63.5)	(63.4)
Net assets	158.6	158.3

The Conygar Investment Company PLC

Interim Results

for the six months ended 31 March 2012

Chairman's and Chief Executive's Statement

Progress and Results

The six months ended 31 March 2012 have been another strong period for the Group, with profit before taxation of £5.1 million compared with £3.4 million in the six months ended 31 March 2011. The net asset value per share increased by 1.9% to 158p from 155p at 30 September 2011 (154p at 31 March 2011). On an EPRA basis, net asset value per share increased by 3.1% to 159p. Net property income for the period was £6.3 million before financing and overheads compared with £5.3 million for the same period last year, owing to the impact of acquisitions and property cost savings.

We acquired the Edinmore portfolio and obtained outline planning consent for our waterfront development at Fishguard, West Wales. At the same time, matters are progressing on our other development projects and we remain on track to have planning consents for in excess of 2,000 homes and 1,400 marina berths amongst other projects.

Acquisition

In December 2011, we acquired a portfolio of nine freehold and long leasehold properties from a consortium including a subsidiary of Caledonia Investments plc and Buccleuch Property in an off-market transaction for a total cash consideration, including all costs, of £39.8 million (the "Edinmore portfolio").

The annual rent roll is approximately £4.2 million representing a net initial yield of 10.6%. The portfolio has a weighted average lease length of 4.2 years with 89% occupancy. This high yielding portfolio has a good spread of risk and offers considerable upside from both lease re-gears and development opportunities. It fits well with our strategy of acquiring assets with strong existing cash flow to which we can add further value.

We are already well advanced with a number of asset management lease initiatives on the portfolio and the valuation as at 31 March 2012 is £41.8 million, producing a 4.5% valuation increase in four months, which underlines what we think is an excellent acquisition for the Group.

Property Portfolio

As at 31 March 2012, the Group's investment properties were independently valued at £177.9 million (including the Edinmore Portfolio) compared to £139.2 million at 30 September 2011. The portfolio held at 30 September 2011 decreased in value by a net £0.5 million or 0.3% overall, reflecting a difficult property market outside London.

However, this was more than offset by the 4.5% increase in valuation of the Edinmore portfolio. The total portfolio increased in value by £1.45 million from 30 September 2011.

The contracted annual rent roll is £16.3 million as at 31 March 2012, which is £4.2 million higher than at 30 September 2011, mainly owing to the acquisition of the Edinmore portfolio. We continue to work hard at letting vacant space, retaining tenants and pushing down irrecoverable property costs. In particular, our property costs as a percentage of rental income have fallen from 23% to 19%, adding £300,000 to profits in the first half. Our average unexpired lease length has fallen to 4.8 years, from 5.2 years at 30 September 2011, mostly due to the impact of acquiring the Edinmore portfolio. The portfolio vacancy rate remains at 11.2%, although several negotiations are in progress which may reduce this. Obtaining new tenants remains extremely difficult outside London and much of our focus is on retaining existing tenants.

During the period, two properties were sold at Silver Court, Welwyn and Hortonwood, Telford. The total consideration was £3.25 million which was £369,000 or 13% above 30 September 2011 valuation. This was a pleasing result in an extremely tough market. We will make disposals of properties as and when it makes sense to do so in order to recycle capital.

Development Projects

We continue to make significant progress on our development projects and in April 2012 we were extremely pleased to be granted outline planning permission for our mixed-use marina development at Fishguard, West Wales. The main elements of the scheme include a 450 berth marina, 253 new residential apartments and a 19 acre platform for the potential expansion of the existing Stena Line port. We can now move ahead with detailed proposals and negotiating the section 106 planning agreement.

We have secured up to £2 million of grant funding for the transport hub development at Parc Cybi, Holyhead and are in discussions with potential occupiers. We are also actively pursuing other grant funding opportunities at our other projects where employment creation is a significant factor. Such sources of assistance are invaluable given the state of funding markets and we are grateful for the assistance given to us by the various local authorities and the Welsh Government.

At Haverfordwest, our planning application in respect of the 60,000 square foot Sainsbury's retail food store and 800 residential plots is currently being finalised and should be submitted within weeks subject to completion of all the necessary technical work.

We continue to await a planning decision in respect of Holyhead Waterfront, Anglesey and, where we are able to, we have addressed all of the outstanding issues. Now that the Local Government elections and other associated distractions are out of the way, we are assured a determination will be forthcoming by the end of June.

Discussions and negotiations continue with potential tenants for the first phase at Pembroke Dock Waterfront in West Wales.

Our total expenditure to date on development projects amounts to £30.3 million, having spent a further £0.8 million since 30 September 2011. We continue to carry the development projects in our books at cost. They will be revalued once the projects are at a sufficiently advanced stage to produce a meaningful valuation. We will not undertake significant speculative development, so the projects rely upon us attracting suitable pre-lets or forward sales, as in the case of Haverfordwest.

Financing and Cash Management

At 31 March 2012, the Group had cash of £16.8 million available to pursue investment opportunities. When combined with funds available for draw down from our committed bank facility, this increases our available funds for investment to around £40 million before the re-financing of our recent acquisition, which is currently in progress. Following this re-financing, we would expect to have approximately £60 million of funds available for investment. Bank debt was £63.5 million following a £33 million draw down from our facility with Lloyds Banking Group in November 2011. Our total bank debt is 36% loan to value or 26% net of cash.

During November 2011, the Group re-couponed its existing interest rate swaps from 2.38% to 1.33%, which reduces the on-going interest charge in the income statement and retains hedging protection over 77% of bank debt. The weighted average cost of all debt, including margin, has fallen to 4.15% from 4.44%.

We acquired a further 2,000,000 ordinary shares at a price of 90 pence per share, which enhanced net asset value per share by 0.8% or 1.3 pence per share. We continue to be very disappointed by the discount of the share price to the net asset value and will continue to utilise the share buy back authority where it makes sense to do so.

As part of our ongoing review of operations and in light of feedback received from, and dialogue with, various shareholders, our remuneration committee is currently reviewing our remuneration policies and will report back to shareholders at the time of the year end results.

Summary Group Net Assets

The Group net assets as at 31 March 2012 may be summarised as follows:

	£'m	*Per Share p*
Property Assets	177.9	177.6
Development Projects	30.3	30.2
Cash	16.8	16.8
Other net (liabilities)	(2.9)	(2.9)
	222.1	221.7
Bank Loans	(63.5)	(63.4)
Net Assets	158.6	158.3

Outlook

The economic outlook continues to remain highly uncertain and the property market extremely tough, especially outside London. It is difficult to see too many positives in the short term, with the continued problems of the Eurozone and a UK economy struggling for any growth. Fundamentals remain weak and the continued lack of new finance in the market at large make it difficult to feel optimistic for recovery anytime soon. Any attempt at prediction seems futile and so we will not try, although the journey over the coming months will undoubtedly be bumpy and volatile.

The one thing we do feel confident about is Conygar and our future prospects. Our watchful approach to achieve our strategy has served us well through the difficult last few years and we are confident it will continue to do so. Our balance sheet remains strong and we have continued to invest in both property portfolios and the development projects so that the Group is in an excellent to position to make good returns in the medium term, with the distinct possibility of significant further upside.

We remain committed to our approach and look forward to reporting further progress in due course.

N J Hamway
Chairman

R T E Ware
Chief Executive

21 May 2012

Financial review

Net Asset Value

The net asset value at the period end was £158.6 million (31 March 2011: £167.4 million; 30 September 2011: £158.5 million). The primary movements in the period were £6.3 million net rental income, £1.5 million property revaluation gain, £1.8 million spent on purchasing own shares and £1.1 million dividends paid. Excluding the amounts incurred purchasing own shares and paying dividends, net asset value increased 1.9% in the period.

On an EPRA basis, the net asset value is:

	31 Mar 2012 £'m	*30 Sept 2011 £'m*	*31 Mar 2011 £'m*
Net asset value	158.6	158.5	167.4
Preference share liability	–	7.4	10.3
Diluted net asset value	158.6	165.9	177.7
Fair value of hedging instruments	0.2	1.4	(0.1)
EPRA net asset value	158.8	167.3	177.6
EPRA NAV per share	158.6p	153.9p	150.5p
Basic NAV per share	158.3p	155.2p	154.1p
Diluted NAV per share	158.3p	152.7p	150.6p

The EPRA net asset value is calculated on a fully diluted basis and excludes the impact of hedging instruments, as these are held for long term benefit and not expected to crystallise at the balance sheet date.

The NNNAV or "triple net asset value" is the net asset value taking into account asset revaluations, the mark to market costs of debt and hedging instruments and any associated tax effect. Our investment properties are carried on our balance sheet at independent valuation and there is no associated tax liability. Our development and trading assets are carried at the lower of cost and net realisable value. We have not sought to value these assets as, in our opinion, they are at too early a stage in their development to provide a meaningful figure, so cost is equated to fair value for these purposes. On this basis, there is no material difference between our stated net asset value and NNNAV.

Revaluation

The Group's investment properties were independently valued by Jones Lang LaSalle at 31 March 2012. In their opinion, the open market value of the investment property portfolio was £177.9 million. The total portfolio increased in value by £1.45 million during the period.

Cashflow

The Group generated £0.6 million cash in operating activities (31 March 2011: £10.1 million used; 30 September 2011: £11.9 million used), of which £0.8 million was incurred as expenditure on development and trading properties.

The Group used a further £39.8 million cash acquiring the Edinmore portfolio and spent £1.8 million on the purchase of own shares. A £33 million cash inflow arose from the draw down of bank loan resulting in an overall cash outflow of £18.9 million (31 March 2011: £22.4 million outflow; 30 September 2011: £31.6 million outflow).

Net Income From Property Activities

	31 Mar 2012 £'m	*30 Sept 2011 £'m*	*31 Mar 2011 £'m*
Rental income	7.7	13.0	6.7
Direct property costs	(1.4)	(3.0)	(1.4)
Rental surplus	6.3	10.0	5.3
Sale of investment properties	3.2	13.5	8.8
Cost of investment properties sold	(2.8)	(13.3)	(8.8)
Gain on sale of investment properties	0.4	0.2	–
Total net income arising from property activities	6.7	10.2	5.3

Administrative Expenses

The administrative expenses for the period ended 31 March 2012 were £1.2 million, unchanged from the same period last year. The major items are salary costs (£0.8 million) and various costs arising as a result of the Group being quoted on AIM.

Taxation

The tax charge of £1.5 million on the pre-tax profit of £5.1 million represents an effective rate of 29% (31 March 2011: 33%; 30 September 2011: 39%). Tax is payable at the full UK corporation tax rate of 26% on net rental income after deduction of allowable finance costs and administrative expenses. There is no tax payable in respect of investment property capital gains or any revaluation uplift.

Financing

At 31 March 2012, the Group had cash of £16.8 million (31 March 2011: £45.0 million; 30 September 2011: £35.7 million). Unutilised facilities available for draw down from our committed Lloyds Banking Group facility amounted to £22 million.

The bank debt at 31 March 2012 was £63.5 million following a £33 million draw down from our facility with Lloyds Banking Group in November 2011. This is the only debt within the Group and is non-recourse to the parent company. The total bank debt is 36% by loan to value or 26% net of cash. The Group has £41.8 million of investment properties that are uncharged and available to be re-financed.

The interest rate risk on the facility continues to be managed by way of interest rate swaps. During November 2011, the Group re-couponed its existing interest rate swaps from 2.38% to 1.33%, which reduced the on-going interest charge in the income statement and retains hedging protection over 77% of bank debt. The weighted average cost of all debt, including margin, has fallen to 4.15% from 4.44% at 30 September 2011. The fair value of these derivative financial instruments is provided for in full on the balance sheet.

In December 2011, we were required to redeem the remaining zero coupon preference shares originally issued on the takeover of The Advantage Property Income Trust Limited, which utilised £8.1 million of cash. The impact of this transaction is covered in note 10.

Property Information

Summary of Investment property portfolio

	31 March 2012	*30 September 2011*
Valuation	£177,875,000	£139,150,000
Number of properties	49	41
Contracted rent (pa)	£16,245,114	£12,070,501
Current ERV (pa)	£17,731,608	£13,665,893
Net initial yield	8.35%	7.86%
Equivalent yield	9.1%	8.92%
Reversionary yield	9.42%	9.35%
Vacancy rate	11.2%	11.2%
Average unexpired lease lengths	4.8 years	5.2 years

Summary of Edinmore Portfolio

Ashby Park, Ashby de la Zouch

Three office freehold buildings totalling 95,000 square feet let to three tenants, Alstom Power, Findel Education and Hill Rom Limited, with a total rental income of £1,059,000 pa. There is also a 3 acre development site.

Norfolk House, Birmingham

A 115,000 square foot freehold building consisting of 89,000 square foot of office space with the balance being retail space and is located next to the Bull Ring in Birmingham City centre. It should benefit from the nearby redevelopment of New Street Station. The current rental income is £950,000 pa.

Watt Place, Hamilton International Technology Park, Blantyre

A 34,300 square foot freehold industrial unit let to motor vehicle component manufacturer, CTS Corporation UK Limited on a lease expiring in February 2016. The current rental income is £189,000 pa.

Compass House, Dundee

A 30,500 square feet heritable office building in Dundee's prime waterfront location that is let to The Scottish Ministers until March 2019. Total rental income is £380,000 pa.

Witham Park House, Lincoln

A former factory divided into three separate freehold blocks and converted into 101,000 square feet of offices. The majority of the building is let to Lincolnshire County Council with lease expiry dates ranging from 2012 to 2018. Current rental income is £585,000 pa.

Charles House, Northampton

A 28,600 square foot freehold building built over 5 floors all let on a number of short leases. Current rental income is £194,000 pa.

Tollgate Business Park, Stafford

A 55,000 square foot freehold industrial/office building let to Elster Metering until April 2015 at £291,000 pa.

1 Cotham Street, St Helens

A 41,600 square foot freehold building let to Wilkinsons at £466,000 pa and purpose built for them with a lease expiry in October 2015.

Network House, Wolverhampton

A 33,300 square foot freehold building consisting of 14,000 square feet of offices and 19,300 square feet of retail space. The existing office accommodation is currently vacant, however, the property offers a redevelopment opportunity. Current rental income is £113,000 pa.

Summary of Development Projects

	31 March 2012 £m	*30 September 2011 £m*
Haverfordwest	14.89	14.69
Holyhead Waterfront	8.69	8.61
Pembroke Dock Waterfront	4.43	4.41
King's Lynn	0.82	0.80
Fishguard Waterfront	0.75	0.58
Parc Cybi, Holyhead	0.20	0.18
Fishguard Lorry Stop	0.50	0.15
Total investment to date	30.28	29.42

The Conygar Investment Company PLC
Consolidated Statement of Comprehensive Income
For the six months ended 31 March 2012

	Note	*Six months ended 31 March 2012 £'000*	*Six months ended 31 March 2011 £'000*	*Year ended 30 Sept 2011 £'000*
Rental income		7,747	6,686	13,010
Revenue		7,747	6,686	13,010
Direct costs of:				
Rental income		1,465	1,348	2,965
Direct Costs		1,465	1,348	2,965
Gross Profit		6,282	5,338	10,045
Income from trading investments		66	22	81
Share of results of joint ventures		(7)	(5)	(11)
Gain on sale of trading investments		–	–	49
Gain on sale of investment properties		369	9	167
Movement on revaluation of investment properties	6	1,450	(231)	401
Other gains and losses		(255)	1,522	(17)
Administrative expenses		(1,248)	(1,212)	(5,207)
Operating Profit		6,657	5,443	5,508
Finance costs	3	(1,630)	(2,174)	(3,925)
Finance income	3	78	112	178
Profit Before Taxation		5,105	3,381	1,761
Taxation		(1,500)	(1,134)	(683)
Profit and Total Comprehensive Income for the Period		3,605	2,247	1,078
Attributable to:				
– equity shareholders		3,605	2,247	1,078
– minority interests		–	–	–
		3,605	2,247	1,078
Basic earnings per share	5	3.53p	1.96p	0.98p
Diluted earnings per share	5	3.53p	1.96p	0.98p

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 2012

	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Merger Reserve £'000	Equity Reserve £'000	Treasury Shares £'000	Retained Earnings £'000	Total £'000	Non-controlling Interests £'000	Total Equity £'000
At 1 October 2010	5,870	124,089	–	7,640	1,247	–	37,779	176,625	20	176,645
Profit for the period	–	–	–	–	–	–	2,247	2,247	–	2,247
Total recognised income and expense for the period	–	–	–	–	–	–	2,247	2,247	–	2,247
Dividend paid	–	–	–	–	–	–	(1,175)	(1,175)	–	(1,175)
Preference share conversion	157	3,534	–	–	(309)	–	–	3,382	–	3,382
Purchase of own shares	–	–	–	–	–	(13,674)	–	(13,674)	–	(13,674)
At 31 March 2011	6,027	127,623	–	7,640	938	(13,674)	38,851	167,405	20	167,425
At 1 October 2010	5,870	124,089	–	7,640	1,247	–	37,779	176,625	20	176,645
Profit for the year	–	–	–	–	–	–	1,078	1,078	–	1,078
Total comprehensive income for the year	–	–	–	–	–	–	1,078	1,078	–	1,078
Dividend paid	–	–	–	–	–	–	(1,175)	(1,175)	–	(1,175)
Preference share conversion	299	6,884	–	–	(597)	–	–	6,586	–	6,586
Purchase of own shares	–	–	–	–	–	(24,649)	–	(24,649)	–	(24,649)
At 30 September 2011	6,169	130,973	–	7,640	650	(24,649)	37,682	158,465	20	158,485
Changes in equity for six months ended 31 March 2012										
At 1 October 2011	6,169	130,973	–	7,640	650	(24,649)	37,682	158,465	20	158,485
Profit for the period	–	–	–	–	–	–	3,605	3,605	–	3,605
Total recognised income and expense for the period	–	–	–	–	–	–	3,605	3,605	–	3,605
Dividend paid	–	–	–	–	–	–	(1,123)	(1,123)	–	(1,123)
Preference share conversion	1	37	–	(3)	–	–	–	35	–	35
Preference share redemption	–	(6,993)	323	(7,637)	(650)	–	14,333	(624)	–	(624)
Purchase of own shares	–	–	–	–	–	(1,817)	–	(1,817)	–	(1,817)
Cancellation of treasury shares	(495)	–	495	–	–	11,275	(11,275)	–	–	–
At 31 March 2012	5,675	124,017	818	–	–	(15,191)	43,222	158,541	20	158,561

The Conygar Investment Company PLC
Consolidated Balance Sheet
As at 31 March 2012

	Note	*31 March 2012 £'000*	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Non-Current Assets				
Property, plant and equipment		181	227	208
Investment properties	6	177,875	142,770	139,150
Investment in joint ventures	7	5,499	5,430	5,466
Goodwill		3,173	3,173	3,173
Derivatives	9	–	64	–
		186,728	151,664	147,997
Current Assets				
Trading Investments		1,579	2,277	1,802
Development and trading properties	8	21,604	19,040	20,779
Trade and other receivables		3,874	2,578	2,614
Cash and cash equivalents		16,753	44,961	35,674
		43,810	68,856	60,869
Total Assets		230,538	220,520	208,866
Current Liabilities				
Trade and other payables		6,174	7,272	7,441
Bank loans	9	14,484	–	–
Preference shares	10	–	10,326	7,376
Tax liabilities		2,041	1,211	532
		22,699	18,809	15,349
Non-Current Liabilities				
Bank loans	9	49,032	34,286	33,664
Derivatives	9	246	–	1,368
		49,278	34,286	35,032
Total Liabilities		71,977	53,095	50,381
Net Assets	11	158,561	167,425	158,485
Equity				
Called up share capital		5,675	6,027	6,169
Share premium account		124,017	127,623	130,973
Capital redemption reserve		818	–	–
Merger reserve		–	7,640	7,640
Equity reserve		–	938	650
Treasury shares		(15,191)	(13,674)	(24,649)
Retained earnings		43,222	38,851	37,682
Equity Attributable to Equity Holders		158,541	167,405	158,465
Minority interests		20	20	20
Total Equity		158,561	167,425	158,485
Net Assets Per Share		158p	154p	155p

The Conygar Investment Company PLC
Consolidated Cash Flow Statement
For the six months ended 31 March 2012

	Six months ended *31 March 2012* *£'000*	*31 March 2011* *£'000*	*Year ended* *30 Sept 2011* *£'000*
Cash Flows From Operating Activities			
Operating profit	6,657	5,443	5,508
Depreciation and amortisation	28	26	165
Share of results of joint ventures	7	5	(11)
Other gains and losses	255	(1,522)	39
Gain on sale of investment properties	(369)	(9)	(167)
Movement on revaluation of investment properties	(1,450)	231	(401)
Dividend income	(66)	–	(81)
Cash Flows From Operations Before Changes In Working Capital	5,062	4,174	5,052
Change in trade and other receivables	(1,260)	(348)	(384)
Change in land, developments and trading properties	(825)	(12,929)	(14,668)
Change in trade and other payables	(1,267)	1,118	1,675
Cash Generated From/(Used In) Operations	1,710	(7,985)	(8,325)
Finance costs	(1,304)	(1,582)	(2,878)
Finance income	78	112	178
Tax repaid/(paid)	94	(618)	(828)
Cash Flows Generated From/(Used In) Operating Activities	578	(10,073)	(11,853)
Cash Flows From Investing Activities			
Acquisition of investment properties	(39,818)	–	(1,080)
Capital expenditure on investment properties	(324)	(690)	–
Acquisition of trading investments	–	(2,277)	(2,277)
Disposal of trading investments	–	–	455
Sale proceeds of investment properties	3,186	8,795	13,531
Investment in joint ventures	(52)	(91)	(111)
Purchase of plant and equipment	–	(23)	(36)
Leasehold improvements	–	(8)	(8)
Dividend income	66	–	81
Cash Flows (Used In)/Generated from Investing Activities	(36,942)	5,706	10,555
Cash Flows From Financing Activities			
Bank loan advanced	33,000	–	–
Bank loans repaid	(3,360)	–	(834)
Re-couponing of interest rate swaps	(1,177)	(3,692)	(3,692)
Preference share redemption	(8,080)	–	–
Purchase of own shares	(1,817)	(13,127)	(24,649)
Dividend Paid	(1,123)	(1,175)	(1,175)
Cash Flows Generated From/(Used In) Financing Activities	17,443	(17,994)	(30,350)
Net decrease in cash and cash equivalents	(18,921)	(22,361)	(31,648)
Cash and cash equivalents at 1 October	35,674	67,322	67,322
Cash and Cash Equivalents at 31 March 2012	16,753	44,961	35,674

The Conygar Investment Company PLC
Notes to the Interim Results
For the six months ended 31 March 2012

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 2011 other than the mandatory adoption of new standards, revisions and interpretations that are applicable to accounting periods commencing on or after 1 October 2011 as detailed in the annual financial statements. Principal among these are the adoption of IAS 24 (amendment), IFRS 7 (amendment) and IFRIC 14.

Amendment to IAS 24 "Related party transactions" (effective for accounting periods beginning on or after 1 January 2011);

Amendment to IFRS 7 "Financial instruments: disclosures" – transfers of financial assets (effective for accounting periods beginning on or after 1 July 2011);

Amendment to IFRIC 14 "Prepayments of a minimum funding requirement" (effective for accounting periods beginning on or after 1 January 2011).

The condensed financial information for the six month period ended 31 March 2012 and the six month period ended 31 March 2011 has been reviewed but not audited 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 2011 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 2011 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 21 May 2012.

Copies of the interim report may be obtained from the Company Secretary, The Conygar Investment Company PLC, Fourth Floor, 110 Wigmore Street, London, W1U 3RW.

2. Segmental Information

IFRS 8 requires the identification of the Group's operating segments which are defined as being discrete components of the Group's operations whose results are regularly reviewed by the board of directors. The Group divides its business into the following segments:

- Investment properties, which are owned or leased by the Group for long-term income and for capital appreciation, and trading properties which are owned or leased with the intention to sell; and,
- Development properties, which include sites, developments in the course of construction and sites available for sale.

There was no revenue or profit/loss relating to the development properties and therefore only the segmented impact of the balance sheet can be reported.

Balance Sheet

	31 March 2012				*30 September 2011*			
	Investment Properties £'000	*Development Properties £'000*	*Other £'000*	*Group Total £'000*	*Investment Properties £'000*	*Development Properties £'000*	*Other £'000*	*Group Total £'000*
Investment properties	177,875	–	–	177,875	139,150	–	–	139,150
Investment in joint ventures	–	5,499	–	5,499	–	5,466	–	5,466
Goodwill	–	3,173	–	3,173	–	3,173	–	3,173
Development & trading properties	–	21,604	–	21,604	–	20,779	–	20,779
	177,875	30,276	–	208,151	139,150	29,418	–	168,568
Other assets	14,085	–	8,302	22,387	9,849	–	30,449	40,298
Total assets	191,960	30,276	8,302	230,538	148,999	29,418	30,449	208,866
Liabilities	(69,609)	–	(2,368)	(71,977)	(41,578)	–	(8,803)	(50,381)
Net assets	122,351	30,276	5,934	158,561	107,421	29,418	21,646	158,485

The Conygar Investment Company PLC
Notes to the Interim Results (Continued)
For the six months ended 31 March 2012

3. Finance Income/Costs

	Six months ended 31 March 2012 £'000	*Six months ended 31 March 2011 £'000*	*Year ended 30 Sept 2011 £'000*
Finance income			
Bank interest	78	112	178
Finance costs			
Bank loans	(1,304)	(1,582)	(2,816)
Loan repayment costs	–	–	(48)
Amortisation of arrangement fees	(212)	(211)	(423)
Notional interest on preference shares	(114)	(381)	(638)
	(1,630)	(2,174)	(3,925)

4. Dividend

The final dividend of 1.1 pence per ordinary share in respect of the year ended 30 September 2011 (2010 – 1 pence) was approved at the AGM and paid in January 2012. This final dividend amounted to £1,123,000 (2010: £1,175,000).

5. Earnings per Share

The calculation of earnings per ordinary share is based on the profit after tax of £3,605,000 (March 2011: £2,247,000; September 2011: £1,078,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 102,032,880 (net of 13,337,981 shares purchased by the Company and held as treasury shares) (March 2011: 114,690,363; September 2011: 109,602,651). The weighted average number of shares on a fully diluted basis was 102,039,067 (March 2011: 127,185,295; September 2011: 119,171,352) and profit after tax of £3,605,000 (March 2011: £2,628,000; September 2011: £1,717,000). No adjustment has been made for anti-dilutive potential ordinary shares. The total number of ordinary shares in issue (net of 13,337,981 shares purchased by the Company and held as treasury shares) at the date of this report was 100,151,142.

6. Investment Properties

	Freehold	*Long-Leasehold*	*Reverse Lease Premiums*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Valuation at 30 September 2011	96,886	41,809	455	139,150
Additions	39,852	–	290	40,142
Disposals	(2,806)	–	–	(2,806)
Reverse lease premium amortisation	–	–	(61)	(61)
Revaluation movement	1,720	(270)	–	1,450
Valuation at 31 March 2012	135,652	41,539	684	177,875

The historical cost of the properties acquired in the period is £39,818,000 (March and September 2011: nil). The historical cost of properties held at 31 March 2012 is £245,728,000 (March 2011: £219,760,000; September 2011: £211,359,000).

The properties were valued by Jones Lang LaSalle, independent valuers not connected with the Group, at 31 March 2012 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 £104,735,000 (March 2011: £109,435,000; September 2011: £105,085,000) of investment property to secure Lloyds Banking Group debt facilities and £31,345,000 (March 2011: £33,335,000; September 2011: £34,065,000) to secure Capita debt facilities. Further details of these facilities are provided in note 9.

The property rental income earned from investment property, all of which is leased out under operating leases, amounted to £7,747,000 (March 2011: £6,686,000; September 2011: £13,010,000).

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For the six months ended 31 March 2012

7. 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:

	31 March 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Assets			
Current assets	5,516	5,434	5,485
	5,516	5,434	5,485
Liabilities			
Current liabilities	(17)	(4)	(19)
	(17)	(4)	(19)
Net assets	5,499	5,430	5,466

	Six months ended		*Year ended*
	31 March 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Operating loss	(7)	(5)	(11)
Finance income	–	–	–
Loss before tax	(7)	(5)	(11)
Tax	–	–	–
Loss after tax	(7)	(5)	(11)

8. Property Inventories

	31 March 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Properties held for resale or development	21,604	19,040	20,779

The above amounts relate to development properties, which include sites, developments in the course of construction and sites available for sale.

9. Bank Loans

	31 March 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Bank loans	64,392	35,586	34,752
Debt issue costs	(876)	(1,300)	(1,088)
	63,516	34,286	33,664

The interest rate profile of the Group bank borrowings at 31 March 2012 was as follows:

	Interest Rate	*Maturity*	*31 March 2012 £'000*	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Lloyds Banking Group (1)	LIBOR +2%	2 – 5 years	49,790	20,150	20,150
Capita (2)	5.24%	< 2 years	14,602	15,436	14,602
			64,392	35,586	34,752

(1) As at 31 March 2012, TAPP Property Limited maintained a facility with the Lloyds Banking Group of up to £78,000,000 (March and September 2011: £78,000,000) under which £49,790,000 (March 2011: £20,150,000; September 2011: £20,150,000) had been drawn down. This facility is repayable on or before 27 January 2015 and is secured by fixed and floating charges over the assets of the TAPP Property Limited group and the Lamont companies. The facility is subject to a maximum loan to value covenant of 70% and an interest cover ratio covenant of 150%. Margin is on a sliding scale from 2% to 3.5% subject to loan to value covenants.

(2) As at 31 March 2012, TOPP Property Limited maintained a facility with Capita of £35,267,000 (March and September 2011 £35,267,000) of which £14,602,000 (March 2011: £15,435,000; September 2011: £14,602,000) had been drawn down. This facility is repayable on or before 18 January 2013 and is secured by fixed and floating charges over the assets of the TOPP Property Limited group. The facility is subject to a maximum loan to value covenant of 70% and an interest cover ratio covenant of 135%. The interest rate is fixed until 18 January 2013.

9. Bank Loans (continued)

Two swaps are in place relating to the Lloyds Banking Group facility with notional amounts of £12,693,000 (March and September 2011: £12,693,000) and £21,800,000 (March and September 2011: £21,800,000) and both with fixed rates of 1.329% (March and September 2011: 2.38% respectively), which expire on 17 February 2015.

At 31 March 2012, the fair value of the swaps was valued at £246,000 deficit (March 2011: £64,000; September 2011: £1,368,000 deficit). The valuation of the swaps was provided by JC Rathbone Associates and represents the change in fair value since execution.

10. Preference Shares

	31 March 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Preference Shares	–	10,326	7,376

As part of the offer for The Advantage Property Income Trust Limited, the Company issued 62,979,750 convertible preference shares of £0.01 each, of which none (March 2011: 46,846,545; September 2011: 32,457,595) were outstanding at the period end. The preference shares were convertible at any point into ordinary shares at the option of the preference shareholder. The conversion rate was one ordinary share for five preference shares. Any preference shares not converted were redeemed for £0.25 each on 31 December 2011.

Although equity share capital at law, the preference shares were 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 was credited to an equity reserve. A notional interest element was charged to the income statement over the period to redemption.

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

	31 March 2012 £'000
At 30 September 2011	7,376
Conversions to ordinary shares in the period at carrying value	(31)
Notional interest charge	114
Redemption	(7,459)
At 31 March 2012	–

11. Net Asset Value per share

Net asset value per share is calculated as the net assets of the Group divided by the number of shares in issue.

The European Public Real Estate Association ("EPRA") guidelines provide for a measure of net asset value excluding the effects of fluctuations in derivative financial instruments, deferred tax and taking into account the fair value of development properties. EPRA net asset value per share is calculated as the EPRA net asset value divided by the number of shares in issue on a fully diluted basis.

	31 March 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Net asset value	158,561	167,425	158,485
Adjustments:			
Derivatives	246	(64)	1,368
Preference share liability	–	10,326	7,376
EPRA net asset value	158,807	177,687	167,229
	No.	*No.*	*No.*
Shares in issue	100,151,142	108,656,981	102,124,242
Preference share dilution	–	9,369,309	6,491,519
	100,151,142	118,026,290	108,615,761
EPRA net asset value per share	158.6p	150.5p	153.9p

The above calculations exclude the fair value of the Group's development properties. We have not sought to value these assets as, in our opinion, they are at too early a stage in their development to provide a meaningful figure.

12. 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 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Joint Ventures			
Conygar Stena Line Limited	5,635	5,556	5,595
	5,635	5,556	5,595

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

	Six months ended		*Year ended*
	31 March 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Secured interest bearing loan	2,615	2,536	2,575
Unsecured non-interest bearing shareholder loan	3,020	3,020	3,020
	5,635	5,556	5,595

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 2012 £'000	*31 March 2011 £'000*	*30 Sept 2011 £'000*
Short term employee benefits	500	450	3,550
	500	450	3,550

REES POLLOCK
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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 2012 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 2012 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
London
21 May 2012

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 *(Director)* M D Wigley *(Non-executive Director)*
Secretary	P A Batchelor
Registered Office	Fourth Floor 110 Wigmore Street London, W1U 3RW
Registrar	Share Registrars Limited Suite E First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Nominated Adviser & Stockbroker	Oriel Securities Limited 150 Cheapside London EC2V 6ET
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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