THE CONYGAR INVESTMENT COMPANY PLC

INTERIM REPORT
Six Months ended 31 March 2011

The Conygar Investment Company PLC

Interim Results

for the six months ended 31 March 2011

Highlights

- Net asset value per share increased by 2.7% to 154p from 150p at 30 September 2010.
- Profit before taxation of £3.4 million in the six months ended 31 March 2011 compared with profit of £7.0 million in the six months ended 31 March 2010. The prior period included a £5.8 million gain on sale of investment properties compared with a gain of £9,000 this period.
- Underlying profit, excluding disposals, increased to £3.4 million from £1.1 million in the prior period as a result of cost cutting and re-couponing of interest rate swaps.
- Cash available for further opportunities of £45 million, increasing to £98 million including the committed bank facility available to be drawn.
- Purchase of 86 acres of land at Haverfordwest, Pembrokeshire for £14 million which has outline planning consent for 900 residential units.
- Share buy back: the Group acquired 9.8% of its ordinary share capital at a weighted average price of 115.6p per share.

Summary Group Net Assets as at 31 March 2011

		Per Share
	£'m	*p*
Property Assets	142.8	131.4
Development Projects	27.6	25.4
Cash	45.0	41.4
Other net (liabilities)	(3.4)	(3.0)
	212.0	
Bank loans	(34.3)	(31.6)
Preference shares	(10.3)	(9.5)
Net assets	167.4	154.1

The Conygar Investment Company PLC

Interim Results

for the six months ended 31 March 2011

Chairman's and Chief Executive's Statement

Progress and Results

The six months ended 31 March 2011 have been another solid period for the Group, with profit before taxation of £3.4 million compared with £7.0 million in the six months ended 31 March 2010. The prior period included a £5.8 million gain on sale of investment properties compared with a gain of £9,000 this period. Excluding these, the underlying profit for the period increased from £1.1 million to £3.4 million. The majority of this improvement arises from cost cutting and reduced financing costs resulting from the re-couponing of interest rate swaps. The net asset value per share rose 2.7% to 154p at 31 March 2011 from 150p at 30 September 2010 and 144p at 31 March 2010.

The Group continues to make disposals of properties where no further value can be added, with a view to recycling capital. During the period we disposed of three properties for £8.8 million at or slightly above 30 September 2010 valuation.

The Group had cash of £45 million as at 31 March 2011 which, combined with the funds available for draw down from the committed bank facility, increases our available firepower to £98 million before any additional re-financing or stapled debt.

The Group's investment properties as at 31 March 2011 were independently valued at £142.8 million compared to £151.1 million at 30 September 2010. Excluding the £8.8 million of disposals, the valuation was broadly flat which reflects the difficult state of the market outside London. On the positive side, we continue to make good progress in improving the quality of, and returns from, the portfolio. In particular, the letting at Advantage, Reading (detailed below) is a significant breakthrough in dealing with some of the vacancies in the portfolio.

Acquisition

In November 2010, we purchased 86 acres of land at Haverfordwest, Pembrokeshire, close to the town centre for £14 million which has outline planning consent for 900 residential units. A detailed planning application is being prepared and will be submitted before the year end. Discussions are taking place with a leading residential developer with a view to entering into a conditional contract for the sale of serviced plots of land, although negotiations are at an early stage.

Finally, in addition to other smaller investments in quoted shares, we have acquired a 4.67% stake in The Local Shopping REIT plc, a REIT quoted on the London Stock Exchange.

Share Buy Back

During the period, the Group acquired 11,827,452 ordinary shares representing 9.8% of its ordinary share capital, at a weighted average price of 115.6p per share. This utilised total cash of £13.7 million. As a result of the buy backs, net asset value per share has been enhanced by approximately 2.7 pence per share or 1.8%.

We remain disappointed by the discount of the share price to the net asset value per share and will continue to utilise the share buy back authority where it clearly enhances net asset value per share for those remaining shareholders.

Property Portfolio

As at 31 March 2011, the Group's investment properties were valued at £142.8 million. The total portfolio decreased in value by £0.2 million from 30 September 2010. Some of this movement is accounted for by capital expenditure where the value uplift is yet to come through, but the portfolio has broadly remained level on a like for like basis. The most significant reduction came at Brunswick Point, Leeds where the valuation fell 4.5% reflecting the weak occupier market in Leeds and the need for us to refurbish the building.

The contracted annual rent roll is £12.4 million as at 31 March 2011, which is £0.9 million lower than at 30 September 2010, primarily reflecting the asset disposals. We continue to work hard on the asset management aspects and are pleased to announce that we have let 8,448 square feet at Advantage, Reading to Atex Group Limited on a twelve year lease, with a tenant only break at year seven. The rent will be £185,856 per annum, subject to fixed uplifts for which the tenant is receiving a two year rent free period. This is excellent progress on letting up void space in the very difficult Reading occupier market and other new lettings have added a further £178,000 per annum in rental income.

We continue to make disposals of properties where no further value can be added and we sold three properties during the period; Fishers Grove Portsmouth, Caswell Road Northampton and Cambridge Road Leicester. The total consideration was £8.8 million, of which the largest asset was Cambridge Road Leicester at £7 million. This asset was acquired as part of the Lamont portfolio and sold for 30 September 2010 valuation.

Development Projects

We continue to make significant progress on our development projects in which the total invested to date is £27.6 million, all held at cost having invested a further £13 million since 30 September 2010.

At Holyhead, our joint venture with Stena Line, we have submitted our planning application for the mixed use development. The application includes plans for 380 apartments and town houses, a 500 berth marina, 43,470 square feet of office, commercial and retail/leisure facilities in addition to a hotel. We are encouraged by the level of local support received thus far but we must await the outcome of the statutory consultation process which should be announced this summer. We hope that planning consent will be granted before the year end.

Marketing is underway at our development site at Parc Cybi, Holyhead, Anglesey and discussions are on-going with transport operators. We are seeking to expand the current 110,000 square feet distribution/storage warehouse scheme to include lorry park facilities. This is a much needed facility for the port, which is one of the busiest trade ports in the UK. In conjunction with the ferry operators and local politicians, we are making representations to the Welsh Government to release land for this purpose, as the lorry park would also be the catalyst to the successful development of the distribution park.

At Pembroke Dock, we continue to work through the various design and engineering solutions and we are pleased to report that the client group, comprising Pembrokeshire County Council, the Welsh Government, the Crown Estate and the Milford Haven Port Authority, recognising the current state of the market, has consented to our adopting a phased approach. Given current market conditions, this is a massive boost to the viability of the entire project and we are in discussions with various interested parties with a view to commencing the first phase of the development.

In November 2010, we reported that we had exchanged contracts to acquire an eleven acre site for a lorry stop and distribution park on the perimeter of the port at Fishguard, Pembrokeshire. We have now obtained the necessary planning consent and once the judicial review period is exhausted, we will complete the purchase for £329,500. The consent covers the provision of a 24 hour truck stop, industrial and warehouse units together with ancillary facilities.

As noted above, we have acquired 86 acres of land at Haverfordwest, Pembrokeshire for £14 million, close to the town centre, which has outline planning consent for 900 residential consents. The acquisition of such a large percentage of the residential consents in the administrative centre of Pembrokeshire should provide an opportunity for good returns over the medium term. We are currently preparing the detailed planning application which will be submitted before the year end. Discussions are also taking place with a leading residential developer with a view to the potential sale of serviced plots of land.

Financing and Cash Management

At 31 March 2011, the Group had cash of £45 million to pursue investment opportunities which, when combined with the funds available on draw down of the committed bank facility, increases to £98 million.

During December, the Group re-couponed its existing interest rate swaps from 5.24% to 2.38%. Aside from considerably reducing the interest rate and retaining the hedging protection, the transaction resulted in a one-off gain of £1.4 million, as the cost of breaking the swaps had fallen from the mark to market provision at 30 September 2010. The weighted average cost of all debt including margin has fallen to 3.34%.

Our bank debt at 31 March 2011 was £35.6 million, unchanged from the year end. The loan to value remains low at 25% and would only rise to 62% in the event we drew down in full on the bank facility.

Low returns on cash continue to act as a drag on our income, though the Board takes the view that the ability to deploy cash quickly remains a major competitive advantage when seeking suitable investment opportunities.

Summary Group Net Assets

The Group net assets as at 31 March 2011 may be summarised as follows:

	£'m	*Per Share p*
Investment Properties	142.8	131.4
Development Projects	27.6	25.4
Cash	45.0	41.4
Other Net Liabilities	(3.4)	(3.0)
	212.0	
Bank Loans	(34.3)	(31.6)
Preference Shares	(10.3)	(9.5)
	167.4	154.1

Outlook

The economic outlook remains difficult with, in our view, considerably more negatives than positives in the market. Central London remains positive though fundamentals remain weak and the outlook for the rest of the country seems patchy at best. We believe asking prices for property are in many cases still too high, with a clear and widening divergence between primary and secondary assets. That is, of course, before we factor in the property stock that must eventually emerge as a result of the deleveraging required by the banks and by some of their more highly leveraged clients.

That said, and having painted a gloomy picture of the market, we remain positive as to the future prospects of the Group. Along with many of our cash-rich peers, we continue to assess the various opportunities and, although it is taking longer than expected, we are content to wait patiently for the considerable amount of stock to emerge which is necessary for the inevitable deleveraging. In the meantime, we are making significant progress on our development projects which look increasingly exciting. We are unashamedly opportunistic but not gamblers.

We look forward to reporting further progress in due course.

N J Hamway
Chairman

R T E Ware
Chief Executive

23 May 2011

The Conygar Investment Company PLC
Consolidated Statement of Comprehensive Income
For the six months ended 31 March 2011

	Note	*Six months ended 31 March 2011 £'000*	*Six months ended 31 March 2010 £'000*	*Year ended 30 Sept 2010 £'000*
Sales of trading properties		–	3,100	3,100
Rental income		6,686	7,804	15,415
Revenue		6,686	10,904	18,515
Direct costs of:				
Sales of trading properties		–	3,222	5,052
Rental income		1,348	1,513	2,955
Write-down of property inventory		–	–	(1,830)
Direct Costs		1,348	4,735	6,177
Gross Profit		5,338	6,169	12,338
Gain in respect of acquisition		–	608	608
Income from trading investments		22	–	–
Share of results of joint ventures		(5)	(45)	(10)
Gain on sale of investment properties		9	5,842	5,529
Movement on revaluations of investment properties	5	(231)	672	7,205
Other gains and losses		1,522	82	(475)
Administrative expenses		(1,212)	(1,602)	(3,011)
Operating Profit		5,443	11,726	22,184
Finance costs	3	(2,174)	(4,970)	(7,586)
Finance income	3	112	205	280
Profit Before Taxation		3,381	6,961	14,878
Taxation		(1,134)	(239)	(637)
Profit and Total Comprehensive Income for the Period		2,247	6,722	14,241
Attributable to:				
– equity shareholders		2,247	6,700	14,219
– minority interests		–	22	22
		2,247	6,722	14,241
Basic earnings per share	4	1.96p	5.73p	12.13p
Diluted earnings per share	4	1.96p	5.72p	11.57p

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 2011

	Share Capital £'000	*Share Premium £'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 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
At 1 October 2009	5,809	123,094	7,640	1,254	–	23,126	160,923	1,122	162,045
Profit for the year	–	–	–	–	–	14,219	14,219	22	14,241
Total recognised income and expense for the year	–	–	–	–	–	14,219	14,219	22	14,241
Credit to equity for equity settled share based payment	–	–	–	–	–	434	434	–	434
Issue of share capital	56	896	–	–	–	–	952	–	952
Issue of preference shares	–	–	–	2	–	–	2	–	2
Preference share conversion	5	99	–	(9)	–	–	95	–	95
Purchase of non-controlling interests	–	–	–	–	–	–	–	(1,124)	(1,124)
At 30 September 2010	5,870	124,089	7,640	1,247	–	37,779	176,625	20	176,645
Changes in equity for six months ended 31 March 2011									
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

The Conygar Investment Company PLC
Consolidated Balance Sheet
As at 31 March 2011

	Note	*31 March 2011 £'000*	*31 March 2010 £'000*	*30 Sept 2010 £'000*
Non-Current Assets				
Property, plant and equipment		227	10	219
Investment properties	5	142,770	160,664	151,145
Investment in joint ventures	6	5,430	5,079	5,344
Goodwill		3,173	3,173	3,173
Derivatives	8	64	–	–
		151,664	168,926	159,881
Current Assets				
Trading Investments		2,277	–	–
Development and trading properties	7	19,040	4,180	6,111
Trade and other receivables		2,578	1,751	2,230
Cash and cash equivalents		44,961	71,974	67,322
		68,856	77,905	75,663
Total Assets		220,520	246,831	235,544
Current Liabilities				
Trade and other payables		7,272	5,886	5,766
Preference Shares	9	10,326	–	–
Tax liabilities		1,211	31	677
		18,809	5,917	6,443
Non-Current Liabilities				
Bank loans	8	34,286	54,268	34,090
Preference shares	9	–	13,188	13,324
Derivatives	8	–	4,337	5,042
		34,286	71,793	52,456
Total Liabilities		53,095	77,710	58,899
Net Assets	10	167,425	169,121	176,645
Equity				
Called up share capital		6,027	5,869	5,870
Share premium account		127,623	123,990	124,089
Merger reserve		7,640	7,717	7,640
Equity reserve		938	1,265	1,247
Treasury shares		(13,674)	–	–
Retained earnings		38,851	30,260	37,779
Equity Attributable to Equity Holders		167,405	169,101	176,625
Minority interests		20	20	20
Total Equity		167,425	169,121	176,645
Net Assets Per Share		154p	144p	150p

The Conygar Investment Company PLC
Consolidated Cash Flow Statement
For the six months ended 31 March 2011

	Six months ended 31 March 2011 £'000	*Six months ended 31 March 2010 £'000*	*Year ended 30 Sept 2010 £'000*
Cash Flows From Operating Activities			
Operating profit	5,443	11,726	22,184
Depreciation and amortisation	26	1	35
Share of results of joint ventures	5	45	(10)
Other gains and losses	(1,522)	(82)	(136)
Gain on sale of investment properties	(9)	(5,842)	(5,529)
Movement on revaluation of investment properties	231	(672)	(7,205)
Gain in respect of acquisition	–	(608)	(608)
Share based payment charge	–	434	434
Cash Flows From Operations Before Changes In Working Capital	4,174	5,002	9,165
Change in trade and other receivables	(348)	17,326	16,845
Change in land, developments and trading properties	(12,929)	2,908	977
Change in trade and other payables	1,118	(6,554)	(6,326)
Cash (Used In)/Generated From Operations	(7,985)	18,682	20,661
Finance costs	(1,582)	(4,152)	(6,457)
Finance income	112	205	280
(Tax paid)/credit received	(618)	691	1,054
Cash Flows (Used In)/Generated From Operating Activities	(10,073)	15,426	15,538
Cash Flows From Investing Activities			
Acquisition of investment properties	–	(44,763)	(44,763)
Capital expenditure on investment properties	(690)	–	–
Acquisition of trading investments	(2,277)	–	–
Sale proceeds of investment properties	8,795	42,202	57,937
Investment in joint ventures	(91)	(44)	(243)
Acquisition of non-controlling interests	–	(76)	(76)
Purchase of plant and equipment	(23)	(4)	(99)
Leasehold improvements	(8)	–	(148)
Cash Flows Generated From/(Used In) Investing Activities	5,706	(2,685)	12,608
Cash Flows From Financing Activities			
Bank loans repaid	–	(43,966)	(64,023)
Re-couponing of interest rate swaps	(3,692)	–	–
Issue of shares	–	372	372
Purchase of own shares	(13,127)	–	–
Dividend Paid	(1,175)	–	–
Cash Flows Used In Financing Activities	(17,994)	(43,594)	(63,651)
Net decrease in cash and cash equivalents	(22,361)	(30,853)	(35,505)
Cash and cash equivalents at 1 October	67,322	102,827	102,827
Cash and Cash Equivalents at 31 March 2011	44,961	71,974	67,322

The Conygar Investment Company PLC
Notes to the Interim Results
For the six months ended 31 March 2011

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 2010 other than the mandatory adoption of new standards, revisions and interpretations that are applicable to accounting periods commencing on or after 1 October 2010 as detailed in the annual financial statements. Principal among these are the adoption of IAS 32 (amendment), IFRS 2 (amendment) and IFRIC 19.

The amendment to IAS 32 requires rights issues for a fixed amount of foreign currency to be classified as equity. As the group does not transact in foreign currencies this standard has had no impact on the interim information.

The amendment to IFRS 2 clarifies the accounting for group cash-settled share-based payment transactions. No such transactions have occurred in the period, so the amendment has not affected the underlying figures.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The convertible preference shares are not captured by this standard as the issuance of equity shares is in accordance with the original terms of the financial liability.

The condensed financial information for the six month period ended 31 March 2011 and the six month period ended 31 March 2010 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 2010 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 2010 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 23 May 2011.

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.

The Conygar Investment Company PLC
Notes to the Interim Results (Continued)
For the six months ended 31 March 2011

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 2011				*30 September 2010*			
	Investment Properties £'000	*Development Properties £'000*	*Other £'000*	*Group Total £'000*	*Investment Properties £'000*	*Development Properties £'000*	*Other £'000*	*Group Total £'000*
Investment properties	142,770	–	–	142,770	151,145	–	–	151,145
Investment in joint ventures	–	5,430	–	5,430	–	5,344	–	5,344
Goodwill	–	3,173	–	3,173	–	3,173	–	3,173
Development & trading properties	–	19,040	–	19,040	–	6,111	–	6,111
	142,770	27,643	–	170,413	151,145	14,628	–	165,773
Other assets	12,226	–	37,881	50,107	8,863	–	60,908	69,771
Total assets	154,996	27,643	37,881	220,520	160,008	14,628	60,908	235,544
Liabilities	(40,730)	–	(12,365)	(53,095)	(44,304)	–	(14,595)	(58,899)
Net assets	114,266	27,643	25,516	167,425	115,704	14,628	46,313	176,645

3. Finance Income/Costs

	Six months ended 31 March 2011 £'000	*Six months ended 31 March 2010 £'000*	*Year ended 30 Sept 2010 £'000*
Finance income			
Bank interest	112	205	280
Finance costs			
Bank loans	(1,582)	(2,431)	(4,266)
Loan repayment costs	–	(1,721)	(2,191)
Amortisation of arrangement fees	(211)	(169)	(339)
Notional interest on preference shares	(381)	(649)	(790)
	(2,174)	(4,970)	(7,586)

4. Earnings per Share

The calculation of earnings per ordinary share is based on the profit after tax of £2,247,000 (March 2010: £6,700,000; September 2010: £14,219,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 114,690,363 (net of 11,827,452 shares purchased by the Company and held as treasury shares) (March 2010: 117,017,275; September 2010: 117,203,241). The weighted average number of shares on a fully diluted basis was 127,185,295 (March 2010: 117,047,446; September 2010: 129,720,010) and profit after tax of £2,628,000 (March 2010: £7,349,000; September 2010: £15,009,000). No adjustment has been made for anti-dilutive potential ordinary shares. The total number of ordinary shares in issue (net of 11,827,452 shares purchased by the Company and held as treasury shares) at the date of this report was 108,675,783.

5. Investment Properties

	Freehold *£'000*	*Long-Leasehold* *£'000*	*Reverse Lease Premiums* *£'000*	*Total* *£'000*
Valuation at 30 September 2010	108,697	42,003	445	151,145
Additions	690	–	–	690
Disposals	(8,785)	–	–	(8,785)
Reverse lease premium amortisation	–	–	(49)	(49)
Revaluation movement	(386)	155	–	(231)
Valuation at 31 March 2011	100,216	42,158	396	142,770

The historical cost of the properties acquired in the period is £nil (March and September 2010: £73,254,000). The historical cost of properties held at 31 March 2011 is £219,760,000 (March 2010: £251,519,000; September 2010: £233,328,000).

The properties were valued by King Sturge, independent valuers not connected with the Group, at 31 March 2011 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 £109,435,000 (March 2010: £80,030,000; September 2010: £112,310,000) of investment property to secure Lloyds Banking Group debt facilities and £33,335,000 (March 2010: £35,515,600; September 2010: £35,235,000) to secure Capita debt facilities. Further details of these facilities are provided in note 8.

The property rental income earned from investment property, all of which is leased out under operating leases, amounted to £6,686,000 (March 2010: £7,723,000; September 2010: £15,099,000).

6. 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 2011 £'000	*31 March 2010 £'000*	*30 Sept 2010 £'000*
Assets			
Current assets	5,434	5,082	5,348
	5,434	5,082	5,348
Liabilities			
Current liabilities	(4)	(3)	(4)
	(4)	(3)	(4)
Net assets	5,430	5,079	5,344

	Six months ended 31 March 2011 £'000	*Six months ended 31 March 2010 £'000*	*Year ended 30 Sept 2010 £'000*
Operating loss	(5)	(45)	(10)
Finance income	-	–	–
Loss before tax	(5)	(45)	(10)
Tax	–	–	–
Loss after tax	(5)	(45)	(10)

7. Property Inventories

	31 March 2011 £'000	*31 March 2010 £'000*	*30 Sept 2010 £'000*
Properties held for resale or development	19,040	4,180	6,111

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

8. Bank Loans

	31 March 2011 £'000	*31 March 2010 £'000*	*30 Sept 2010 £'000*
Bank loans	35,586	55,643	35,586
Debt issue costs	(1,300)	(1,375)	(1,496)
	34,286	54,268	34,090

The interest rate profile of the Group bank borrowings at 31 March 2011 was as follows:

	Interest Rate	*Maturity*	*31 March 2011 £'000*	*31 March 2010 £'000*	*30 Sept 2010 £'000*
Lloyds Banking Group (1)	LIBOR +2%	2 – 5 years	20,150	34,494	20,150
Capita (2)	5.24%	2 – 5 years	15,436	21,149	15,436
			35,586	55,643	35,586

(1) As at 31 March 2011, TAPP Property Limited maintained a facility with the Lloyds Banking Group of up to £78,000,000 (March and September 2010: £78,000,000) under which £20,150,000 (March 2010: £34,494,000; September 2010: £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 2011, TOPP Property Limited maintained a facility with Capita of £35,267,000 (March and September 2010: £35,267,000) of which £15,435,000 (March 2010: £21,149,000; September 2010: £15,435,000) 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.

8. Bank Loans (continued)

Two swaps are in place relating to the Lloyds Banking Group facility with notional amounts of £12,693,000 (March 2010: £18,393,000; September 2010: £12,693,000) and £21,800,000 (March 2010: £21,800,000; September 2010: £21,800,000) and both with fixed rates of 2.38% (March and September 2010: 5.15% and 5.135% respectively), which expire on 17 February 2015.

At 31 March 2011, the fair value of the swaps was valued at £64,000 (March 2010: £4,337,000 deficit; September 2010: £5,042,000 deficit). The valuation of the swaps was provided by JC Rathbone Associates and represents the change in fair value since execution.

9. Preference Shares

	31 March 2011 £'000	*31 March 2010 £'000*	*30 Sept 2010 £'000*
Preference Shares	10,326	13,188	13,324

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 46,846,545 (March 2010: 62,332,275; September 2010: 62,313,045) 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 2011 £'000
At 30 September 2010	13,324
Conversions to ordinary shares in the period at carrying value	(3,379)
Notional interest charge	381
At 31 March 2011	10,326

10. 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 2011 £'000	*31 March 2010 £'000*	*30 Sept 2010 £'000*
Net asset value	167,425	169,121	176,645
Adjustments:			
Derivatives	(64)	4,337	5,042
Preference share liability	10,326	13,188	13,324
EPRA net asset value	177,687	186,646	195,011
	No.	*No.*	*No.*
Shares in issue	108,656,981	117,387,287	117,391,133
Preference share dilution	9,369,309	12,466,455	12,462,609
	118,026,290	129,853,742	129,853,742
EPRA net asset value per share	150.5p	143.7p	150.2p

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.

11. 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	*31 March*	*30 Sept*
	2011	*2010*	*2010*
	£'000	*£'000*	*£'000*
Joint Ventures			
Conygar Stena Line Limited	5,556	5,235	5,465
	5,556	5,235	5,465

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

	Six months ended		*Year ended*
	31 March	*31 March*	*30 Sept*
	2011	*2010*	*2010*
	£'000	*£'000*	*£'000*
Secured interest bearing loan	2,536	2,215	2,445
Unsecured non-interest bearing shareholder loan	3,020	3,020	3,020
	5,556	5,235	5,465

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	*31 March*	*30 Sept*
	2011	*2010*	*2010*
	£'000	*£'000*	*£'000*
Short term employee benefits	450	469	899
Share based payments charge	–	434	434
Pension contributions	–	20	20
	450	923	1,353

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 2011 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 2011 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
23 May 2011

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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