

23 August 2012

**HIGHCROFT INVESTMENTS PLC**  
**Interim report for the six months ended 30 June 2012**

**HIGHLIGHTS:**

- Net rental income increased 22% to £1,057,000 (2011: £867,000)
- Profit before tax increased 80% to £2,337,000 (2011: £1,299,000)
- Basic earnings per share (on revenue activities) up 30% to 20.9p (2011: 16.1p)
- Basic earnings per share (on capital activities) increased to 24.4p (2011: 9.0p)
- Net assets per share increased 3.7% to 747p (June 2011: 724p and December 2011 720p)
- Interim property income distribution increased 4.3% to 12.0p per share (2011: 11.5p)
- During the period one residential lease extension completed and contracts exchanged for the sale of our multi-let office building in Victoria.
- Since the period end the sale of the Victoria property has completed and contracts have been exchanged and completed on the acquisition of an industrial unit in Bedford.

Dear Shareholder

I am pleased to report that in the 6 months ended 30 June 2012 both net rental income and pre tax profits have risen significantly, whilst our net assets have increased modestly. These results are particularly satisfying considering the difficult circumstances in which much of the property sector finds itself.

**Results for the period**

*Property:* Gross rental income has risen by 9.8%, in part as a result of new income from our property in Andover bought in November 2011. Our portfolio remains fully let which is encouraging in the current economic climate. Property operating expenses halved in the absence of some of the exceptional costs incurred in 2011 relating to our void Yeovil property which we disposed of in 2011. The combined effect of income increasing and costs falling has resulted in an increase of 22% in net rental income.

*Equities:* Dividend income from our equity portfolio was slightly lower than last year at £120,000 (2011: £126,000). However as we had enjoyed an exceptional one-off distribution of £48,000 in 2011 the underlying picture is healthy reflecting, we believe, the modest shift in our portfolio from defensive to more cyclical stocks and the spread of our investments across blue chip international holdings.

*Financial highlights:* With administrative costs well under control, profit before tax on revenue activities has risen by 28% resulting in earnings per share from revenue activities of 20.9p per share (2011: 16.1p).

With the addition of net valuation gains on investment properties of £1,025,000 (2011: £463,000) and net gains on equity investments of £238,000 (2011: loss £31,000) the total earnings per share on all activities has increased to 45.0p (2011: 25.1p).

With continuing signs of falling values in many areas of the UK property market, we are particularly pleased that our net asset value per share has increased to 747p (June 2011: 724p, December 2011: 720p). We believe that this is a reflection of the inherent strength of our balanced portfolios, in terms of the geographic and sector spread of our equities and the type of property investments and their covenant strength. There were both winners and losers in our equity and property portfolios,

as we would expect in the current economic climate. There were falls in valuations at some of our smaller properties with shorter leases but these were well offset by significant gains elsewhere. Most notable among these was Willow House in Victoria, London, where we have just completed on the sale that we announced to the market in June. In addition we announced on 21 August that we had completed the acquisition of an industrial unit in Bedford

Our cash position at 30 June 2012 was £2,273,000 which has now been enhanced by the proceeds from the sale of Willow House of £4,900,000 and reduced by the purchase of the Bedford unit for a consideration of £1,860,658 net of costs.

*Dividend:* I am pleased to report that we will be paying an interim dividend of 12.0p per share (2011: 11.5p) payable on 20 October 2012.

## **Outlook**

With no borrowings, the group continues to be in an enviable position. We hope that we will be able to take advantage of the continuing stressed market conditions by investing some of our funds so as to strengthen our future income stream by enhancing our portfolio with the purchase of quality properties.

John Hewitt  
23 August 2012

For further information, contact:

Highcroft Investments PLC  
John Hewitt / Roberta Miles                      01865 840 023

Charles Stanley Securities  
Dugald Carlean / Karri Vuori                      0207 149 6000

**Condensed consolidated interim statement of comprehensive income (Unaudited)  
for the six months ended 30 June 2012**

|   | Note | Unaudited<br>First Half 2012 |                  |                     | Unaudited<br>First Half 2011 |                  |                     | Audited<br>Full Year 2011 |                  |                     |
|---|------|------------------------------|------------------|---------------------|------------------------------|------------------|---------------------|---------------------------|------------------|---------------------|
|   |      | Revenue<br>£'000             | Capital<br>£'000 | Total<br>£'000      | Revenue<br>£'000             | Capital<br>£'000 | Total<br>£'000      | Revenue<br>£'000          | Capital<br>£'000 | Total<br>£'000      |
| <b>Continuing operations</b>                              |      |                              |                  |                     |                              |                  |                     |                           |                  |                     |
| Gross rental income                                       |      | 1,142                        | -                | <b>1,142</b>        | 1,040                        | -                | <b>1,040</b>        | 2,129                     | -                | <b>2,129</b>        |
| Property operating expenses                               |      | (85)                         | -                | <b>(85)</b>         | (173)                        | -                | <b>(173)</b>        | (303)                     | -                | <b>(303)</b>        |
| <b>Net rental income</b>                                  |      | <u>1,057</u>                 | <u>-</u>         | <u><b>1,057</b></u> | <u>867</u>                   | <u>-</u>         | <u><b>867</b></u>   | <u>1,826</u>              | <u>-</u>         | <u><b>1,826</b></u> |
| Realised gains on investment property                     |      | 62                           | -                | <b>62</b>           | -                            | 58               | <b>58</b>           | 360                       | -                | <b>360</b>          |
| Realised losses on investment property                    |      | -                            | -                | <b>-</b>            | -                            | (23)             | <b>(23)</b>         | (82)                      | -                | <b>(82)</b>         |
| <b>Net gain on disposal of investment property</b>        |      | <u>62</u>                    | <u>-</u>         | <u><b>62</b></u>    | <u>-</u>                     | <u>35</u>        | <u><b>35</b></u>    | <u>278</u>                | <u>-</u>         | <u><b>278</b></u>   |
| Valuation gains on investment property                    |      | -                            | 2,075            | <b>2,075</b>        | -                            | 563              | <b>563</b>          | -                         | 801              | <b>801</b>          |
| Valuation losses on investment property                   |      | -                            | (1,050)          | <b>(1,050)</b>      | -                            | (100)            | <b>(100)</b>        | -                         | (1,072)          | <b>(1,072)</b>      |
| <b>Net valuation gains on investment property</b>         |      | <u>-</u>                     | <u>1,025</u>     | <u><b>1,025</b></u> | <u>-</u>                     | <u>463</u>       | <u><b>463</b></u>   | <u>-</u>                  | <u>(271)</u>     | <u><b>(271)</b></u> |
| Dividend income   |      | 120                          | -                | <b>120</b>          | 126                          | -                | <b>126</b>          | 261                       | -                | <b>261</b>          |
| Gains on investments                                      |      | -                            | 348              | <b>348</b>          | -                            | 195              | <b>195</b>          | -                         | 397              | <b>397</b>          |
| Losses on investments                                     |      | -                            | (110)            | <b>(110)</b>        | -                            | (226)            | <b>(226)</b>        | -                         | (587)            | <b>(587)</b>        |
| <b>Net investment income/(loss)</b>                       |      | <u>120</u>                   | <u>238</u>       | <u><b>358</b></u>   | <u>126</u>                   | <u>(31)</u>      | <u><b>95</b></u>    | <u>261</u>                | <u>(190)</u>     | <u><b>71</b></u>    |
| <b>Administrative expenses</b>                            |      | <u>(168)</u>                 | <u>-</u>         | <u><b>(168)</b></u> | <u>(165)</u>                 | <u>-</u>         | <u><b>(165)</b></u> | <u>(335)</u>              | <u>-</u>         | <u><b>(335)</b></u> |
| <b>Operating profit/(loss) before net financing costs</b> |      | 1,071                        | 1,263            | <b>2,334</b>        | 828                          | 467              | <b>1,295</b>        | 2,030                     | (461)            | <b>1,569</b>        |

|  |              |              |                     |            |            |                     |              |              |                     |
|--|--------------|--------------|---------------------|------------|------------|---------------------|--------------|--------------|---------------------|
| Finance income   | 3            | -            | <b>3</b>            | 7          | -          | <b>7</b>            | 15           | -            | <b>15</b>           |
| Finance expenses   | <u>-</u>     | <u>-</u>     | <u>-</u>            | <u>(3)</u> | <u>-</u>   | <u>(3)</u>          | <u>-</u>     | <u>-</u>     | <u>-</u>            |
| <b>Net finance costs</b>   | <u>3</u>     | <u>-</u>     | <u><b>3</b></u>     | <u>4</u>   | <u>-</u>   | <u><b>4</b></u>     | <u>15</u>    | <u>-</u>     | <u><b>15</b></u>    |
| <br>   |              |              |                     |            |            |                     |              |              |                     |
| <b>Profit/(loss) before tax</b>  | 1,074        | 1,263        | <b>2,337</b>        | 832        | 467        | <b>1,299</b>        | 2,045        | (461)        | <b>1,584</b>        |
| <br>   |              |              |                     |            |            |                     |              |              |                     |
| Income tax credit/(expense)  | 4 <u>-</u>   | <u>(14)</u>  | <u>(14)</u>         | <u>-</u>   | <u>-</u>   | <u>-</u>            | <u>21</u>    | <u>119</u>   | <u>140</u>          |
| <b>Total profit/(loss) and comprehensive income/(expense) for the financial period</b> | <u>1,074</u> | <u>1,263</u> | <u><b>2,323</b></u> | <u>832</u> | <u>467</u> | <u><b>1,299</b></u> | <u>2,066</u> | <u>(342)</u> | <u><b>1,724</b></u> |
| <br>   |              |              |                     |            |            |                     |              |              |                     |
| Basic and diluted earnings/(loss) per share  | 6 20.9 p     | 24.1 p       | <b>45.0 p</b>       | 16.1 p     | 9.0 p      | <b>25.1 p</b>       | 40.1 p       | (6.7) p      | <b>33.4 p</b>       |

**Condensed consolidated interim statement of financial position (Unaudited)  
as at 30 June 2012**

|                                       |      | Unaudited<br>30 June<br>2012<br>£'000 | Unaudited<br>30 June<br>2011<br>£'000 | Audited<br>31 December<br>2011<br>£'000 |
|---------------------------------------|------|---------------------------------------|---------------------------------------|---|
|                                       | Note |                                       |                                       |   |
| <b>Assets</b>                         |      |                                       |                                       |   |
| Investment property                   | 7    | 31,793                                | 29,902                                | 30,787                                  |
| Equity investments                    | 8    | 5,610                                 | 5,954                                 | 5,598                                   |
| <b>Total non-current assets</b>       |      | <u>37,403</u>                         | <u>35,856</u>                         | <u>36,385</u>                           |
| <b>Current assets</b>                 |      |                                       |                                       |   |
| Trade and other receivables           |      | 504                                   | 101                                   | 217                                     |
| Cash at bank and in hand              |      | 2,273                                 | 3,306                                 | 1,926                                   |
| <b>Total current assets</b>           |      | <u>2,777</u>                          | <u>3,407</u>                          | <u>2,143</u>                            |
| <b>Total assets</b>                   |      | <u>40,180</u>                         | <u>39,263</u>                         | <u>38,528</u>                           |
| <b>Liabilities</b>                    |      |                                       |                                       |   |
| <b>Current liabilities</b>            |      |                                       |                                       |   |
| Current corporation tax               |      | 14                                    | 213                                   | -                                       |
| Trade and other payables              |      | 952                                   | 894                                   | 681                                     |
| <b>Total current liabilities</b>      |      | <u>966</u>                            | <u>1,107</u>                          | <u>681</u>                              |
| <b>Non-current liabilities</b>        |      |                                       |                                       |   |
| Interest-bearing loans and borrowings |      | -                                     | -                                     | -                                       |
| Deferred tax liabilities              |      | 624                                   | 764                                   | 624                                     |
| <b>Total non-current liabilities</b>  |      | <u>624</u>                            | <u>764</u>                            | <u>624</u>                              |
| <b>Total liabilities</b>              |      | <u>1,590</u>                          | <u>1,871</u>                          | <u>1,305</u>                            |
| <b>Net assets</b>                     |      | <u>38,590</u>                         | <u>37,392</u>                         | <u>37,223</u>                           |
| <b>Equity</b>                         |      |                                       |                                       |   |
| Issued share capital                  |      | 1,292                                 | 1,292                                 | 1,292                                   |
| Revaluation reserve - property        |      | 6,604                                 | 5,904                                 | 4,904                                   |
| Revaluation reserve - other           |      | 1,816                                 | 1,720                                 | 1,592                                   |
| Capital redemption reserve            |      | 95                                    | 95                                    | 95                                      |
| Realised capital reserve              |      | 21,530                                | 21,099                                | 21,428                                  |
| Retained earnings                     |      | 7,253                                 | 7,282                                 | 7,912                                   |
| <b>Total equity</b>                   |      | <u>38,590</u>                         | <u>37,392</u>                         | <u>37,223</u>                           |

**Condensed consolidated interim statement of changes in equity  
for the six months ended 30 June 2012**

**a) First half 2012 - Unaudited**

|  | Equity | Revaluation<br>reserves |       | Capital    | Realised | Retained | Total  |
|--|--------|-------------------------|-------|------------|----------|----------|--------|
|  |        | Property                | Other | Redemption | Capital  | Earnings |        |
|  | £'000  | £'000                   | £'000 | £'000      | £'000    | £'000    | £'000  |
| <b>At 1 January 2012</b>                                       | 1,292  | 4,904                   | 1,592 | 95         | 21,428   | 7,912    | 37,223 |
| Dividends  | -      | -                       | -     | -          | -        | (956)    | (956)  |
| Reserve transfers:   |        |                         |       |            |          |          |        |
| Non-distributable items recognised in income statement:        |        |                         |       |            |          |          |        |
| Revaluation gains/(losses)                                     | -      | 1,025                   | 185   | -          | -        | (1,210)  | -      |
| Tax on revaluation gains and losses                            | -      | -                       | -     | -          | -        | -        | -      |
| Realised gains   | -      | -                       | -     | -          | 102      | (102)    | -      |
| (Surplus)/deficit attributable to assets sold                  | -      | -                       | -     | -          | -        | -        | -      |
| Excess of cost over revalued amount taken to retained earnings | -      | 675                     | 39    | -          | -        | (714)    | -      |
| Transactions with owners                                       | -      | 1,700                   | 224   | -          | 102      | (2,982)  | (956)  |
| Profit and total comprehensive income for the period           | -      | -                       | -     | -          | -        | 2,323    | 2,323  |
| <b>At 30 June 2012</b>   | 1,292  | 6,604                   | 1,816 | 95         | 21,530   | 7,253    | 38,590 |

**b) First half 2011 - Unaudited**

|  | Equity | Revaluation<br>reserves |       | Capital    | Realised | Retained | Total  |
|--|--------|-------------------------|-------|------------|----------|----------|--------|
|  |        | Property                | Other | Redemption | Capital  | Earnings |        |
|  | £'000  | £'000                   | £'000 | £'000      | £'000    | £'000    | £'000  |
| <b>At 1 January 2011</b>                                       | 1,292  | 6,670                   | 1,750 | 95         | 19,810   | 7,385    | 37,002 |
| Dividends  | -      | -                       | -     | -          | -        | (909)    | (909)  |
| Reserve transfers:   |        |                         |       |            |          |          |        |
| Non-distributable items recognised in income statement:        |        |                         |       |            |          |          |        |
| Revaluation gains/(losses)                                     | -      | 463                     | (30)  | -          | -        | (433)    | -      |
| Tax on revaluation gains and losses                            | -      | -                       | -     | -          | -        | -        | -      |
| Realised gains   | -      | -                       | -     | -          | 35       | (35)     | -      |
| (Surplus)/deficit attributable to assets sold                  | -      | (1,254)                 | -     | -          | 1,254    | -        | -      |
| Excess of cost over revalued amount taken to retained earnings | -      | 25                      | -     | -          | -        | (25)     | -      |
| Transactions with owners                                       | -      | (766)                   | (30)  | -          | 1,289    | (1,402)  | (909)  |
| Profit and total comprehensive income for the period           | -      | -                       | -     | -          | -        | 1,299    | 1,299  |
| <b>At 30 June 2011</b>   | 1,292  | 5,904                   | 1,720 | 95         | 21,099   | 7,282    | 37,392 |

**c) Full year 2011 - Audited**

|  | Equity   | Revaluation<br>reserves |            | Capital | Realised | Retained | Total   |
|--|----------|-------------------------|------------|---------|----------|----------|---------|
|  | Property | Other                   | Redemption | Capital | Earnings |          |         |
|  | £'000    | £'000                   | £'000      | £'000   | £'000    | £'000    | £'000   |
| <b>At 1 January 2011</b>                                       | 1,292    | 6,670                   | 1,750      | 95      | 19,810   | 7,385    | 37,002  |
| Dividends  | -        | -                       | -          | -       | -        | (1,503)  | (1,503) |
| Reserve transfers:   |          |                         |            |         |          |          |         |
| Non-distributable items recognised in income statement:        |          |                         |            |         |          |          |         |
| Revaluation losses   | -        | (271)                   | (238)      | -       | -        | 509      | -       |
| Tax on revaluation gains and losses                            | -        | -                       | 109        | -       | -        | (109)    | -       |
| Realised gains   | -        | -                       | -          | -       | (40)     | 40       | -       |
| (Surplus)/deficit attributable to assets sold                  | -        | (1,629)                 | (29)       | -       | 1,658    | -        | -       |
| Excess of cost over revalued amount taken to retained earnings | -        | 134                     | -          | -       | -        | (134)    | -       |
| Transactions with owners                                       | -        | (1,766)                 | (158)      | -       | 1,618    | (1,197)  | (1,503) |
| Profit and total comprehensive income for the period           | -        | -                       | -          | -       | -        | 1,724    | 1,724   |
| <b>At 31 December 2011</b>                                     | 1,292    | 4,904                   | 1,592      | 95      | 21,428   | 7,912    | 37,223  |

**Condensed consolidated interim statement of cash flows  
for the six months ended 30 June 2012**

|   | Unaudited<br>First Half<br>2012<br>£'000 | Unaudited<br>First Half<br>2011<br>£'000 | Audited<br>Full Year<br>2011<br>£'000 |
|---|--|--|---------------------------------------|
| <b>Operating activities</b>   |  |  |                                       |
| Profit for the period   | 2,323                                    | 1,299                                    | 1,724                                 |
| Adjustments for:  |  |  |                                       |
| Net valuation (gains)/losses on investment property                         | (1,025)                                  | (463)                                    | 271                                   |
| Gain on disposal of investment property                                     | (62)                                     | (35)                                     | (278)                                 |
| Net (gains)/losses on investments   | (238)                                    | 31                                       | 190                                   |
| Finance income  | (3)                                      | (7)                                      | (15)                                  |
| Finance expense   | -  | 3  | -                                     |
| Income tax expense/(credit)   | 14                                       | -  | (140)                                 |
| <b>Operating cash flow before changes in working capital and provisions</b> | <u>1,009</u>                             | <u>828</u>                               | <u>1,752</u>                          |
| Increase in trade and other receivables                                     | (287)                                    | (8)                                      | (124)                                 |
| (Decrease)/increase in trade and other payables                             | 271                                      | (3)                                      | (215)                                 |
| <b>Cash generated from operations</b>                                       | <u>993</u>                               | <u>817</u>                               | <u>1,413</u>                          |
| Finance income  | 3  | 7  | 15                                    |
| Finance expense   | -  | (3)                                      | -                                     |
| Income tax paid   | -  | -  | (216)                                 |
| <b>Net cash flows from operating activities</b>                             | <u>996</u>                               | <u>821</u>                               | <u>1,212</u>                          |
| <b>Investing activities</b>   |  |  |                                       |
| Purchase of fixed assets - investment property                              | -  | -  | (2,871)                               |
| - equity investments  | (420)                                    | (378)                                    | (423)                                 |
| Sale of fixed assets - investment property                                  | 81                                       | 1,300                                    | 2,796                                 |
| - equity investments  | 646                                      | -  | 243                                   |
| <b>Net cash flows from investing activities</b>                             | <u>307</u>                               | <u>922</u>                               | <u>(255)</u>                          |
| <b>Financing activities</b>   |  |  |                                       |
| Loan repayments   | -  | -  | -                                     |
| Dividends paid  | (956)                                    | (909)                                    | (1,503)                               |
| <b>Net cash flows from financing activities</b>                             | <u>(956)</u>                             | <u>(909)</u>                             | <u>(1,503)</u>                        |
| Net increase in cash and cash equivalents                                   | 347                                      | 834                                      | (546)                                 |
| Cash and cash equivalents at 1 January 2012                                 | <u>1,926</u>                             | <u>2,472</u>                             | <u>2,472</u>                          |
| Cash and cash equivalents at 30 June 2012                                   | <u>2,273</u>                             | <u>3,306</u>                             | <u>1,926</u>                          |

## **Notes**

### **for the six months ended 30 June 2012**

#### **1. Nature of operations and general information**

Highcroft Investments PLC ('Highcroft') and its subsidiary's (together 'the group') principal activities are investment in property and equities. It is incorporated and domiciled in Great Britain. The address of Highcroft Investments PLC's registered office, which is also its principal place of business, is Thomas House, Langford Locks, Kidlington, OX5 1HR. Highcroft's condensed consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the group. These condensed consolidated interim financial statements have been approved for issue by the directors on 22 August 2012. The financial information for the year ended 31 December 2011 set out in this interim report does not constitute statutory accounts as defined in Section 404 of the Companies Act 2006. The group's statutory financial statements for the year ended 31 December 2011 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(5) of the Companies Act 2006.

#### **2. Basis of preparation**

These condensed consolidated interim financial statements are for the six months ended 30 June 2012. They have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and the measurement of equity investments at fair value. These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2011.

The accounting policies have been applied consistently throughout the group for the purposes of preparation of these condensed consolidated interim financial statements.

#### **3. Segment reporting**

Segmental information is presented in the condensed consolidated interim financial statements in respect of the group's business segments. The business segment reporting format reflects the group's management and internal reporting structure. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All gross income is from external tenants or external investments.

The group is comprised of the following main business segments:

- \* Commercial property comprising retail outlets, offices and warehouses.
- \* Residential property comprising mainly single-let houses.
- \* Financial assets comprising exchange-traded equity investments.

|                              | First Half<br>2012<br>£'000 | First Half<br>2011<br>£'000 | Full Year<br>2011<br>£'000 |
|------------------------------|-----------------------------|-----------------------------|----------------------------|
| <b>Commercial property</b>   |                             |                             |                            |
| Gross income                 | 1,121                       | 1,020                       | 2,086                      |
| Profit/(loss) for the period | 1,895                       | 859                         | 1,070                      |
| Assets                       | 32,600                      | 31,560                      | 31,714                     |
| Liabilities                  | 759                         | 713                         | 549                        |
| <b>Residential property</b>  |                             |                             |                            |
| Gross income                 | 21                          | 20                          | 43                         |
| Profit for the period        | 101                         | 365                         | 503                        |
| Assets                       | 1,745                       | 1,742                       | 1,149                      |
| Liabilities                  | 5                           | 10                          | 1                          |
| <b>Financial assets</b>      |                             |                             |                            |
| Gross income                 | 120                         | 126                         | 261                        |
| Profit/(loss) for the period | 327                         | 75                          | 151                        |
| Assets                       | 5,835                       | 5,961                       | 5,665                      |
| Liabilities                  | 826                         | 1,148                       | 755                        |
| <b>Total</b>                 |                             |                             |                            |
| Gross income                 | 1,262                       | 1,166                       | 2,390                      |
| Profit for the period        | 2,323                       | 1,299                       | 1,724                      |
| Assets                       | 40,180                      | 39,263                      | 38,528                     |
| Liabilities                  | 1,590                       | 1,871                       | 1,305                      |

No tenant represents more than 10% of gross commercial property income.

#### 4. Income tax expense/(credit)

|                            | First<br>Half<br>2012<br>£'000 | First<br>Half<br>2011<br>£'000 | Full<br>Year<br>2011<br>£'000 |
|----------------------------|--------------------------------|--------------------------------|-------------------------------|
| Current tax:               |                                |                                |                               |
| On revenue profits         | -                              | -                              | (20)                          |
| On capital profits         | 14                             | -                              | 15                            |
| Prior year under provision | -                              | -                              | (1)                           |
|                            | <u>14</u>                      | <u>-</u>                       | <u>(6)</u>                    |
| Deferred tax               | -                              | -                              | (134)                         |
|                            | <u>14</u>                      | <u>-</u>                       | <u>(140)</u>                  |

The taxation charge has been based on the estimated effective tax rate for the full year. As a Real Estate Investment Trust the group does not pay corporation tax on its profits and gains from its commercial and residential property activities.

## 5. Dividends

On 22 August 2012, the directors declared a property income dividend of 12.0p per share (2011: 11.50p interim dividend) payable on 20 October 2012 to shareholders.

The following property income distributions have been paid by the company.

|   | First<br>Half<br>2012<br>£'000 | First<br>Half<br>2011<br>£'000 | Full<br>Year<br>2011<br>£'000 |
|---|--------------------------------|--------------------------------|-------------------------------|
| 2011 final: 18.5p per ordinary share (2010 final: 17.6p ) | 956                            | 909                            | 909                           |
| 2011 interim 11.5p per ordinary share                     | -                              | -                              | 594                           |
|   | <u>956</u>                     | <u>909</u>                     | <u>1,503</u>                  |

## 6. Earnings per share

The calculation of earnings per share is based on the profit for the period of £2,323,000 (2011: £1,299,000) and on 5,167,240 shares (2011: 5,167,240) which is the weighted average number of shares in issue during the period ended 30 June 2012 and throughout the period since 1 January 2011.

The allocation differs to that disclosed in the year end published accounts to better reflect the designation of realised investment gains as capital in nature and to ensure consistency with prior years. There is no impact on the total year end results.

In order to draw attention to the impact of valuation gains and losses which are included in the income statement but not available for distribution under the company's articles of association, an adjusted earnings per share based on the profit available for distribution of £998,000 (2011 £832,000) has been calculated.

|  | First Half<br>2012<br>£'000 | First Half<br>2011<br>£'000 | Full Year<br>2011<br>£'000 |
|--|-----------------------------|-----------------------------|----------------------------|
| Earnings:                                    |                             |                             |                            |
| Basic earnings                               | 2,323                       | 1,299                       | 1,724                      |
| Adjustments for:                             |                             |                             |                            |
| Net valuation profits on investment property | (1,025)                     | (498)                       | 271                        |
| Gains and losses on investments              | (238)                       | 31                          | 190                        |
| Income tax on gains and losses               | 14                          | -                           | (119)                      |
| Adjusted earnings                            | <u>1,074</u>                | <u>832</u>                  | <u>2,066</u>               |
| Per share amount:                            |                             |                             |                            |
| Basic earnings per share                     | 45.0 p                      | 25.1 p                      | 33.4 p                     |
| Adjustments for:                             |                             |                             |                            |
| Net valuation gains on investment property   | (19.8) p                    | (9.6) p                     | 5.3 p                      |
| Gains and losses on investments              | (4.6) p                     | 0.6 p                       | 3.7 p                      |
| Income tax on gains and losses               | 0.3 p                       | - p                         | (2.3) p                    |
| Adjusted earnings per share                  | <u>20.9 p</u>               | <u>16.1 p</u>               | <u>40.1 p</u>              |

## 7. Investment Property

|                             | First Half<br>2012<br>£'000 | First Half<br>2011<br>£'000 | Full Year<br>2011<br>£'000 |
|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| Valuation at 1 January 2012 | 30,787                      | 30,705                      | 30,705                     |
| Additions                   | -                           | -                           | 2,871                      |
| Disposals                   | (19)                        | (1,266)                     | (2,518)                    |
| Gain /(loss) on revaluation | 1,025                       | 463                         | (271)                      |
| Valuation at 30 June 2012   | <u>31,793</u>               | <u>29,902</u>               | <u>30,787</u>              |

## 8. Equity investments

|  | First Half<br>2012<br>£'000 | First<br>Half<br>2011<br>£'000 | Full<br>Year<br>2011<br>£'000 |
|--|-----------------------------|--------------------------------|-------------------------------|
| Valuation at 1 January 2012                        | 5,598                       | 5,608                          | 5,608                         |
| Additions  | 420                         | 378                            | 423                           |
| Disposals  | (593)                       | -                              | (186)                         |
| Surplus/(deficit) on revaluation in excess of cost | 225                         | (30)                           | (238)                         |
| Revaluation decrease below cost                    | (46)                        | (11)                           | (15)                          |
| Revaluation increase still below cost              | 6                           | 9                              | 6                             |
| Valuation at 30 June 2012                          | <u>5,610</u>                | <u>5,954</u>                   | <u>5,598</u>                  |

## 9. Related party transactions

Kingerlee Holdings Limited owns, through its wholly owned subsidiaries, 25.4% (2011: 25.4%) of the company's shares and D H Kingerlee and J C Kingerlee are directors of both the company and Kingerlee Holdings Limited.

During the period, the group made purchases from Kingerlee Holdings Limited or its subsidiaries, being a service charge in relation to services at Thomas House, Kidlington of £7,000 (2011: £7,000). The amount owed at 30 June 2012 was nil (2011: nil). All transactions were undertaken on an arm's length basis.