

**THE CARDIFF PROPERTY plc**  
INTERIM REPORT 2014



# THE CARDIFF PROPERTY plc

The group, including Campmoss, specialises in property investment and development in the Thames Valley.

The total portfolio under management, valued in excess of £32m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.

## HIGHLIGHTS

		<b>Six Months 31 March 2014 (unaudited)</b>	Six months 31 March 2013 (unaudited)	Year 30 September 2013 (Audited)
<b>Revenue</b>	£'000	<b>257</b>	254	493
<b>Net assets per share</b>	£	<b>13.13</b>	12.43	12.77
<b>Profit before tax</b>	£'000	<b>635</b>	655	1,319
<b>Earnings per share</b>	pence	<b>45.2</b>	47.0	94.2
<b>Interim/ total dividend per share</b>	pence	<b>3.40</b>	3.30	12.55
<b>Gearing</b>	%	<b>nil</b>	nil	nil

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## INTERIM MANAGEMENT REPORT

Increasing confidence in the UK's economic position and relative stability in European financial markets has encouraged a further recovery in the commercial and residential property market.

Letting activity in the Thames Valley commercial property market continues to improve, as evidenced within the group, although office rental levels are still well below those achieved 10 years ago.

The availability of second hand office space in central and west London is gradually being reduced and, in certain locations, new, speculative office schemes are taking place. Any further improvement in the level of office take up is likely to have a positive effect on rental levels and capital values as investors anticipate future rental growth.

Residential property values have continued to improve and in Surrey and Berkshire, the main area for the group's operation, the level of enquiries for both sales and lettings remains very encouraging.

### DIVIDEND

Your directors have declared an interim dividend of 3.4p (2013: 3.3p; September 2013: 12.55p) an increase of 3% which will be paid on 4 July 2014 to shareholders on the register on 6 June 2014.

### FINANCIAL

For the half year ending 31 March 2014 profit before tax amounted to £0.64m (March 2013: £0.66m; September 2013: £1.32m) which included an after tax profit from Campmoss Property Company Limited, our 47.62% joint venture of £0.47m (March 2013: £0.50m; September 2013: £1.07m). The figures for Campmoss included profit on the sale of development properties as referred to later in this report.

Revenue, which represents gross rental income, totalled £0.26m (March 2013: £0.25m; September 2013: £0.49m).

The group's share of revenue of Campmoss amounted to £1.30m (March 2013: £1.30m; September 2013: £2.16m) representing gross rental income of £0.64m (March 2013: £0.88m; September 2013: £1.52m) and property sales of £0.66m (March 2013: £0.42m; September 2013: £0.64m). The revenue figures for Campmoss are not included in group revenue.

The profit after tax attributable to shareholders for the 6 month period to 31 March 2014 amounted to £0.60m (March 2013: £0.62m; September 2013: £1.25m) and earnings per share was 45.2p (March 2013: 47.0p; September 2013: 94.2p).

Net assets of the group as at 31 March 2014 were £17.37m (March 2013: £16.44m; September 2013: £16.89m). The company's share of the net assets of Campmoss amounted to £7.75m (March 2013: £6.72m; September 2013: £7.29m).

Net assets were equivalent to £13.13 per share (March 2013: £12.43; September 2013: £12.77). At the half year the company had nil gearing (March 2013: nil; September 2013: nil) and for Campmoss 49% (March 2013: 67%; September 2013: 67%).

The directors are of the opinion that in the current market any change in value of the group's property portfolio as at 31 March 2014 would not be material.

The company did not purchase any of its own shares during the period (March 2013: nil; September 2013: nil) and, other than as mentioned in this report, there have been no material events or material changes in assets, liabilities or related party relationships since 30 September 2013.

## INTERIM MANAGEMENT REPORT CONTINUED

### INVESTMENT AND DEVELOPMENT PORTFOLIO

The group's freehold property portfolio includes offices, retail and industrial units, a care home and residential property primarily located close to Heathrow Airport and in the counties of Surrey and Berkshire.

At The White House, Egham, which comprises five ground floor retail units with one floor of offices over, the remaining office suite has now been let. All leases are for terms between five and ten years with two incorporating tenant breaks.

At The Maidenhead Enterprise Centre, Maidenhead, five of the business units are occupied and part of the one remaining unit has now been let.

At The Windsor Business Centre, Windsor, and Heritage Court, Egham, all business and retail units are let on short and medium term leases. Discussions are in hand to renew one of the existing leases at the business centre.

At Cowbridge Road, Cardiff, the property is let on a medium term lease to The Royal Mail and currently used as a sorting office and retail centre.

At Egham, Surrey, the company retains a freehold residential property which is let on an Assured Shorthold Tenancy Agreement.

### CAMPMOSS PROPERTY COMPANY LIMITED

At Worplesdon View, Worplesdon the seventy eight bedroom care home is let to Barchester Healthcare Homes on a thirty year institutional lease with rental linked to RPI. Planning permission for a further four rooms and additional living space has recently been granted and construction will commence following completion of an agreement with the tenant. The tenant reported that occupancy is ahead of forecast.

At The Priory, Burnham, the business centre and two adjacent floors of office space are let. The remaining floor, recently refurbished, remains available.

At Britannia Wharf, Woking, three floors of office are let. The lower ground floor office area has been refurbished and remains available.

Kiln Lane, Bracknell, comprises fourteen business units and an adjacent office unit primarily occupied on medium term leases. One unit has recently been let, leaving one unit currently available.

At Highway House and Clivemont House, Maidenhead, the original buildings have been demolished and part of the Highway House site is now being used for car parking. Planning permission was previously granted for two new, separate, office schemes but in view of the uncertain office letting market, commencement of any development will only take place following a partial or substantial pre-letting. Residential values have increased in the locality and plans for a residential scheme at Clivemont House are currently being prepared.

At Market Street, Bracknell, planning permission has been granted for the demolition of two of our commercial buildings adjacent to Gowring House and the development of two, separate, two storey buildings to include sixteen retail units. The first scheme for eight units will commence shortly with completion expected early next year. Implementation of the Bracknell Town Centre Redevelopment Scheme by the council is expected to transform the whole of Bracknell's shopping area.

At Gowring House, Bracknell, all three ground floor retail units are now let with the first and second floors occupied by a gym and junior fitness centre. Refurbishment of the three upper floors into nine, two bedroom and nine, one bedroom apartments is well underway with completion expected during the next few months. Enquiries for the apartments, which will either be sold on long leases or let on Assured Shorthold Tenancy Agreements, have been very encouraging.

At Datchet Meadows, located between Datchet and Slough, the development of thirty seven units comprises one, two and three bedroom apartments. Twenty two apartments have now been sold, six occurring in the period under review. Twelve are currently let on Assured Shorthold Tenancy Agreements. One apartment has been sold subsequent to the half year and two are under offer for sale. This development, set in its own landscaped grounds, has proved extremely popular and the level of enquiries for both sales and lettings remains encouraging.

## **QUOTED INVESTMENTS**

The company retains a small equity portfolio including holdings in The Renewables Infrastructure Group Limited, listed on the London Stock Exchange, and ImmuPharma plc and Galileo Resources plc listed on AIM. I remain a director of Galileo Resources.

## **OUTLOOK**

The completion of new commercial lettings over the last six months is very encouraging. The sale of apartments at Datchet Meadows has enabled Campross to reduce its indebtedness and, with completion of the residential scheme at Bracknell and implementation of new planning permissions at Worplesdon and Bracknell, the group is well placed to benefit from improvements in the Thames Valley commercial and residential market. I therefore look forward to reporting to you further at the end of the financial year.

## **J Richard Wollenberg**

Chairman  
30 April 2014

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

for the six months ended 31 March 2014

	<b>Six months 31 March 2014 (Unaudited) £'000</b>	Six months 31 March 2013 (Unaudited) £'000	Year 30 September 2013 (Audited) £'000
<b>Revenue</b>	<b>257</b>	254	493
Cost of sales	<b>(17)</b>	(57)	(127)
<b>Gross profit</b>	<b>240</b>	197	366
Administrative expenses	<b>(236)</b>	(223)	(435)
Other operating income	<b>120</b>	127	351
<b>Operating profit before gains/(losses) on investment properties and other investments</b>	<b>124</b>	101	282
Profit on sale of other investments	–	2	2
Deficit on revaluation of investment properties	–	–	(153)
Surplus on revaluation of other properties	–	–	23
<b>Operating profit</b>	<b>124</b>	103	154
Financial income	<b>46</b>	54	99
Share of results of joint venture	<b>465</b>	498	1,066
<b>Profit before taxation</b>	<b>635</b>	655	1,319
Taxation	<b>(37)</b>	(34)	(74)
<b>Profit for the period attributable to equity holders</b>	<b>598</b>	621	1,245
<b>Earnings per share on profit for the period – pence</b>			
Basic and diluted	<b>45.2</b>	47.0	94.2
<b>Dividends</b>			
Final 2013 paid 9.25p (2012: 9.0p)	<b>122</b>	119	119
Interim 2013 paid 3.3p (2012: 3.3p)	–	–	44
	<b>122</b>	119	163
Final 2013 proposed 9.25p	–	–	122
Interim 2014 proposed 3.4p (2013: 3.3p)	<b>45</b>	44	–
	<b>45</b>	44	122

The above results relate entirely to continuing activities. There were no acquisitions or disposals of businesses during these periods.

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

at 31 March 2014

	<b>31 March 2014 (Unaudited) £'000</b>	31 March 2013 (Unaudited) £'000	30 September 2013 (Audited) £'000
<b>Non-current assets</b>			
Freehold investment properties	<b>3,843</b>	4,020	3,843
Investment in joint venture	<b>7,751</b>	6,718	7,286
Property, plant and equipment	<b>209</b>	185	207
Other financial assets	<b>432</b>	440	407
Deferred tax asset	<b>4</b>	4	4
<b>Total non-current assets</b>	<b>12,239</b>	11,367	11,747
<b>Current assets</b>			
Stock and work in progress	<b>668</b>	668	668
Trade and other receivables	<b>1,146</b>	1,419	854
Financial assets	<b>2,017</b>	–	2,034
Cash and cash equivalents	<b>1,940</b>	3,586	2,145
<b>Total current assets</b>	<b>5,771</b>	5,673	5,701
<b>Total assets</b>	<b>18,010</b>	17,040	17,448
<b>Current liabilities</b>			
Corporation tax	<b>(118)</b>	(132)	(84)
Trade and other payables	<b>(467)</b>	(401)	(418)
<b>Total current liabilities</b>	<b>(585)</b>	(533)	(502)
<b>Non-current liabilities</b>			
Deferred tax liability	<b>(60)</b>	(65)	(57)
<b>Total non-current liabilities</b>	<b>(60)</b>	(65)	(57)
<b>Total liabilities</b>	<b>(645)</b>	(598)	(559)
<b>Net assets</b>	<b>17,365</b>	16,442	16,889
<b>Equity</b>			
Called up share capital	<b>264</b>	264	264
Share premium account	<b>5,076</b>	5,076	5,076
Other reserves	<b>2,545</b>	2,625	2,545
Investment property revaluation reserve	<b>(1,031)</b>	(1,103)	(1,031)
Retained earnings	<b>10,511</b>	9,580	10,035
<b>Shareholders' funds attributable to equity holders</b>	<b>17,365</b>	16,442	16,889
<b>Net assets per share</b>	<b>£13.13</b>	£12.43	£12.77

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 31 March 2014

	<b>Six months 31 March 2014 (Unaudited) £'000</b>	Six months 31 March 2013 (Unaudited) £'000	Year 30 September 2013 (Audited) £'000
<b>Cash flows from operating activities</b>			
Profit for the period	<b>598</b>	621	1,245
<i>Adjustments for:</i>			
Depreciation	<b>1</b>	1	1
Financial income	<b>(46)</b>	(54)	(99)
Share of profit of joint venture	<b>(465)</b>	(498)	(1,066)
Profit on sale of other investments	–	(2)	(2)
Deficit on revaluation of investment properties	–	–	153
Surplus on revaluation of other properties	–	–	(23)
Taxation	<b>37</b>	34	74
<b>Cash flows from operations before changes in working capital</b>	<b>125</b>	102	283
(Increase)/decrease in trade and other receivables	<b>(292)</b>	770	1,335
Increase/(decrease) in trade and other payables	<b>49</b>	(8)	11
<b>Cash generated from operations</b>	<b>(118)</b>	864	1,629
Tax paid	–	–	(97)
<b>Net cash flows from operating activities</b>	<b>(118)</b>	864	1,532
<b>Cash flows from investing activities</b>			
Interest received	<b>46</b>	54	99
Acquisition of investments and property, plant and equipment	<b>(28)</b>	(41)	(117)
Proceeds on disposal of investments and property, plant and equipment	–	20	20
Held to maturity deposits	<b>17</b>	–	(2,034)
<b>Net cash flows from investing activities</b>	<b>35</b>	33	(2,032)
<b>Cash flows from financing activities</b>			
Dividends paid	<b>(122)</b>	(119)	(163)
<b>Net cash flows from financing activities</b>	<b>(122)</b>	(119)	(163)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(205)</b>	778	(663)
Cash and cash equivalents at beginning of period	<b>2,145</b>	2,808	2,808
<b>Cash and cash equivalents at end of period</b>	<b>1,940</b>	3,586	2,145

## OTHER PRIMARY STATEMENTS

for the six months ended 31 March 2014

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

	<b>Six months 31 March 2014 (Unaudited) £'000</b>	Six months 31 March 2013 (Unaudited) £'000	Year 30 September 2013 (Audited) £'000
<b>Profit for the financial period</b>	<b>598</b>	621	1,245
<b>Other items recognised directly in equity</b>			
Net change in fair value of available for sale assets	–	–	(133)
<b>Total comprehensive income and expense for the period attributable to the equity holders of the parent company</b>	<b>598</b>	621	1,112

## OTHER PRIMARY STATEMENTS

for the six months ended 31 March 2014

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Other reserves £'000	Investment property revaluation reserve £'000	Retained earnings £'000	Total equity £'000
<b>At 1 October 2012</b>	264	5,076	2,640	(1,158)	9,118	<b>15,940</b>
Profit for the period	–	–	–	–	621	<b>621</b>
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(119)	<b>(119)</b>
Total transactions with equity holders	–	–	–	–	(119)	<b>(119)</b>
Transfer on sale of other investments	–	–	(15)	–	15	–
Transfer on revaluation of investment properties	–	–	–	55	(55)	–
<b>At 31 March 2013</b>	264	5,076	2,625	(1,103)	9,580	<b>16,442</b>
Profit for the period	–	–	–	–	624	<b>624</b>
Other comprehensive income	–	–	(133)	–	–	<b>(133)</b>
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(44)	<b>(44)</b>
Total transactions with equity holders	–	–	–	–	(44)	<b>(44)</b>
Realisation of revaluation reserve	–	–	30	–	(30)	–
Transfer on revaluation of investment properties	–	–	–	72	(72)	–
Transfer on revaluation of other properties	–	–	23	–	(23)	–
<b>At 30 September 2013</b>	264	5,076	2,545	(1,031)	10,035	<b>16,889</b>
Profit for the period	–	–	–	–	598	<b>598</b>
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(122)	<b>(122)</b>
Total transactions with equity holders	–	–	–	–	(122)	<b>(122)</b>
<b>At 31 March 2014</b>	264	5,076	2,545	(1,031)	10,511	<b>17,365</b>

## STATEMENT OF RESPONSIBILITY

for the six months ended 31 March 2014

The directors are responsible for preparing the condensed consolidated interim financial statements for the six months ended 31 March 2014 and they confirm, to the best of their knowledge and belief, that:

- the condensed consolidated set of interim financial statements for the six months ended 31 March 2014 has been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the EU;
- the interim management report includes a fair review of the information required by:
  - a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the group during that period; and any changes in the related party transactions described in the last annual report that could do so.

**J Richard Wollenberg**, Chairman

**David A Whitaker**, Finance director

**Nigel D Jamieson**, Independent non-executive director

30 April 2014

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 March 2014

## 1. BASIS OF PREPARATION

This condensed set of financial statements has been prepared in accordance with IAS-34 Interim Financial Reporting as adopted by the EU.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the group's published consolidated financial statements for the year ended 30 September 2013.

The comparative figures for the financial year ended 30 September 2013 are not the group's statutory accounts for that financial year. Those accounts have been reported on by the group's auditor and delivered to the registrar of companies. The report of the auditor was: unqualified; did not give any reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

### Accounting policies

The condensed consolidated interim financial statements have been prepared applying the accounting policies that were applied in the preparation of the group's published financial statements for the year ended 30 September 2013. Whilst numerous other IFRSs and Interpretations have been endorsed in the period to 31 March 2014 and have been adopted by the group, none of them has had a material impact on these interim financial statements.

### Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key areas in which estimates have been used and the assumptions applied are in valuing investment properties and properties in the joint venture, in valuing available for sale assets, in classifying properties and in the calculating of provisions.

An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the company's property portfolio at the end of each financial year. The directors of the joint venture value its portfolio each year; such valuation takes into account yields on similar properties in the area, vacant space and covenant strength. The directors of the group and joint venture review the valuations for the interim financial statements.

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### Going concern

The group has sufficient financial resources to enable it to continue in operational existence for the foreseeable future, to complete the current maintenance and development program and meet its liabilities as they fall due. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these interim financial statements.

## 2. SEGMENTAL ANALYSIS

The group manages its operations in two segments, being property and other investments and property development. The results of these segments are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual site investment appraisals and to assess their performance. Information regarding the revenue and profit before taxation for each reportable segment is set out below:

	<b>Six months 31 March 2014 (Unaudited) £'000</b>	Six months 31 March 2013 (Unaudited) £'000	Year 30 September 2013 (Audited) £'000
<b>Revenue (wholly in the United Kingdom):</b>			
Property and other investment being gross rents receivable	<b>257</b>	254	493
<b>Profit before taxation:</b>			
Property and other investment	<b>389</b>	477	1,010
Property development	<b>246</b>	178	309
	<b>635</b>	655	1,319

The operations of the group are not seasonal.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

for the six months ended 31 March 2014

### 3. TAXATION

The tax position for the six month period is estimated on the basis of the anticipated tax rates applying for the full year.

### 4. DIVIDENDS

The interim dividend of 3.4p per share will be paid on 4 July 2014 to shareholders on the register on 6 June 2014. Under accounting standards this dividend is not included in the condensed consolidated interim financial statements for the six months ended 31 March 2014.

### 5. EARNINGS PER SHARE

Earnings per share has been calculated using the profit after tax for the period of £598,000 (March 2013: £621,000; September 2013: £1,245,000) and the weighted average number of shares as follows:

	Weighted average number of shares		
	31 March 2014	31 March 2013	30 September 2013
Basic and diluted	<b>1,322,287</b>	1,322,287	1,322,287

## DIRECTORS AND ADVISERS

### DIRECTORS

J Richard Wollenberg  
Chairman and Chief Executive

David A Whitaker FCA  
Finance director

Nigel D Jamieson BSc, FCSI  
Independent non-executive director

### SECRETARY

David A Whitaker FCA

### NON-EXECUTIVE DIRECTOR OF WHOLLY OWNED SUBSIDIARY FIRST CHOICE ESTATES PLC

Derek M Joseph BCom, FCIS

### HEAD OFFICE

56 Station Road  
Egham TW20 9LF  
Telephone: 01784 437444  
Fax: 01784 439157  
E-mail: webmaster@cardiff-property.com  
Web: www.cardiff-property.com

## FINANCIAL CALENDAR

<b>2014</b>	1 May	Interim results for 2014 announced
	4 June	Ex-dividend date for interim dividend
	6 June	Record date for interim dividend
	4 July	Interim dividend to be paid
	July	Interim Management Statement to be announced
	30 September	End of accounting year
<b>2015</b>	December	Final results for 2014 announced
	January	Annual General Meeting
	February	Final dividend to be paid
	February	Interim Management Statement to be announced

### REGISTERED OFFICE

3 Assembly Square  
Britannia Quay  
Cardiff Bay CF10 4AX

### AUDITOR

KPMG LLP

### STOCKBROKERS AND FINANCIAL ADVISERS

Westhouse Securities Limited

### BANKERS

HSBC Bank plc

### SOLICITORS

Morgan Cole LLP

### REGISTRAR AND TRANSFER OFFICE

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
B63 3DA  
Telephone: 0121 585 1131

### REGISTERED NUMBER

22705

**The Cardiff Property plc**

56 Station Road, Egham

Surrey TW20 9LF

Tel: 01784 437444

Fax: 01784 439157

[www.cardiff-property.com](http://www.cardiff-property.com)

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