28 November 2018---------------------------------------------------------------------------------

**DAEJAN HOLDINGS PLC**

**INTERIM RESULTS ANNOUNCEMENT for the half year ended 30 September 2018**

The Board is pleased to present the Interim Statement for the half year ended   
30 September 2018.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **30 Sep 2018** |  | **30 Sep 2017** |  | **31 Mar 2018** |
|  | **£000** |  | **£000** |  | **£000** |
|  |  |  |  |  |  |
| Profit before tax | 61,100 |  | 56,643 |  | 201,262 |
|  |  |  |  |  |  |
| Profit after tax | 48,858 |  | 45,474 |  | 202,958 |
|  |  |  |  |  |  |
| Basic and diluted earnings per share | £2.99 |  | £2.79 |  | £12.45 |
|  |  |  |  |  |  |
| Equity shareholders’ funds per share | £115.77 |  | £103.28 |  | £111.25 |

* The profit before tax for the period was £61.1 million (2017: £56.6 million) after accounting for the net valuation gain on investment properties of £32.5 million (2017: £29.5 million).
* The property portfolio has been valued by the Directors based on the recommendations of the Group’s external advisers and in the UK continues to show modest growth whilst the USA has been flat following increases in local interest rates.
* We continue to see some increase in rental income in the UK and USA, primarily driven by the letting of completed development projects.
* Brexit continues to provide political and economic uncertainty which has led to reduced forecasts for economic growth. This combination of factors will provide a challenging environment for our UK business. In the USA the economic outlook is more encouraging and should provide a positive environment to grow our business.
* The principal risk factors affecting the remainder of the financial year continue to be exposure to movements in the valuation of the Group’s investment properties, movements in the sterling/dollar exchange rate and the incidence of voids and bad debts.
* An interim dividend of 35p per share will be paid on 8 March 2019 to shareholders on the register on 8 February 2019.

B S E Freshwater

Chairman

28 November 2018

**For further information please contact:**

|  |  |
| --- | --- |
| Mark Jenner | Nick Oborne |
| Company Secretary | Weber Shandwick Financial |
| Daejan Holdings PLC |  |
| Tel: 020 7836 1555 | Tel: 020 7067 0700 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Consolidated Income Statement** *for the six months ended 30 September 2018* | | | | | | | | | | | |  |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  | **Unaudited** |  | **Unaudited** |  | **Audited** |  |
|  |  | |  |  |  |  |  | **Six months** |  | **Six months** |  | **Year** |  |
|  |  | |  |  |  |  |  | **ended** |  | **ended** |  | **ended** |  |
|  |  | |  |  |  |  |  | **30 Sep 2018** |  | **30 Sep 2017** |  | **31 Mar 2018** |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  | **£000** |  | **£000** |  | **£000** |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Total rental & related income from investment property** | | | | | | |  | **73,966** |  | 71,270 |  | 142,885 |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Property operating expenses** | | | | |  |  |  | **(37,015)** |  | (38,923) |  | (76,407) |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Net rental & related income from investment property** | | | | |  |  |  | **36,951** |  | 32,347 |  | 66,478 |  |
|  | | | | | | | |  |  |  |  |  |  |
| **Profit on disposal of investment property** | | | | | | | | **4,929** |  | 6,720 |  | 11,893 |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Net valuation gains on investment property** | | | | | | |  | **32,521** |  | 29,536 |  | 146,438 |  |
|  | | | |  |  |  |  |  |  |  |  |  |  |
| **Administrative expenses** | | | |  |  |  |  | **(6,940)** |  | (6,395) |  | (13,263) |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Net operating profit before net financing costs** | | | | | | |  | **67,461** |  | 62,208 |  | 211,546 |  |
|  | | | | | | |  |  |  |  |  |  |  |
| **Fair value gains on derivative financial instruments** | | | | | | |  | **840** |  | 1,309 |  | 1,923 |  |
| **Fair value gains on current investments** | | | | | | |  | **-** |  | - |  | 6 |  |
| **Other financial income** | | | |  |  |  |  | **482** |  | 266 |  | 581 |  |
|  | | | |  |  |  |  |  |  |  |  |  |  |
| **Financial expenses** | | | |  |  |  |  | **(7,683)** |  | (7,140) |  | (12,794) |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Net financing expense** | | | |  |  |  |  | **(6,361)** |  | (5,565) |  | (10,284) |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
|  | | | |  |  |  |  |  |  |  |  |  |  |
| **Profit before taxation** | | | | | | |  | **61,100** |  | 56,643 |  | 201,262 |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income tax** | | | |  |  |  |  | **(12,242)** |  | (11,169) |  | 1,696 |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Profit for the period** | | | |  |  |  |  | **48,858** |  | 45,474 |  | 202,958 |  |
| **Attributable to:** | | |  |  |  |  |  |  |  |  |  |  |  |
| **Equity holders of the parent** | | | | |  |  |  | **48,789** |  | 45,423 |  | 202,889 |  |
| **Non-controlling interest** | | | |  |  |  |  | **69** |  | 51 |  | 69 |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Profit for the period** | | | |  |  |  |  | **48,858** |  | 45,474 |  | 202,958 |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
| **Basic and diluted earnings per share** | | | | | | |  | **£2.99** |  | £2.79 |  | £12.45 |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |
|  | | | |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Consolidated Statement of Comprehensive Income** *for the six months ended 30 September 2018* | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Unaudited** |  | **Unaudited** |  | **Audited** |
|  |  |  |  |  |  | **Six Months** |  | **Six Months** |  | **Year** |
|  |  |  |  |  |  | **ended** |  | **ended** |  | **ended** |
|  |  |  |  |  |  | **30 Sep 2018** |  | **30 Sep 2017** |  | **31 Mar 2018** |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **£000** |  | **£000** |  | **£000** |
|  |  |  |  |  |  |  |  |  |  |  |
| Profit for the period | | | | | | **48,858** |  | 45,474 |  | 202,958 |
| Foreign exchange translation differences | | | | | | **24,830** |  | (18,101) |  | (29,759) |
|  | | | | | |  |  |  |  |  |
| **Total comprehensive income for the period** | | | | | | **73,688** |  | 27,373 |  | 173,199 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Attributable to: | | | | |  |  |  |  |  |  |
| Equity holders of the parent | | | | | | **73,612** |  | 27,338 |  | 173,156 |
| Non-controlling interest | | | | | | **76** |  | 35 |  | 43 |
|  |  |  |  |  |  |  |  |  |  |  |
| **Total comprehensive income for the period** | | | | | | **73,688** |  | 27,373 |  | 173,199 |
|  |  |  |  |  |  |  |  |  |  |  |

All other comprehensive income may be reclassified as profit and loss in the future.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Consolidated Statement of Changes in Equity** *for the six months ended 30 September 2018* | | | | | | | |
|  |  |  |  |  | **Equity** | **Non-** |  |
|  | **Share** | **Share** | **Translation** | **Retained** | **shareholders’** | **controlling** | **Total** |
|  | **capital** | **premium** | **reserve** | **earnings** | **funds** | **interest** | **equity** |
|  |  |  |  |  |  |  |  |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Balance at 1 April 2017 | 4,074 | 555 | 61,117 | 1,589,969 | 1,655,715 | 240 | 1,655,955 |
|  |  |  |  |  |  |  |  |
| Profit for the period | - | - | - | 202,889 | 202,889 | 69 | 202,958 |
|  |  |  |  |  |  |  |  |
| Foreign exchange translation differences | - | - | (29,733) | - | (29,733) | (26) | (29,759) |
| Payments to non-controlling interest | - | - | - | - | - | (192) | (192) |
|  |  |  |  |  |  |  |  |
| Dividends to equity shareholders | - | - | - | (15,969) | (15,969) | - | (15,969) |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Balance at 1 April 2018 | 4,074 | 555 | 31,384 | 1,776,889 | 1,812,902 | 91 | 1,812,993 |
|  |  |  |  |  |  |  |  |
| Profit for the period | - | - | - | 48,789 | 48,789 | 69 | 48,858 |
|  |  |  |  |  |  |  |  |
| Foreign exchange translation differences | - | - | 24,823 | - | 24,823 | 7 | 24,830 |
| Payments to non-controlling interest | - | - | - | - | - | (11) | (11) |
|  |  |  |  |  |  |  |  |
| Dividends to equity shareholders | - | - | - | - | - | - | - |
|  |  |  |  |  |  |  |  |
| Balance at 30 September 2018 | 4,074 | 555 | 56,207 | 1,825,678 | 1,886,514 | 156 | 1,886,670 |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Consolidated Balance Sheet** *as at 30 September 2018* | | | | | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **Unaudited** |  | **Unaudited** |  | **Audited** |
|  |  |  |  |  |  |  | **30 Sep 2018** |  | **30 Sep 2017** |  | **31 Mar 2018** |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **£000** |  | **£000** |  | **£000** |
| **Assets** |  |  |  |  |  |  |  |  |  |  |  |
| **Investment property** | | |  |  |  |  | **2,468,822** |  | 2,262,773 |  | 2,373,184 |
| **Deferred tax assets** | | |  |  |  |  | **54** |  | 302 |  | 197 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total non-current assets** | | |  |  |  |  | **2,468,876** |  | 2,263,075 |  | 2,373,381 |
| **Trade and other receivables** | | | |  |  |  | **81,398** |  | 70,639 |  | 62,714 |
| **Current investments** | |  |  |  |  |  | **154** |  | 161 |  | 158 |
| **Cash and cash equivalents** | |  |  |  |  |  | **92,794** |  | 79,917 |  | 98,752 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total current assets** | | |  |  |  |  | **174,346** |  | 150,717 |  | 161,624 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total assets** | |  |  |  |  |  | **2,643,222** |  | 2,413,792 |  | 2,535,005 |
| **Equity** |  |  |  |  |  |  |  |  |  |  |  |
| **Share capital** | |  |  |  |  |  | **4,074** |  | 4,074 |  | 4,074 |
| **Share premium** | | |  |  |  |  | **555** |  | 555 |  | 555 |
| **Translation reserve** | | |  |  |  |  | **56,207** |  | 43,032 |  | 31,384 |
| **Retained earnings** | | |  |  |  |  | **1,825,678** |  | 1,635,392 |  | 1,776,889 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total equity attributable to equity** | | | |  |  |  |  |  |  |  |  |
| **holders of the parent** | | |  |  |  |  | **1,886,514** |  | 1,683,053 |  | 1,812,902 |
| **Non-controlling interest** | | |  |  |  |  | **156** |  | 81 |  | 91 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total equity** | |  |  |  |  |  | **1,886,670** |  | 1,683,134 |  | 1,812,993 |
| **Liabilities** | |  |  |  |  |  |  |  |  |  |  |
| **Loans and borrowings** | | | | |  |  | **308,746** |  | 297,535 |  | 296,501 |
| **Deferred tax liabilities** | | |  |  |  |  | **287,981** |  | 295,713 |  | 271,807 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total non-current liabilities** | | | |  |  |  | **596,727** |  | 593,248 |  | 568,308 |
|  | |  |  |  |  |  |  |  |  |  |  |
| **Loans and borrowings** | | | | |  |  | **58,035** |  | 35,669 |  | 53,958 |
| **Trade and other payables** | | |  |  |  |  | **54,572** |  | 54,734 |  | 52,489 |
| **Current taxation** | | |  |  |  |  | **47,218** |  | 47,007 |  | 47,257 |
|  | | |  |  |  |  |  |  |  |  |  |
| **Total current liabilities** | | |  |  |  |  | **159,825** |  | 137,410 |  | 153,704 |
|  | |  |  |  |  |  |  |  |  |  |  |
| **Total liabilities** | |  |  |  |  |  | **756,552** |  | 730,658 |  | 722,012 |
|  | | |  |  |  |  |  |  |  |  |  |
| **Total equity and liabilities** | | |  |  |  |  | **2,643,222** |  | 2,413,792 |  | 2,535,005 |
|  | | |  |  |  |  |  |  |  |  |  |
| **Equity shareholders’ funds per share** | | |  |  |  |  | **£115.77** |  | £103.28 |  | £111.25 |
|  | | |  |  |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Consolidated Statement of Cash Flows** *for the six months ended 30 September 2018* | | | | | | | | | | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **Unaudited** |  |  | **Unaudited** |  |  | **Audited** |
|  |  |  |  |  |  |  | **Six months** |  |  | **Six months** |  |  | **Year** |
|  |  |  |  |  |  |  | **ended** |  |  | **ended** |  |  | **ended** |
|  |  |  |  |  |  |  | **30 Sep 2018** |  |  | **30 Sep 2017** |  |  | **31 Mar 2018** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **£000** | **£000** |  | **£000** | **£000** |  | **£000** | **£000** |
| **Cash flows from operating activities** | | | | | |  |  |  |  |  |  |  |  |
| Net cash generated from operations | | | | | | **17,186** |  |  | 25,417 |  |  | 56,480 |  |
| Interest received | | | | | | **481** |  |  | 266 |  |  | 581 |  |
| Interest paid | |  |  |  |  | **(7,559)** |  |  | (7,134) |  |  | (12,592) |  |
| Tax paid | | | | | | **(4,553)** |  |  | (4,841) |  |  | (8,967) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net cash from operating activities** | | | | | |  | **5,555** |  |  | 13,708 |  |  | 35,502 |
|  | | | | | |  |  |  |  |  |  |  |  |
| **Cash flows from investing activities** | | | | | |  |  |  |  |  |  |  |  |
| Acquisition and development of investment property | | | | | | **(21,725)** |  |  | (18,205) |  |  | (39,424) |  |
| Proceeds from sale of investment property | | | | | | **6,286** |  |  | 7,079 |  |  | 16,085 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net cash absorbed by investing activities** | | | | | |  | **(15,439)** |  |  | (11,126) |  |  | (23,339) |
|  | | | | |  |  |  |  |  |  |  |  |  |
| **Cash flows from financing activities** | | | | |  |  |  |  |  |  |  |  |  |
| Repayment of bank loans | | | | | | **(1,049)** |  |  | (1,362) |  |  | (2,509) |  |
| New bank loans and overdrafts | | | | | | **-** |  |  | - |  |  | 15,000 |  |
| Repayment of mortgages | | | | | | **(9,775)** |  |  | (13,819) |  |  | (58,398) |  |
| New mortgages | | | | | | **9,737** |  |  | 12,005 |  |  | 70,216 |  |
| Dividends paid | | | | | | **-** |  |  | - |  |  | (15,969) |  |
| Payments to non-controlling interest | | | | | | **(11)** |  |  | (194) |  |  | (192) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net cash (absorbed by) / generated from financing activities** | | | | | |  | **(1,098)** |  |  | (3,370) |  |  | 8,148 |
|  | | | | | |  |  |  |  |  |  |  |  |
| **Net (decrease) / increase in cash and cash equivalents** | | | | | |  | **(10,982)** |  |  | (788) |  |  | 20,311 |
|  | | | | | | |  |  |  |  |  |  |  |
| Cash and cash equivalents brought forward | | | | | | | **98,752** |  |  | 84,283 |  |  | 84,283 |
|  | | | | | | |  |  |  |  |  |  |  |
| Effect of exchange rate fluctuations on cash held | | | | | | | **5,024** |  |  | (3,578) |  |  | (5,842) |
|  | | | | | | |  |  |  |  |  |  |  |
| **Cash and cash equivalents** | | | | | | | **92,794** |  |  | 79,917 |  |  | 98,752 |

**Notes to the Consolidated Interim Financial Statements** for the six months ended 30 September 2018

1. **Basis of preparation**

This interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*, applying the accounting policies and presentation that were applied in the preparation of the Company’s published consolidated financial statements for the year ended 31 March 2018. The Directors have considered the result of the endorsement by the EU of new or changed International Financial Reporting Standards that are applicable or available for early adoption in the preparation of the Company’s next consolidated financial statements for the year ending 31 March 2019 and concluded that they have no material effect on either the current or prior periods.

The Directors have reviewed the current and projected financial position of the Group and are satisfied that the Group has adequate resources to cover current liabilities.  Therefore, the Directors continue to adopt the going concern basis in preparing the half year report.

1. **Status of the interim financial information**

The interim financial information in this statement has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on review of interim financial information and does not constitute statutory accounts, as defined in section 435 of the Companies Act 2006. The auditors' report on the statutory accounts for the year ended 31 March 2018 was unqualified and did not contain a statement under section 498 of the Companies Act 2006.  Statutory accounts for the year ended 31 March 2018 have been delivered to the Registrar of Companies.  The interim financial statements were approved by the Board of Directors on 27 November 2018. The preparation of the interim financial information requires management to make assumptions and estimates about future events which are uncertain, the actual outcome of which may result in a materially different outcome from that anticipated.

1. **Segmental Analysis**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **UK** | **USA** | **Eliminations** | **Total** |
| *For the six months ended 30 September 2018* | **£000** | **£000** | **£000** | **£000** |
| Rental and related income | 47,822 | 26,144 | - | 73,966 |
|  |  |  |  |  |
| Property operating expenses | (22,923) | (14,092) | - | (37,015) |
|  |  |  |  |  |
| Profit/(loss) on disposal of property | 5,620 | (691) | - | 4,929 |
|  |  |  |  |  |
| Net valuation movements on property | 32,521 | - | - | 32,521 |
|  |  |  |  |  |
| Administrative expenses | (6,468) | (472) | - | (6,940) |
|  |  |  |  |  |
| Profit before finance costs | 56,572 | 10,889 | - | 67,461 |
|  |  |  |  |  |
| Net financing expense | (2,876) | (3,485) | - | (6,361) |
|  |  |  |  |  |
| Profit before taxation | 53,696 | 7,404 | - | 61,100 |
|  |  |  |  |  |
| Income tax charge | (10,362) | (1,880) | - | (12,242) |
|  |  |  |  |  |
| Profit for the period | 43,334 | 5,524 | - | 48,858 |
|  |  |  |  |  |
| Capital expenditure | 15,856 | 3,057 | - | 18,913 |
| *As at 30 September 2018* |  |  |  |  |
| Investment property | 1,831,882 | 636,940 | - | 2,468,822 |
| Other assets | 83,476 | 102,618 | (11,694) | 174,400 |
| Total segment assets | 1,915,358 | 739,558 | (11,694) | 2,643,222 |
| Total segment liabilities | (389,979) | (378,267) | 11,694 | (756,552) |
| Capital employed | 1,525,379 | 361,291 | - | 1,886,670 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **UK** | **USA** | **Eliminations** | **Total** |
| *For the six months ended 30 September 2017* | **£000** | **£000** | **£000** | **£000** |
| Rental and related income | 45,602 | 25,668 | - | 71,270 |
|  |  |  |  |  |
| Property operating expenses | (25,051) | (13,872) | - | (38,923) |
|  |  |  |  |  |
| Profit on disposal of property | 6,527 | 193 | - | 6,720 |
|  |  |  |  |  |
| Net valuation movements on property | 24,103 | 5,433 | - | 29,536 |
|  |  |  |  |  |
| Administrative expenses | (6,085) | (310) | - | (6,395) |
|  |  |  |  |  |
| Profit before finance costs | 45,096 | 17,112 | - | 62,208 |
|  |  |  |  |  |
| Net financing expense | (1,296) | (4,269) | - | (5,565) |
|  |  |  |  |  |
| Profit before taxation | 43,800 | 12,843 | - | 56,643 |
|  |  |  |  |  |
| Income tax charge | (6,032) | (5,137) | - | (11,169) |
|  |  |  |  |  |
| Profit for the period | 37,768 | 7,706 | - | 45,474 |
|  |  |  |  |  |
| Capital expenditure | 15,086 | 2,866 | - | 17,952 |
| *As at 30 September 2017* |  |  |  |  |
| Investment property | 1,694,357 | 568,416 | - | 2,262,773 |
| Other assets | 84,627 | 77,588 | (11,196) | 151,019 |
| Total segment assets | 1,778,984 | 646,004 | (11,196) | 2,413,792 |
| Total segment liabilities | (360,768) | (381,086) | 11,196 | (730,658) |
| Capital employed | 1,418,216 | 264,918 | - | 1,683,134 |
|  |  |  |  |  |

1. **Taxation**

The tax charge in the interim statement is in line with the current UK statutory rate. The higher rate on our US generated profits is offset by a lower future tax rate on our UK deferred property valuation gains.

1. **Dividends**

No dividends were paid in the six months ended 30 September 2018 (six months ended 30 September 2017: £Nil).

1. **Investment properties**

The Directors have estimated the value of the investment properties at 30 September 2018 after consultation with the Group’s advisers. A full valuation of the Group’s properties will be carried out by independent professional valuers at 31 March 2019.

1. **Financial Instruments – fair value disclosure**

The Group seeks to reduce interest rate risk by fixing rates on the majority of its loans and borrowings, either through the use of fixed rate mortgage finance or through interest rate swaps. The Group does not speculate in treasury products.

The Group does not hedge account and all its mortgages and interest rate swaps are initially recognised at fair value. Mortgages are subsequently recorded at amortised cost whilst interest rate swaps are subsequently recorded at fair value, with any movement being recorded in the consolidated income statement. The fair values of all these financial instruments are determined by reference to observable inputs that are classified as Level 2 in the fair value hierarchy set out in International Financial Reporting Standard 13 *Fair Value Measurement*. Fair values have been determined by discounting expected future cash flows using market interest rates and yield curves over the remaining term of the instrument, as adjusted to reflect the credit risk attributable to the Group and, where relevant, its counterparty.

Fair value measurements are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Unaudited**  **30 Sep 2018** | | **Unaudited**  **30 Sep 2017** | | **Audited**  **31 Mar 2018** | |
|  |
|  | **Book Value** | **Fair Value** | **Book Value** | **Fair Value** | **Book Value** | **Fair Value** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |  |
| Loans and borrowings | 366,781 | 371,328 | 333,204 | 345,403 | 350,459 | 358,199 |
| Interest rate swaps | 321 | 321 | 1,775 | 1,775 | 1,161 | 1,161 |
|  |  |  |  |  |  |  |
|  | 367,102 | 371,649 | 334,979 | 347,178 | 351,620 | 359,360 |
|  |  |  |  |  |  |  |
| Current | 58,356 | 58,639 | 37,444 | 38,992 | 55,119 | 55,898 |
| Non-current | 308,746 | 313,010 | 297,535 | 308,186 | 296,501 | 303,462 |
|  |  |  |  |  |  |  |
|  | 367,102 | 371,649 | 334,979 | 347,178 | 351,620 | 359,360 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

In both 2018 and 2017 there were no non-recurring fair value measurements and there were no material differences between the fair value and carrying amounts of all the other financial assets of the Group.

1. **Related party transactions**

Day-to-day management of the Group’s properties in the UK is mainly carried out by Highdorn Co. Limited and by Freshwater Property Management Limited. Mr BSE Freshwater and Mr SI Freshwater are directors of both companies. They have no beneficial interest in the share capital of Highdorn Co. Limited. Mr BSE Freshwater, Mr SI Freshwater and Mr D Davis are directors of the parent company of Freshwater Property Management Limited but have no beneficial interest in either company. Mr CB Freshwater and Mr RE Freshwater have a beneficial interest in a trust holding interests in shares in Highdorn Co. Limited.

In their capacity as managing agents, Highdorn Co. Limited and Freshwater Property Management Limited collect rents and incur direct property expenses on behalf of the Group. At 30 September 2018, the aggregate net amounts due to the Group from Highdorn Co. Limited and Freshwater Property Management Limited in relation to such agency receipts and payments was £9.4 million (2017: £3.9 million). These amounts are not secured and are payable on demand. No guarantees have been given or received and the amounts are settled in cash.

The amounts charged by the Group during the period for the provision of property and other management services by Highdorn Co. Limited and Freshwater Property Management Limited were £2.6 million (six months ended 30 September 2017: £3.0 million).

The Board considers that the Directors are the key management personnel of the Group and their remuneration is disclosed in the Daejan Holdings PLC Annual Report for 31 March 2018.

1. **Statement of Directors’ responsibilities**

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Daejan Holdings PLC are listed in the Daejan Holdings PLC Annual Report for   
31 March 2018. A list of current Directors is maintained on the Daejan Holdings PLC website www.daejanholdings.com.

B S E Freshwater

Chairman

28 November 2018