



Daejan Holdings PLC

*Interim Results Announcement for the half year ended
30 September 2011*



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Interim Results

The Board is pleased to present the Interim Statement for the half year ended 30 September 2011.

	30/9/11	30/9/10	31/3/11
	£000	£000	£000
(Loss)/Profit before tax	(121)	29,306	84,363
(Loss)/Profit after tax	(783)	20,491	67,833
Basic Diluted Earnings per Share	(4.8)p	125.7p	416.2p
Equity Shareholders' Funds per Share	£51.53	£49.19	£51.43

- The loss before tax for the period was £0.1 million (2010:£29.3 million profit) after accounting for net valuation losses on investment properties and financial instruments of £10.5 million (2010:£15.7 million gain). There was an increase of 3% in gross rental income compared to the equivalent period last year. However the impact of resolving matters with Southern Cross Healthcare Group PLC (see below) both in terms of lost rent and costs incurred combined with some increases in other operating expenses resulted in a reduction in net profit before tax. The underlying net profit before tax, i.e. excluding net valuation movements, was £10.4 million (2010:£13.6 million).
- As previously reported, the Group owns 9 care homes which had been leased to Southern Cross. Since 31 March 2011, following the collapse of Southern Cross, these leases have been terminated and new leases entered into with, an alternative established operator of residential care homes. These arrangements have ensured continuity of care for residents and will generate a rental return for the Group linked to operating performance. In the valuation at 30 September 2011 these properties have been written down by £11.5 million to £19.4 million.
- The property portfolio has been valued by the Directors based on the recommendations of the Group's external advisers. The net valuation loss of £0.8 million (2010: £20.3 million gain) reflects the reduction in the value of the portfolio of care homes of £11.5 million. The remainder of the UK portfolio and the USA portfolio produced aggregate valuation gains totalling £10.7 million with London residential properties performing well.
- The redevelopment of Africa House, WC2 to provide 130,000 square feet of prime office space is well underway and on course for completion in early 2013.
- An interim dividend of 25p per share will be paid on 2 March 2012 to shareholders on the register on 3 February 2012.
- 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 and financial instruments and to any increase in voids or bad debts which may arise in the event of further deterioration in the current economic circumstances.
- Our business is financially sound; we have a strong balance sheet with gearing of only 16.4% (2010: 16.2%). Sluggish economic growth in both the UK and the USA combined with the risk of further financial shocks from the Eurozone provide a difficult background in which to operate. No business can be immune from these negative influences. Our prudent, long term business approach is more than ever appropriate in today's conditions. We remain confident for the future.

B S E Freshwater
Chairman
30 November 2011

Consolidated Income Statement for the six months ended 30 September 2011

	Unaudited 6 Months ended 30/9/11 £000	Unaudited 6 Months ended 30/9/10 (as restated*) £000	Audited Year ended 31/3/11 £000
Total Rental & Related Income from Investment Property	52,492	50,987	102,692
Property Operating Expenses	(33,802)	(30,467)	(60,743)
Net Rental & Related Income from Investment Property	18,690	20,520	41,949
Profit on Disposal of Investment Property	2,166	3,386	9,257
Net Valuation (Losses)/Gains on Investment Property	(782)	20,291	52,024
Administrative Expenses	(5,461)	(4,899)	(10,558)
Net Operating Profit before Net Financing Costs	14,613	39,298	92,672
Fair Value (Losses)/Gains on Fixed Rate Loans and Borrowings	(7,406)	(3,308)	1,495
Fair Value (Losses)/Gains on Derivative Financial Instruments	(2,308)	(1,245)	556
Fair Value (Losses)/Gains on Current Investments	(12)	1	(16)
Other Financial Income	272	243	512
Financial Expenses	(5,280)	(5,683)	(10,856)
Net Financing Costs	(14,734)	(9,992)	(8,309)
(Loss)/Profit Before Taxation	(121)	29,306	84,363
Income Tax	(662)	(8,815)	(16,530)
(Loss)/Profit for the Period	(783)	20,491	67,833
Attributable to:			
Equity Holders of the Parent	(785)	20,486	67,823
Minority Interest	2	5	10
(Loss)/Profit for the Period	(783)	20,491	67,833
Basic Diluted Earnings per Share	(4.8)p	125.7p	416.2p

- See Basis of Preparation

Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2011

	Unaudited 6 Months ended 30/9/11 £000	Unaudited 6 Months ended 30/9/10 £000	Audited Year ended 31/3/11 £000
(Loss)/Profit for the Period	(783)	20,491	67,833
Foreign Exchange Translation Differences	2,312	(3,951)	(2,648)
Total Comprehensive Income for the Period	1,529	16,540	65,185
Attributable to :			
Equity Holders of the Parent	1,522	16,540	65,183
Minority Interest	7	-	2
Total Comprehensive Income for the Period	1,529	16,540	65,185

Consolidated Statement of Changes in Equity

for the six months ended 30 September 2011

	Issued Share Capital £000	Share Premium Account £000	Translation Reserve £000	Retained Earnings £000	Equity Share holders' Funds £000	Minority Interest £000	Total Equity £000
Balance at 1 April 2010	4,074	555	21,056	759,291	784,976	143	785,119
Profit for the Year	-	-	-	67,823	67,823	10	67,833
Foreign Exchange Translation Differences	-	-	(2,640)	-	(2,640)	(8)	(2,648)
Movements in Minority Interest	-	-	-	-	-	17	17
Dividends to Equity Shareholders	-	-	-	(12,059)	(12,059)	-	(12,059)
Balance at 1 April 2011	4,074	555	18,416	815,055	838,100	162	838,262
(Loss)/Profit for the Period	-	-	-	(785)	(785)	2	(783)
Foreign Exchange Translation Differences	-	-	2,307	-	2,307	5	2,312
Movements in Minority Interest	-	-	-	-	-	(16)	(16)
Dividends to Equity Shareholders	-	-	-	-	-	-	-
Balance at 30 September 2011	4,074	555	20,723	814,270	839,622	153	839,775

Consolidated Balance Sheet as at 30 September 2011

	Unaudited 30/9/11 £000	Unaudited 30/9/10 (as restated*) £000	Audited 31/3/11 £000
Assets			
Investment Property	1,236,454	1,174,467	1,224,800
Deferred Tax Assets	9,155	6,808	4,378
Total Non-Current Assets	1,245,609	1,181,275	1,229,178
Trade and Other Receivables	49,064	42,090	41,221
Current Investments	205	248	246
Cash and Cash Equivalents	35,671	37,184	75,296
Total Current Assets	84,940	79,522	116,763
Total Assets	1,330,549	1,260,797	1,345,941
Equity			
Share Capital	4,074	4,074	4,074
Share Premium	555	555	555
Translation Reserve	20,723	17,110	18,416
Retained Earnings	814,270	779,777	815,055
Total Equity Attributable to Equity			
Holders of the Parent	839,622	801,516	838,100
Minority Interest	153	165	162
Total Equity	839,775	801,681	838,262
Liabilities			
Loans and Borrowings	202,524	194,275	194,577
Deferred Tax Liabilities	199,581	196,665	196,204
Total Non-Current Liabilities	402,105	390,940	390,781
Loans and Borrowings	15,987	9,904	55,248
Trade and Other Payables	49,297	41,487	40,821
Current Taxation	23,385	16,785	20,829
Total Current Liabilities	88,669	68,176	116,898
Total Liabilities	490,774	459,116	507,679
Total Equity and Liabilities	1,330,549	1,260,797	1,345,941
Equity Shareholders Funds Per Share	£51.53	£49.19	£51.43

• See Basis of Preparation

Consolidated Statement of Cash Flows

for the six months ended 30 September 2011

	Unaudited 6 Months ended 30/9/11		Unaudited 6 Months ended 30/9/10		Audited Year ended 31/3/11
	£000	£000	£000	£000	£000
Cash Flows from Operating Activities					
Net Cash Generated from Operations	11,283		16,173		35,596
Interest Received	224		519		519
Interest Paid	(5,183)		(5,861)		(10,942)
(Distributions to)/Receipts from Minority Interest	(16)		22		17
UK Corporation Tax Recovered	-		1,482		1,523
Overseas Tax Paid	(146)		(324)		(575)
Net Cash from Operating Activities		6,162		12,011	26,138
Cash Flows from Investing Activities					
Acquisition and Development of Investment Property	(5,491)		(7,748)		(29,990)
Proceeds from Sale of Investment Property	2,245		4,063		10,163
Net cash from Investing Activities		(3,246)		(3,685)	(19,827)
Cash Flows from Financing Activities					
Repayment of Bank Loans	(41,687)		(687)		(1,375)
New Bank Loans	-		-		41,000
Repayment of Mortgages	(1,331)		(1,144)		(2,171)
New Mortgages	247		2,795		16,089
Dividends Paid	-		-		(12,059)
Net Cash from Financing Activities		(42,771)		964	41,484
Net (Decrease)/Increase in Cash and Cash Equivalents		(39,855)		9,290	47,795
Cash and Cash Equivalents Brought Forward		75,296		28,058	28,058
Effect of Exchange Rate Fluctuations on Cash Held		229		(388)	(557)
Cash and Cash Equivalents		35,670		36,960	75,296

Notes to the Consolidated Financial Statements for the six months ended 30 September 2011

Basis of preparation

This interim financial information has been prepared in accordance with International Accounting Standard 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 2011. As required by the Listing Rules of the Financial Services Authority, 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 2012 and concluded that they have no material effect on either the current or prior periods.

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 2011 was unqualified and did not contain a statement under section 498 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2011 have been delivered to the Registrar of Companies. The interim financial statements were approved by the Board of Directors on 29 November 2011. 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.

In prior periods, the adjustment required to re-measure fixed rate loans and borrowings at fair value at each balance sheet date has been included within Fair Value Gains and Losses on Financial Instruments in the Income Statement and as part of Derivative Financial Instruments within Trade and Other Payables in the Balance Sheet. In order to show the carrying value of fixed rate loans and borrowings more clearly, the required adjustment is now shown separately in the Income Statement and within the carrying value of the fixed rate component of Loans and Borrowings in the Balance Sheet. Comparative amounts have been reclassified accordingly by transferring an amount of £18.5 million from Derivative Financial Instruments to Loans and Borrowings, £3.1 million against Current Liabilities and £15.4 million against Non-current Liabilities.

*Notes to the Consolidated Financial Statements
for the six months ended 30 September 2011*

Segmental Analysis	UK	USA	Eliminations	Total
	£000	£000	£000	£000
<i>For the six months ended 30 September 2011</i>				
Rental and Related Income	37,793	14,699	-	52,492
Property Operating Expenses	(23,526)	(10,276)	-	(33,802)
Profit on Disposal of Property	2,166	-	-	2,166
Net Valuation Movements on Property	(2,189)	1,407	-	(782)
Administrative Expenses	(5,090)	(371)	-	(5,461)
Profit before Finance Costs	9,154	5,459	-	14,613
Net Financing Costs	(6,250)	(8,484)	-	(14,734)
Profit/(Loss) Before Taxation	2,904	(3,025)	-	(121)
Income Tax Charge	(293)	(369)	-	(662)
Profit/(Loss) for the Period	2,611	(3,394)	-	(783)
Capital Expenditure	4,136	1,355	-	5,491
<i>As at 30 September 2011</i>				
Investment Property	984,597	251,857	-	1,236,454
Other Assets	71,125	27,808	(4,838)	94,095
Total Segment Assets	1,055,722	279,665	(4,838)	1,330,549
Total Segment Liabilities	(301,727)	(193,885)	4,838	(490,774)
Capital Employed	753,995	85,780	-	839,775

*Notes to the Consolidated Financial Statements
for the six months ended 30 September 2011*

	UK £000	USA £000	Eliminations £000	Total £000
<i>For the six months ended 30 September 2010</i>				
Rental and Related Income	36,911	14,076	-	50,987
Property Operating Expenses	(20,590)	(9,877)	-	(30,467)
Profit on Disposal of Property	3,281	105	-	3,386
Net Valuation Movements on Property	21,535	(1,244)	-	20,291
Administrative Expenses	(4,736)	(163)	-	(4,899)
Profit before Finance Costs	36,401	2,897	-	39,298
Net Financing Costs	(4,801)	(5,191)	-	(9,992)
Profit/(Loss) Before Taxation	31,600	(2,294)	-	29,306
Income Tax (Charge)/Credit	(9,616)	801	-	(8,815)
Profit/(Loss) for the Period	21,984	(1,493)	-	20,491
Capital Expenditure	1,720	6,028	-	7,748
<i>As at 30 September 2010</i>				
Investment Property	956,592	217,875	-	1,174,467
Other Assets	61,594	32,892	(8,156)	86,330
Total Segment Assets	1,018,186	250,767	(8,156)	1,260,797
Total Segment Liabilities	(301,920)	(165,352)	8,156	(459,116)
Capital Employed	716,266	85,415	-	801,681

Notes to the Consolidated Financial Statements for the six months ended 30 September 2011

Dividends

No dividends were paid in the six months ended 30 September 2011 (six months ended 30 September 2010: £Nil).

Investment Properties

The Directors have estimated the value of the investment properties at 30 September 2011 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 2012.

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 RE Freshwater has 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 2011, the aggregate net amounts due from the Group to Highdorn Co. Limited and Freshwater Property Management Limited in relation to such agency receipts and payments was £2.0 million (2010: Due to the Group £2.0 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 paid by the Group during the period for the provision of property and other management services by Highdorn Co. Limited and Freshwater Property Management Limited, not included above, were £1.9 million (six months ended 30 September 2010: £1.6 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 2011.

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 2011. A list of current directors is maintained on the Daejan Holdings PLC website www.daejanholdings.com.

B S E Freshwater
Chairman
30 November 2011