

Mucklow (A&J) Group plc
Interim Results for the six months to 31 December 2009

Date: 24 February 2010
Embargoed: 7.00am

Financial Summary

Property portfolio	31 December 2009	30 June 2009
Portfolio value	£214.9m	£201.0m
Valuation gain/(deficit) (six months)	£11.7m	£(19.5)m
Increase/(reduction) in value (six months)	6%	(9%)
Equivalent yield	9.0%	9.5%
Occupancy rate	92.3%	90.5%

Balance sheet	31 December 2009	30 June 2009
Net asset value	£172.8m	£159.7m
Basic NAV per share	288p	266p
Adjusted NAV per share*	288p	267p
Net debt	£34.5m	£38.0m
Gearing	20%	24%

Income statement	Six months ended 31 December 2009	Six months ended 31 December 2008
Pre-tax profit/(loss)	£18.8m	£(38.8)m
Net rental income	£7.9m	£8.1m
Basic EPS	31.29p	(64.75)p
Adjusted EPS†	11.89p	9.38p
Interim dividend	8.03p	8.03p

The interim dividend of £4,817,357 will be paid on 30 June 2010 to holders registered on 28 May 2010.

* Excludes deferred tax and the mark to market on debt and includes the surplus on trading properties.

† Excludes the profit on disposal of investment properties, revaluation of investment and development properties and deferred tax.
See note 7 for details.

Rupert Mucklow, Chairman of A&J Mucklow Group plc said:

"I am pleased to report a solid performance by the Group for the first six months of our financial year, despite a sluggish property market."

"Our financial position remains strong and has been further improved by the extension and increase of our principal banking facilities, a reduction in void levels and the successful disposal of a trading property."

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Chairman's Statement

I am pleased to report a solid performance by the Group for the first six months of our financial year, despite a sluggish property market. After two years of falling asset values, property yields have started to harden, which has had a positive impact on our income statement and balance sheet.

Our financial position remains strong and has been further improved by the extension and increase of our principal banking facilities, a reduction in void levels and the successful disposal of a trading property.

Results for the six months to 31 December 2009

Pre-tax profit for the half year was £18.8m, compared with a loss of £38.8m for the corresponding period last year. A surplus on the revaluation of investment properties and development land, increased the profit by £11.6m (2008: £44.5m reduction).

The adjusted pre-tax profit, which excludes revaluation of investment properties and profit on the sale of investment properties was £7.2 m (2008: £5.7m). A profit contribution of £1.6m came from trading activity (2008: £nil).

EPRA (adjusted) net asset value per share* increased during the first six months from 267p to 288p per share, as a result of the increase in property values. Borrowings (net of cash) amounted to £34.5m, representing 20% of net assets (2008: 20%).

The directors have declared an interim dividend of 8.03p per Ordinary share, maintaining the same level as last year, which will be paid on 30 June 2010 to Shareholders on the register at the close of business on 28 May 2010.

Property review

The majority of our investment properties are modern and securely let, with unexpired lease terms of between 5 and 10 years, providing us with a solid income base. However, we do still have a number of units returned each year, due to lease expiries, break clauses and insolvencies. Many of these tend to be older, more secondary buildings, which are harder to re-let at the present time.

Our main focus, during these difficult times, has been to maintain occupancy levels above 90% through active management and to generate as much income as we can from our assets. Vacant buildings cost money and it is better to have properties occupied at lower rents, than holding out for rental and capital growth and having them remain empty for long periods of time.

The availability of industrial space across the Midlands continued to increase during the first half year, while the occupier market remained weak and competition to attract tenants was strong. Void rates are now so punitive, rental levels are being heavily discounted and lease terms are getting shorter, in order to secure lettings and save costs.

Our occupancy rate at 31 December increased to 92.3%, compared with 90.5% at the beginning of the financial year. However, our gross annual rental income remained flat at £16.4m pa, mainly due to the expiry of £0.3m pa of rent, previously being paid on our development site at Coventry, until detailed planning permission was granted.

We let 16 industrial units during the period totalling 98,956 sq ft, at an annual rent of £0.5m and took back 12 units totalling 50,471 sq ft, with the loss of £0.2m pa. The average lease term on new lettings was 4 years and rental levels were discounted by around 10%, with approximately 6 months rent free inducement given.

DTZ Debenham Tie Leung reviewed the value of our investment properties as at 31 December 2009. The investment portfolio, including development land, was valued at £214.9m, which showed a surplus in value for the period of £11.7m (5.8%). The initial yield on the investment properties was 8.2% (June 2009: 8.6%).

Property values have improved over the last six months, on the back of renewed demand from Investors and a limited availability of stock. However, values still remain some way short of the 6.0% equivalent yield achieved on the portfolio in June 2007, at the peak of the last cycle. The equivalent yield on our investment properties improved during the period from 9.5% to 9.0%.

Investment properties let on long leases to good covenants have become very desirable for Investors and have seen a yield shift of over 100 basis points. Modern properties with shorter leases have shown some steady growth of around 50 basis points, while the value of older, secondary properties have not improved, due to falling rents and the potential costs involved in re-letting.

We continue to be selective when buying investment properties and will only consider modern buildings in good locations. We acquired a prime investment property in Aston, Birmingham at the start of the financial year for £1.9m, as previously mentioned in our last Report and Accounts. No further acquisitions have been made, due to lack of suitable opportunities, although circumstances appear to have improved since the half year end.

A main contractor has been appointed for the development of our 128,500 sq ft Costco warehouse in Coventry and preparation work has started on site. Completion of the building and commencement of rent is anticipated for September 2010. The construction cost is now expected to be around £8m, which is approximately £1m less than the original forecast, due to more favourable tender prices.

DTZ Debenham Tie Leung also reviewed the value of our trading properties at 31 December 2009. The total value was £3.5m, which showed a surplus of £2.9m over book value, equivalent to 5p per share.

We sold a residential development site at Wolverley Park, Kidderminster in the half year for £2.13m. The land was sold to a local Housing Association at a premium of 18% above the June 2009 valuation, to show a pre-tax profit of £1.6m. There are no other trading disposals planned in the current financial year.

We successfully completed the extension and increase of our banking facilities with HSBC in November 2009, which has provided us with around £50m to assist our pre-let development at Coventry and to acquire suitable investment properties.

The new facilities comprise a £20m term loan, a £40m revolving credit facility and a £5m overdraft, which replaces two short term facilities totalling £35m and a £10m overdraft. The loans are for a period of 5 years at a margin of 195 basis points over LIBOR. The £20m term loan has been fully drawn down, with part of the proceeds being used to repay the outstanding balance on previous drawings.

The interim report is prepared on a going concern basis as the directors have a reasonable expectation that the Group has adequate resources to continue for the foreseeable future. Total borrowings (net of cash) at 31 December 2009 amounted to £34.5m, of which £20m is fixed at 5.6% until 2023. Gearing (net of cash) was 20%.

Principle risks and uncertainties

The principle risks and uncertainties facing the Group, as described on pages 16 and 17 of the 2009 annual report, remain unchanged and are expected to remain unchanged during the second half of the financial year. The main risks to our business relate to property and financing.

We have seen a gradual improvement in investment market conditions in the first six months of our financial year, leading to an increase in our portfolio valuation. However, weak occupational market conditions are likely to remain for some time, but the Group's low vacancy rate and quality and diversification of the portfolio between industrial, office and retail properties, with different tenant profiles, covenants, building sizes and lease lengths should help to mitigate the position.

As noted above, our recent refinancing has significantly increased the amount and duration of our HSBC facilities. In addition to this, the Group has a low level of gearing and a significant unencumbered property portfolio. Financing is not, therefore, considered to be a significant risk or uncertainty at the current time.

Outlook

We are not expecting any significant improvement in the occupier market over the next six months, so maintaining occupancy levels will continue to be our priority. Rental values will remain under pressure, until business confidence is restored and surplus space is taken up.

We anticipate that capital values for modern investment properties will continue to improve in our second half year due to yield compression, as interest rates remain low and institutional investor demand is sustained. The impending election could however, lead to a pause in the market as initiatives to restrain public sector borrowing are put in place. Given the company's strong financial position with substantial committed funds in place we would look to take advantage of any stabilisation of the market to acquire quality investment opportunities that arise.

Rupert J Mucklow

Chairman

23 February 2010

* EPRA (European Public Real Estate Association) net asset value, excluding deferred tax and including the surplus on trading properties and the mark to market of debt. See note 7 for details.

Consolidated Income Statement
for the six months to 31 December 2009

	Notes	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Audited year to 30 June 2009 £000
Revenue	2	10,280	8,462	16,678
Gross rental income relating to investment and development properties		8,150	8,462	16,574
Property outgoings		(207)	(339)	(689)
Net rental income relating to investment and development properties		7,943	8,123	15,885
Proceeds on sale of trading properties		2,130	-	104
Carrying value of trading properties sold		(531)	-	-
Property outgoings relating to trading properties		(2)	(2)	(33)
Net income from/(expenditure on) trading properties		1,597	(2)	71
Administration expenses		(1,478)	(1,590)	(2,998)
Operating profit before net gains/(losses) on investments		8,062	6,531	12,958
Profit on disposal of investment properties		-	-	618
Net gains/(losses) on revaluation of investment and development properties		11,641	(44,468)	(64,185)
Operating profit/(loss)	3	19,703	(37,937)	(50,609)
Net finance costs	4	(867)	(870)	(1,393)
Profit/(loss) before tax	3	18,836	(38,807)	(52,002)
Current tax		(64)	(36)	(94)
Deferred tax credit		-	1	79
Total tax charge	5	(64)	(35)	(15)
Profit/(loss) for the financial period		18,772	(38,842)	(52,017)
Basic and diluted earnings/(loss) per share	7	31.29p	(64.75)p	(86.71)p

All operations are continuing.

Consolidated Statement of Comprehensive Income
for the six months to 31 December 2009

	Unaudited 31 December 2009 £000	Unaudited 31 December 2008 £000	Audited 30 June 2009 £000
Gains/(losses) on revaluation of development and owner occupied properties	70	(734)	(516)
Cancellation of share options	-	-	66
Deferred tax asset on items taken to equity	-	65	65
Net gain/(loss) recognised directly in equity	70	(669)	(385)
Profit/(loss) for the period	18,772	(38,842)	(52,017)
Total comprehensive income/(loss) for the period	18,842	(39,511)	(52,402)

Consolidated Statement of Changes in Equity
For the six months ended 31 December 2009

(unaudited)	Balance 1 July 2009 £000	Retained profit £000	Items taken directly to reserves £000	Other £000	Dividends paid £000	Transfers £000	Balance 31 December 2009 £000
Ordinary share capital	14,998	-	-	-	-	-	14,998
Capital redemption reserve	11,162	-	-	-	-	-	11,162
Revaluation reserve	605	-	70	-	-	(442)	233
Other reserves:							
Share based payments reserve	109	-	-	59	-	-	168
Total other reserves	109	-	-	59	-	-	168
Retained earnings	132,860	18,772	-	-	(5,789)	442	146,285
Total equity	159,734	18,772	70	59	(5,789)	-	172,846

As explained in note 1, under IAS 40, revaluation movements on development properties are now taken through the income statement. Following this change in treatment it is considered more appropriate for cumulative revaluation movements on development properties to be presented in retained earnings rather than the revaluation reserve.

For the six months ended 31 December 2008

(unaudited)	Balance 1 July 2008 £000	Retained loss £000	Items taken directly to reserves £000	Other £000	Dividends paid £000	Transfers £000	Balance 31 December 2008 £000
Ordinary share capital	14,998	-	-	-	-	-	14,998
Capital redemption reserve	11,162	-	-	-	-	-	11,162
Revaluation reserve	1,055	-	(669)	-	-	-	386
Other reserves:							
Share based payments reserve	48	-	-	54	-	-	102
Total other reserves	48	-	-	54	-	-	102
Retained earnings	195,417	(38,842)	-	-	(5,789)	-	150,786
Total equity	222,680	(38,842)	(669)	54	(5,789)	-	177,434

For the year ended 30 June 2009

(unaudited)	Balance 1 July 2008 £000	Retained Loss £000	Items taken directly to reserves £000	Other £000	Dividends paid £000	Transfers £000	Balance 30 June 2009 £000
Ordinary share capital	14,998	-	-	-	-	-	14,998
Capital redemption reserve	11,162	-	-	-	-	-	11,162
Revaluation reserve	1,055	-	(450)	-	-	-	605
Other reserves:							
Share based payments reserve	48	-	-	126	-	(65)	109
Total other reserves	48	-	-	126	-	(65)	109
Retained earnings	195,417	(52,017)	-	-	(10,605)	65	132,860
Total equity	222,680	(52,017)	(450)	126	(10,605)	-	159,734

Consolidated Balance Sheet
at 31 December 2009

	Notes	Unaudited 31 December 2009 £000	Unaudited 31 December 2008 £000	Audited 30 June 2009 £000
Non-current assets				
Investment and development properties	8	213,562	220,116	199,664
Property, plant and equipment		1,403	1,495	1,323
Trade and other receivables		628	336	315
Derivative financial instruments		517	-	-
		216,110	221,947	201,302
Current assets				
Trading properties		543	935	965
Trade and other receivables		4,189	4,169	4,931
Cash and cash equivalents		10,069	2,999	2,352
		14,801	8,103	8,248
Total assets		230,911	230,050	209,550
Current liabilities				
Trade and other payables		(12,682)	(13,075)	(7,894)
Tax liabilities		(853)	(1,146)	(1,602)
		(13,535)	(14,221)	(9,496)
Non-current liabilities				
Borrowings		(44,530)	(38,318)	(40,320)
Deferred tax		-	(77)	-
		(44,530)	(38,395)	(40,320)
Total liabilities		(58,065)	(52,616)	(49,816)
Net assets		172,846	177,434	159,734
Equity				
Called up ordinary share capital		14,998	14,998	14,998
Revaluation reserve		233	386	605
Share-based payment reserve		168	102	109
Redemption reserve		11,162	11,162	11,162
Retained earnings		146,285	150,786	132,860
Total equity		172,846	177,434	159,734
Net assets per ordinary share				
- Basic and diluted	7	288p	296p	266p
- Adjusted	7	288p	295p	267p

Consolidated Cash Flow Statement
for the six months to 31 December 2009

	Unaudited 31 December 2009 £000	Unaudited 31 December 2008 £000	Audited 30 June 2009 £000
Cash flows from operating activities			
Operating profit/(loss)	19,703	(37,937)	(50,609)
Adjustments for non-cash items			
- Unrealised net revaluation (gains)/losses on investment and development properties	(11,641)	44,468	64,185
- Profit on disposal of investment properties	-	-	(618)
- Depreciation and other non-cash items	51	47	95
- Profit on sale of fixed assets	(20)	-	-
Other movements arising from operations			
- Decrease/(increase) in trading properties	422	(23)	(56)
- Decrease/(increase) in receivables	436	(171)	(748)
- (Decrease)/increase in payables	(1,109)	(274)	793
Net cash generated from operations	7,842	6,110	13,042
Interest received	4	69	339
Interest paid	(913)	(972)	(2,101)
Preference dividends paid	(24)	(24)	(47)
Corporation tax paid	(181)	(3,354)	(3,586)
Net cash inflow from operating activities	6,728	1,829	7,647
Cash flows from investing activities			
Acquisition and property development	(2,069)	(3,174)	(3,579)
Grants received	-	34	34
Sales of investment properties	-	-	1,915
Expenditure on property, plant and equipment	(40)	-	-
Net cash outflow from investing activities	(2,109)	(3,140)	(1,630)
Cash flows from financing activities			
Net increase in borrowings	4,206	6,924	8,924
Payment for derivative financial instrument	(476)	-	-
Equity dividends paid	(632)	(4,817)	(14,792)
Net cash inflow/(outflow) from financing activities	3,098	2,107	(5,868)
Net increase in cash and cash equivalents	7,717	796	149
Cash and cash equivalents at beginning of period	2,352	2,203	2,203
Cash and cash equivalents at end of period	10,069	2,999	2,352

Notes to the Interim Report

1 Accounting policies

Basis of preparation of interim financial information

The interim report has been prepared using accounting policies consistent with IFRSs and in accordance with the requirements of IAS 34 "Interim Financial Reporting" and the recognition and measurement criterion of IFRSs, as adopted by the European Union and the disclosure requirements of the Listing Rules.

The Group's interim financial statements for the period ended 31 December 2009 were authorised for issue by the Board of directors on 23 February 2010. The interim financial information is unaudited but has been reviewed by Deloitte LLP and their report is attached.

The information for the year ended 30 June 2009 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Auditor's report on those accounts was not qualified, did not include a reference to any matters which the Auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The financial statements are prepared under the historical cost convention, except for the revaluation of investment properties, development properties and owner-occupied properties and deferred tax thereon and certain financial assets, with consistent accounting policies to the prior year.

The preparation of financial statements requires the use of estimates and assumptions that affect reported amounts of assets and liabilities during the reporting period. These estimates and assumptions are based on management's best knowledge of the amount, event or actions. Actual results may differ from those amounts.

As at 31 December 2009 the Group had £45.0m of undrawn banking facilities, comprising the £5.0m overdraft and £40.0m 2014 Revolving Credit Facility, and had fully drawn down £20.0m from its HSBC 2014 Term Loan. The Group's £5.0m overdraft is the only banking facility due for renewal within 12 months of the date of this document. The £20.0m 2023 Lloyds Bank Term Loan remains fully drawn. Given these facilities, the Group's low gearing level of 20% and £69.1m of unencumbered properties, significant capacity exists to raise additional finance or to provide additional security for existing facilities, should property values fall further. Accordingly, the Directors continue to adopt the going concern basis in preparing the interim report.

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries. Control is assumed where the Parent Company has the power to govern the financial and operational policies of the subsidiary.

Unrealised gains and losses on intra-group transactions and intra-group balances are eliminated from the consolidated results.

The same accounting policies and presentation methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, with the exception that the Group has adopted IFRS 8 "Operating Segments", IAS 1 "Presentation of Financial Statements" (revised 2007) and the revision to IAS 40 "Investment Property".

IFRS 8, effective from 1 January 2009, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors to allocate resources to the segments and to assess their performance. This has resulted in no changes to the presentation of the Group's segmental analysis. Accordingly, the segmental information required by IAS 34 which is included in note 3 below is presented in accordance with IFRS 8.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income, which replaces the statements of recognised income and expense. As a result, a consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented.

The amendment to IAS 40 "Investment property", effective from 1 January 2009 and applied prospectively, requires that property under construction or development for future use as an investment property is to be recognised in investment property and measured at fair value through the income statement. This replaces the previous treatment under IAS 16, where properties acquired to be developed for future use as an investment property were treated as development property until completion, with any fair value movement recorded in the Statement of Recognised Income and Expense. The Income Statement to 31 December 2009 includes a £0.7m revaluation surplus in respect of development properties. In addition, a transfer of £0.4m has been made in the statement of changes in equity between the revaluation reserve and retained earnings relating to the cumulative revaluation movements on development properties.

2 Revenue

	Unaudited Six months to 31 December 2009 £000	Unaudited Six months to 31 December 2008 £000	Audited Year to 30 June 2009 £000
Total rental income from investment and development properties	8,150	8,462	16,574
Income received from trading properties	2,130	-	104
	10,280	8,462	16,678
Finance income (note 4)	11	77	354
Total revenue	10,291	8,539	17,032

3 Segmental analysis — primary segments

	Unaudited Six months to 31 December 2009 £000	Unaudited Six months to 31 December 2008 £000	Audited Year to 30 June 2009 £000
Investment and development properties			
- Net rental income	7,943	8,123	15,885
- Profit on disposal	-	-	618
- Gain/(deficit) on revaluation of investment properties	10,940	(38,333)	(57,184)
- Gain/(deficit) on revaluation of development properties	701	(6,135)	(7,001)
	19,584	(36,345)	(47,682)
Trading properties			
- Income received from trading properties	2,130	-	104
- Carrying value on sale	(531)	-	-
- Property outgoings	(2)	(2)	(33)
	1,597	(2)	71
Administration expenses	(1,478)	(1,590)	(2,998)
Operating profit/(loss)	19,703	(37,937)	(50,609)
Net financing costs	(867)	(870)	(1,393)
Profit/(loss) before tax	18,836	(38,807)	(52,002)

The property revaluation gain/(deficit) has been recognised as follows:

Income statement			
- Investment properties	10,940	(38,333)	(57,184)
- Development properties	701	(6,135)	(7,001)
Statement of comprehensive income			
- Development and owner-occupied properties	70	(734)	(516)
Total revaluation gain/(deficit) for the period	11,711	(45,202)	(64,701)

All operations and income are derived from the United Kingdom.

4 Net financing costs

	Unaudited Six months to 31 December 2009 £000	Unaudited Six months to 31 December 2008 £000	Audited Year to 30 June 2009 £000
Finance cost on:			
Debtenture stock	242	242	483
Preference share dividend	24	24	47
Capitalised interest	(92)	(268)	(360)
Fair value movement of financial instrument	(41)	-	-
Bank overdraft and loan interest payable	745	949	1,577
Total finance costs	878	947	1,747
Finance income on:			
Short-term deposits	7	2	2
Other interest receivable	4	75	352
Total finance income	11	77	354
Net finance costs	867	870	1,393

5 Taxation

	Unaudited Six months to 31 December 2009 £000	Unaudited Six months to 31 December 2008 £000	Audited Year to 30 June 2009 £000
Tax charge			
Current tax			
- Corporation tax charged at 28%	82	36	171
- Prior year adjustment	(18)	-	(77)
	64	36	94
Deferred tax			
- Other deferred tax	-	(1)	-
- Prior year adjustment	-	-	(79)
Deferred tax credit	-	(1)	(79)
Total tax charge recognised in the income statement	64	35	15
Tax recognised in equity			
Deferred tax credit	-	(65)	(65)

The Company elected to become a Real Estate Investment Trust (REIT) with effect from 1 July 2007. As a result of this, rental income and capital gains of the REIT business are not subject to tax. The tax charge for the six months ended 31 December 2009 shown above represents the tax payable on the non-REIT business, mainly profits on the disposal of trading properties and interest receivable.

6 Dividends

	Unaudited Six months to 31 December 2009 £000	Unaudited Six months to 31 December 2008 £000	Audited Year to 30 June 2009 £000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 30 June 2009 of 9.65p (2008: 9.65p) per share	5,789	5,789	5,787
Interim dividend for the year ended 30 June 2009 of 8.03p per share	-	-	4,818
	5,789	5,789	10,605

The directors propose an interim dividend of 8.03p (2009: 8.03p) per Ordinary share.

The interim dividend will be paid on 30 June 2010 to shareholders on the register at the close of business on 28 May 2010.

7 Profit/(loss), underlying financial performance, earnings per share and net asset value per share

The adjusted profit before tax has been amended from the profit/(loss) before tax as follows:

	Unaudited Six months to 31 December 2009 £000	Unaudited Six months to 31 December 2008 £000	Audited Year to 30 June 2009 £000
Profit/(loss) before tax	18,836	(38,807)	(52,002)
Profit on disposal of investment properties	-	-	(618)
Net (gains)/losses on revaluation of investment and development properties	(11,641)	44,468	64,185
Adjusted profit before tax	7,195	5,661	11,565

Presented below is an analysis of the underlying rental performance before tax, which excludes the impact of EPRA adjustments, capitalised interest and the profit on sale of trading properties. The directors consider that this further analysis of our income statement gives shareholders a useful comparison of our underlying performance for the periods shown in the consolidated financial statements.

Underlying financial performance (unaudited)

	Total £000	Investment/ development £000	Trading properties £000	Capital items £000
Six months to 31 December 2009				
Rental income	8,150	8,150	-	-
Property outgoings	(207)	(207)	-	-
Net rental income	7,943	7,943	-	-
Proceeds on sale of trading properties	2,130	-	2,130	-
Carrying value of trading properties sold	(531)	-	(531)	-
Property outgoings on trading properties	(2)	-	(2)	-
Net income from trading properties	1,597	-	1,597	-
Administration expenses	(1,478)	(1,478)	-	-
Operating profit before net gains on investment	8,062	6,465	1,597	-
Net gains on revaluation	11,641	-	-	11,641
Operating profit	19,703	6,465	1,597	11,641
Finance income	11	11	-	-
Finance costs	(878)	(970)	-	92
Profit before tax	18,836	5,506	1,597	11,733

Six months to 31 December 2008				
Rental income	8,462	8,462	-	-
Property outgoings	(339)	(339)	-	-
Net rental income	8,123	8,123	-	-
Property outgoings on trading properties	(2)	-	(2)	-
Net outgoings from trading properties	(2)	-	(2)	-
Administration expenses	(1,590)	(1,590)	-	-
Operating profit/(loss) before net losses on investment	6,531	6,533	(2)	-
Net losses on revaluation	(44,468)	-	-	(44,468)
Operating (loss)/profit	(37,937)	6,533	(2)	(44,468)
Finance income	77	77	-	-
Finance costs	(947)	(1,215)	-	268
(Loss)/profit before tax	(38,807)	5,395	(2)	(44,200)

Earnings per share

The basic and diluted earnings per share of 31.29p (2008: loss 64.75p) has been calculated on the basis of the weighted average of 59,991,990 ordinary shares and a profit of £18.77m (2008: loss £38.84m). The adjusted earnings per share has been amended from the basic and diluted earnings per share by the following:

	Unaudited Six months to 31 December 2009 £000	Unaudited Six months to 31 December 2008 £000	Audited Year to 30 June 2009 £000
Earnings	18,772	(38,842)	(52,017)
Profit on disposal of investment properties	-	-	(618)
Net (gains)/losses on revaluation of investment and development properties	(11,641)	44,468	64,185
Deferred tax	-	(1)	(79)
EPRA adjusted earnings	7,131	5,625	11,471
EPRA diluted earnings per share	11.89p	9.38p	19.12p
Adjusted (and adjusted diluted) earnings per share	11.89p	9.38p	19.12p

The Group presents an adjusted earnings per share figure as the directors consider that this is a better indicator of the performance of the Group.

There are no dilutive shares.

Net asset value per share

The net asset value per share of 288p (2008: 296p) has been calculated on the basis of the number of equity shares in issue of 59,991,990 and net assets of £172.85m (2008: £177.43m). The EPRA (adjusted) net asset value per share has been amended as follows:

	Unaudited Six months to 31 December 2009 £000	Unaudited Six months to 31 December 2008 £000	Audited Year to 30 June 2009 £000
Net assets	172,846	177,434	159,734
Valuation of land held as trading properties	3,478	5,363	5,178
Book value of land held as trading properties	(543)	(935)	(965)
Mark to market on debt	(2,939)	(4,713)	(3,875)
Deferred tax	-	77	-
	<u>172,842</u>	<u>177,226</u>	<u>160,072</u>
	288p	295p	267p

8 Properties

	Unaudited £000
DTZ valuation as at 31 December 2009	214,915
Owner-occupied property included in property, plant and equipment	(1,052)
Lease inducements	(316)
Other adjustments	15
Investment and development properties as at 31 December 2009	<u>213,562</u>

The properties are stated at market value as at 31 December 2009 and are valued by professionally qualified external valuers in accordance with the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

9 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Responsibility Statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) the half-yearly report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the half-yearly report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transaction and changes therein).

Signed on behalf of the Board who approved the half-yearly financial report on 23 February 2010.

Rupert J Mucklow
Chairman

David Wooldridge
Finance Director

Independent Review Report to A&J Mucklow Group plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union.

The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors
Birmingham, United Kingdom
23 February 2010