GRESHAM HOUSE plc

INTERIM RESULTS 2012

CHAIRMAN'S INTERIM STATEMENT AND MANAGEMENT REPORT

I am pleased to report on the half year results for the six months ended 30 June 2012 which show an overall loss of £791,000 for both the Revenue and Capital account compared with a loss of £178,000 for the same period in 2011. This loss represents 14p per ordinary share (2011: 0.2p per share) and, as a consequence, the basic net asset value per ordinary share has fallen from 447p as at 31 December 2011 to 432p (cum dividend). Adjusting this figure for the non-controlling interests reduces this value to 411.9p (31 December 2011: 427.6p). This reduction is further explained in note 12 to these Interim Results.

Revenue Account

The revenue loss for the period ended 30 June 2012 was £352,000 against a loss in the corresponding period last year of £482,000. The principal reasons for the improvement in the results were an overall increase of £81,000 in investment income and a reduction in administrative overheads of £66,000 from £482,000 to £416,000. Investment income benefitted from £215,000 interest from our investment in SMU Investments Limited 12% Loan Stock which had been previously provided against as it was considered prudent to do so until such time as the loan stock was redeemed. The loan was repaid in July 2012 together with accumulated interest which represented an annual interest rate of 20.1%. This was partly offset by a decrease in bond interest of £129,000 as a result of sales since that time.

Capital Account

Following our normal policy no independent valuations have been undertaken at the half year end and, as a consequence, values have been maintained at the independent valuations of 31 December 2011. We have therefore provided against all capital additions to the property portfolio which amounted to £258,000 in the period to 30 June 2012 compared to £147,000 in the period to 30 June 2011. The principal provisions were against costs incurred in connection with our development sites at Newton le Willows and Vincent Lane, Dorking.

The investment portfolio showed losses of £181,000 during the half year ended 30 June 2012. The principal write down was £358,000 against our investment in Memorial Holdings Limited following a reduction in the independent valuation of the cemetery at Kemnal Park from £47.5 million to £40 million, a figure that we believe to be very conservative, and the dilution of our shareholding from 15% to 10.5% as a result of the refinancing and further fundraising necessary to complete Phase 1 of the development.

This write down was augmented by a further provision of £70,000 in respect of our loan to Lancashire Tea Limited and a £50,000 reduction in value of our holding in Wheelsure Holdings plc which is traded on PLUS Markets. Against this I am pleased to report some solid results from SpaceandPeople plc where the book value increased by £247,500 at the period end to 30 June 2012.

Property Portfolio

We continue to work the portfolio with a view to liquidating the assets by the end of 2013 whilst seeking to maximise their values.

At Newton-le-Willows we are confident that in September 2012 we will secure a valuable consent on 10 acres for a 70,000 sq. ft. (6,500m^2) foodstore, petrol filling station and associated car parking. Thereafter we will commence discussions with potential operators.

At Vincent Lane, Dorking, Lidl are due to complete the purchase of 1.2 acres and commence development this autumn. Persimmon Homes have submitted an appeal against the Local Authority's decision to refuse planning for housing and are confident of a successful outcome within 6 months.

At Deacon Park, Knowsley terms have been agreed for the sale of the Sugarich unit to the tenant.

At Southern Gateway, we have recently completed the letting of a 48,000 sq. ft. (4,400m^2) standalone unit to Acumen Distribution on market terms and at Northern Gateway we are currently in detailed negotiations with a potential tenant for this 143,000 sq. ft. (13,200m^2) warehouse.

Securities Portfolio

The principal investments remain SpaceandPeople plc and Memorial Holdings Limited. As mentioned previously the former has produced some very good results and consequently we continue to hold this investment. With regard to the latter, which relates to an investment in a 55 acre cemetery at Kemnal Park, the company held its

CHAIRMAN'S INTERIM STATEMENT AND MANAGEMENT REPORT – continued

first interment in May 2012 when it buried some ancient bones that were disturbed by the construction of Crossrail in Southwark. The cemetery opened at the end of August 2012 for graveside burials and the chapel is expected to be completed by the end of the year. The latest independent valuation was below our expectations but it is difficult to validate a premium product where there is very little competition in the market. We however remain confident of both the proposed business plan and the excellence of the cemetery.

Our investment in Attila (BR) Limited is looking more positive following the exchange of conditional contracts for the sale of the company's sole asset being development land in Edinburgh.

Borrowings

Whilst overall short term borrowings have increased by £1m as a result of the revenue losses, bank loan repayments and property capital expenditure I am pleased to report that the loan facility with the Co-operative Bank in the sum of £9.79m has been renewed for a further 12 months to 31 May 2013 on terms not materially different to those relating to the loan that expired in May 2012 but now with additional security ranking behind the Royal Bank of Scotland (RBS). In addition the loan facility to Knowsley Industrial Property Ltd by RBS of £1,976k has been renewed until 31 December 2013 and that to Newton Estate Ltd of £3,050k, also by RBS, has been extended until 31 March 2013 both on broadly similar terms to the facilities that expired on 16 July 2012.

Disposal Strategy

We continue to focus on the disposal of your Company's assets and, providing there is no further deterioration in the commercial property market, we believe that it is practical to achieve a liquidation of the Company by the end of 2013.

Tony Ebel
Chairman

30 August 2012

UNAUDITED CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 June 2012			Half year ended 30 June 2011			Year ended 31 December 2011		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income:									
Dividend and interest income	**368**	**–**	**368**	287	–	287	386	–	386
Rental income	**520**	**–**	**520**	504	–	504	1,036	–	1,036
Other operating income	**25**	**–**	**25**	32	–	32	81	–	81
Total Income (note 6)	**913**	**–**	**913**	823	–	823	1,503	–	1,503
Operating Costs:									
Property outgoings	**(485)**	**–**	**(485)**	(464)	–	(464)	(1,051)	–	(1,051)
Administrative overheads	**(416)**	**–**	**(416)**	(482)	–	(482)	(913)	–	(913)
Net trading profit/(loss)	**12**	**–**	**12**	(123)	–	(123)	(461)	–	(461)
Gains/(losses) on investments:									
Gains/(losses) on investments held at fair value	**–**	**(181)**	**(181)**	–	451	451	–	(203)	(203)
Movement in fair value of property investments	**–**	**(258)**	**(258)**	–	(147)	(147)	–	(1,804)	(1,804)
Group operating profit/(loss)	**12**	**(439)**	**(427)**	(123)	304	181	(461)	(2,007)	(2,468)
Finance costs (note 7)	**(364)**	**–**	**(364)**	(348)	–	(348)	(695)	–	(695)
Share of joint venture operating (loss)/profit	**–**	**–**	**–**	(11)	–	(11)	795	–	795
Group and share of joint venture operating (loss)/profit before taxation	**(352)**	**(439)**	**(791)**	(482)	304	(178)	(361)	(2,007)	(2,368)
Taxation	**–**	**–**	**–**	–	–	–	–	–	–
(Loss)/profit and total comprehensive income	**(352)**	**(439)**	**(791)**	(482)	304	(178)	(361)	(2,007)	(2,368)
Attributable to:									
Equity holders of the parent	**(323)**	**(431)**	**(754)**	(345)	337	(8)	264	(1,816)	(1,552)
Non-controlling interest	**(29)**	**(8)**	**(37)**	(137)	(33)	(170)	(625)	(191)	(816)
	(352)	**(439)**	**(791)**	(482)	304	(178)	(361)	(2,007)	(2,368)
Basic and diluted loss per ordinary share (note 8)			**(14.0p)**			(0.2p)			(28.9p)

UNAUDITED CONDENSED GROUP STATEMENTS OF CHANGES IN EQUITY

Half year ended 30 June 2012

	Ordinary share capital £'000	Share premium £'000	Share option reserve £'000	Capital reserve £'000	Retained earnings £'000	Equity attributable to equity shareholders £'000	Non-controlling interest £'000	Total £'000
Balance at 31 Dec 2011	1,342	2,302	14	34,086	(13,739)	24,005	(1,043)	22,962
Loss for the period being total comprehensive income for the period	–	–	–	(431)	(323)	(754)	(37)	(791)
Ordinary dividend paid (note 9)	–	–	–	–	(54)	(54)	–	(54)
Balance at 30 June 2012	1,342	2,302	14	33,655	(14,116)	23,197	(1,080)	22,117

Half year ended 30 June 2011

	Ordinary share capital £'000	Share premium £'000	Share option reserve £'000	Capital reserve £'000	Retained earnings £'000	Equity attributable to equity shareholders £'000	Non-controlling interest £'000	Total £'000
Balance at 31 Dec 2010	1,342	2,302	14	35,902	(13,949)	25,611	(227)	25,384
Profit/(loss) for the period being total comprehensive income for the period	–	–	–	337	(345)	(8)	(170)	(178)
Ordinary dividend paid (note 9)	–	–	–	–	(54)	(54)	–	(54)
Balance at 30 June 2011	1,342	2,302	14	36,239	(14,348)	25,549	(397)	25,152

Year ended 31 December 2011

	Ordinary share capital £'000	Share premium £'000	Share option reserve £'000	Capital reserve £'000	Retained earnings £'000	Equity attributable to equity shareholders £'000	Non-controlling interest £'000	Total £'000
Balance as at 31 Dec 2010	1,342	2,302	14	35,902	(13,949)	25,611	(227)	25,384
Profit/(loss) for the period being total comprehensive income for the period	–	–	–	(1,816)	264	(1,552)	(816)	(2,368)
Ordinary dividend paid (note 9)	–	–	–	–	(54)	(54)	–	(54)
Balance at 31 Dec 2011	1,342	2,302	14	34,086	(13,739)	24,005	(1,043)	22,962

UNAUDITED CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Assets			
Non current assets			
Investments – securities (note 10)	6,585	13,390	6,808
Property investments	19,189	28,950	22,193
Investment in joint venture	–	1,058	–
Total non current assets	25,774	43,398	29,001
Current assets			
Trade and other receivables	320	306	243
Accrued income and prepaid expenses	489	565	512
Other current assets	780	885	802
Cash and cash equivalents	7,480	2,469	6,193
Non current assets held for sale			
Investments – securities (note 10)	1,133	–	2,270
Property investments	8,254	–	5,250
Total current assets and non current assets held for sale	18,456	4,225	15,270
Total assets	44,230	47,623	44,271
Current liabilities			
Trade and other payables	975	2,604	1,122
Short term borrowings	13,097	16,634	14,858
Other financial liabilities	15	130	79
Liabilities of a disposal group classified as held for sale			
Short term borrowings	8,026	–	5,250
	22,113	19,368	21,309
Total assets less current liabilities	22,117	28,255	22,962
Non current liabilities			
Long term borrowings	–	3,024	–
Other financial liabilities	–	79	–
Deferred taxation	–	–	–
	–	3,103	–
Net assets	22,117	25,152	22,962
Capital and reserves			
Ordinary share capital (note 11)	1,342	1,342	1,342
Share premium	2,302	2,302	2,302
Share option reserve	14	14	14
Capital reserve	33,655	36,239	34,086
Retained earnings	(14,116)	(14,348)	(13,739)
Equity attributable to equity shareholders	23,197	25,549	24,005
Non-controlling interest	(1,080)	(397)	(1,043)
Total equity	22,117	25,152	22,962
Basic and diluted net asset value per ordinary share (note 12)	432.0p	475.8p	447.0p

UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2012

	6 months to 30 June 2012 £'000	6 months to 30 June 2011 £'000	12 months to 31 December 2011 £'000
Cashflow from operating activities			
Investment income received	70	61	65
Interest received	185	339	508
Rental income received	508	469	989
Other cash payments	(977)	(1,112)	(1,795)
Net cash utilised from operations (note 13)	(214)	(243)	(233)
Interest paid on property loans and bank overdrafts	(386)	(415)	(848)
Net cash flows from operating activities	(600)	(658)	(1,081)
Cash flows from investing activities			
Purchase of investments	(152)	(797)	(843)
Receipt from/(investment in) joint venture	–	(161)	1,703
Sale of investments	1,355	411	3,955
Repayment of loans	–	–	167
Expenditure on investment properties	(248)	(1,005)	(2,832)
Purchase of developments in hand	(29)	(12)	(17)
	926	(1,564)	2,133
Cash flows from financing activities			
Repayment of loans	(222)	(238)	(484)
Receipt of loans	1,237	2,152	2,848
Equity dividends paid	(54)	(54)	(54)
	961	1,860	2,310
Increase/(decrease) in cash and cash equivalents	1,287	(362)	3,362
Cash and cash equivalents at start of period	6,193	2,831	2,831
Cash and cash equivalents at end of period	7,480	2,469	6,193

NOTES TO THE ACCOUNTS

1 REPORTING ENTITY

Gresham House plc ("the Company") is a company incorporated in England. The unaudited condensed group interim financial statements of the Company as at and for the six months ended 30 June 2012 comprise the Company and its subsidiary undertakings (together referred to as the "Group"). All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2 STATEMENT OF COMPLIANCE

These unaudited condensed group interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*. They do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The unaudited condensed group interim financial statements should be read in conjunction with the consolidated financial statements of the Group and Company as at and for the year ended 31 December 2011 which were prepared in accordance with IFRS as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and have been reported on by the Company's auditors. The auditors' report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The unaudited condensed group interim financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 30 August 2012. The financial information for the half years ended 30 June 2012 and 30 June 2011 has not been audited and the auditors have not reported on or reviewed these interim financial statements. The information for the year ended 31 December 2011 has been extracted from the latest published audited financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these unaudited condensed group interim financial statements are the same as those applied by the Group in its group financial statements as at and for the year ended 31 December 2011.

Where presentational guidance set out in the Statement of Recommended Practice ("the SORP") for investment trusts issued by the Association of Investment Companies ("the AIC") is consistent with the requirements of IFRS and appropriate in the context of the Company's activities, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The interim financial statements highlight that the Group has loans of £21.1m due within one year including a facility of £9.79m from The Co-operative Bank plc which has an expiry date of 31 May 2013 and facilities with the Royal Bank of Scotland of £3.05m and £1.98m which had an expiry date of 16 July 2012. Both these facilities with RBS have now been renewed with expiry dates of 31 March 2013 and 31 December 2013 respectively.

The directors' forecast of the Group's cash facilities has assumed the sale of certain investments sufficient to repay these loans as and when they fall due, other than The Co-operative Bank facility and a working capital facility both of which it has been assumed will be renewed. In the event that the investments are not sold at the time envisaged by their forecasts or the assumptions regarding the renewal of bank facilities prove incorrect, the directors believe that the Group has sufficient assets that can be sold, or alternative sources of finance secured thereon, to fund any timing shortfall.

As the Group's investment objective is now the orderly realisation of the Group's assets over a period of approximately two years with a view to returning capital to shareholders thereafter, the Group technically ceases to be a going concern as it is the intention to realise assets and return capital to shareholders in due course. During the realisation period the Group expects to trade in an orderly fashion and, in the directors' opinion, the valuation bases applied to the assets and liabilities are such that there would be no material adjustments to the interim financial statements if they had been prepared on a going concern basis.

4 ESTIMATES

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

NOTES TO THE ACCOUNTS – continued

4 ESTIMATES (continued)

In preparing these unaudited condensed group interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the group financial statements as at and for the year ended 31 December 2011.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policy are consistent with those disclosed in the group financial statements as at and for the year ended 31 December 2011.

6 INCOME

	Half year ended 30 June 2012 £'000	Half year ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Income from investments			
Dividend income			
– Listed UK	70	61	65
Interest receivable			
– Bank & brokers	31	4	5
– Other	267	222	316
	368	287	386
Rental income	520	504	1,036
	888	791	1,422
Other operating income			
Dealing profits and losses	2	2	10
Management fees receivable	23	30	71
	25	32	81
Total income	913	823	1,503
Total income comprises:			
Dividends	70	61	65
Interest	298	226	321
Rental income	520	504	1,036
Other operating income	25	32	81
	913	823	1,503

7 FINANCE COSTS

	Half year ended 30 June 2012 £'000	Half year ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Interest payable on loans and overdrafts	380	412	834
Finance fees	49	43	98
Movement in fair value of interest rate swaps	(65)	(107)	(237)
	364	348	695

NOTES TO THE ACCOUNTS – continued

8 LOSS PER SHARE

Basic and diluted loss per share

The basic and diluted loss per share figure is based on the total net loss attributable to equity holders of the parent for the half year of £754,000 (half year ended 30 June 2011: £8,000; year ended 31 December 2011: £1,552,000) and on 5,369,880 (half year ended 30 June 2011 and year ended 31 December 2011: 5,369,880) ordinary shares, being the weighted average number of ordinary shares in issue during each respective period.

There were no potentially dilutive ordinary shares as at 30 June 2012.

The loss per ordinary share figures detailed above can be further analysed between revenue and capital as follows:

	Half year ended 30 June 2012 £'000	Half year ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Net revenue (loss)/profit attributable to equity holders of the parent	(323)	(345)	264
Net capital (loss)/gain attributable to equity holders of the parent	(431)	337	(1,816)
Net total loss	(754)	(8)	(1,552)
Weighted average number of ordinary shares in issue during the period	5,369,880	5,369,880	5,369,880
	Pence	Pence	Pence
Basic and diluted loss per share			
Revenue	(6.0)	(6.4)	4.9
Capital	(8.0)	6.2	(33.8)
Total basic loss per share	(14.0)	(0.2)	(28.9)

9 DIVIDENDS

	Half year ended 30 June 2012 £'000	Half year ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2011 of 1p (2010: 1p) per share	54	54	54
	54	54	54

NOTES TO THE ACCOUNTS – continued

10 INVESTMENTS – SECURITIES

As at 30 June 2012 the Company's ten largest investments were:

	Market Value £'000	% of Securities Portfolio
UK Listed securities		
Standard Chartered plc 6% bond	1,039	13.4
Securities dealt in under AIM		
Avesco Group plc	297	3.9
SpaceandPeople plc	1,258	16.3
Securities dealt in under PLUS Markets		
Wheelsure Holdings plc	102	1.3
Unquoted securities		
Attila (BR) Limited – Loan Notes	906	11.7
AudioGravity Holdings Limited	590	7.7
Lancashire Tea Limited – Loan	100	1.3
Memorial Holdings Limited	2,200	28.5
SMU Investments Limited – Loan	890	11.5
Xceed Imaging Limited	200	2.6
	7,582	98.2

11 ORDINARY SHARE CAPITAL

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Share Capital Allotted: Ordinary – 5,369,880 (30 June 2011 & 31 December 2011: 5,369,880) fully paid shares of 25p each	1,342	1,342	1,342

12 NET ASSET VALUE PER SHARE

Basic and diluted

Basic and diluted net asset value per ordinary share is based on Equity attributable to equity shareholders at the period end and on 5,369,880 (half year ended 30 June 2011 and year ended 31 December 2011: 5,369,880) ordinary shares being the number of ordinary shares in issue at the period end. No shares were deemed to have been issued at nil consideration as a result of options granted and hence there were no potentially dilutive ordinary shares as at 30 June 2012.

However the above calculation assumes that any negative balance for non-controlling interests will not impact on the net asset value amount. As there is no legal obligation for these amounts to be reimbursed or repaid by the non-controlling interests and, given the Company's investment objective, it is the Board's opinion that a more accurate reflection of the figure for net asset value is one which is based on Total equity rather than Equity attributable to equity shareholders. In this instance the basic and diluted net asset value per share reduces to 411.9p (half year ended 30 June 2011: 468.4p; year ended 31 December 2011: 427.6p).

NOTES TO THE ACCOUNTS – continued

13 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Revenue return before taxation	(352)	(482)	(361)
Interest payable	315	307	598
Share of joint venture losses/(profits)	–	11	(795)
	(37)	(164)	(558)
(Increase)/decrease in current assets	(27)	(27)	169
(Decrease)/increase in current liabilities	(150)	(52)	156
	(214)	(243)	(233)

14 RELATED PARTY TRANSACTIONS

During the period the Group was invoiced £12,500 (half year ended 30 June 2011: £12,500; year ended 31 December 2011: £25,000) for consultancy services supplied by Microdisc Limited, a company in which Mr A G Ebel has an interest. There were no amounts outstanding at any period end.

Mr D Lucie-Smith has an interest in Prince's Place LLP which invoiced the Group a sum of £84,000 (half year ended 30 June 2011: £83,500; year ended 31 December 2011: £170,000) in respect of his services and associated office costs. There were no amounts outstanding at any period end.

Conversely, during the period, the Group invoiced City Real Estate Acquisitions Limited £290 (half year ended 30 June 2011: £6,960; year ended 31 December 2011: £2,879) and Prince's Place LLP £3,283 (half year ended 30 June 2011: £2,729; year ended 31 December 2011: £3,424) for rent and associated office costs. Mr D Lucie-Smith has an interest in each of these companies. At the period end Prince's Place LLP owed £1,906 (half year ended 30 June 2011: £nil; year ended 31 December 2011: £nil).

Rent and rates totalling £4,723 (half year ended 30 June 2011: £nil; year ended 31 December 2011: £7,085) were invoiced to Tribute Management Limited during the period, a company in which Mr D Lucie-Smith and Mr A G Ebel are directors. At the period end £11,352 (half year ended 30 June 2011: £5,383; year ended 31 December 2011: £3,159) was due from Tribute Management Limited.

Mr J A C Lorimer has an interest in New Park Lane Limited and Parkwood Asset Management Limited which the former invoiced the Group a sum of £66,750 (half year ended 30 June 2011: £66,750; year ended 31 December 2011: £133,500) in respect of his services during the period. Conversely the Group invoiced Parkwood Asset Management Limited £2,320 (half year ended 30 June 2011: £1,412; year ended 31 December 2011: £1,704). At the period end Parkwood Asset Management Limited owed £1,008 (half year ended 30 June 2011: £2,715; year ended 31 December 2011: £496).

The total holding of loan stock in Abshot Finance Company Limited, in which the Group has a 50% interest and in which Mr B J Hallett is a director, amounted to £153,000 (half year ended 30 June 2011 and year ended 31 December 2011: £153,000) at the period end against which a provision of £153,000 (half year ended 30 June 2011 and year ended 31 December 2011: £153,000) has been made.

The amount of loan made to Lancashire Tea Limited, in which the Group has a 49% interest and in which Mr D Lucie-Smith and Mr B J Hallett are directors, amounted to £320,000 (half year ended 30 June 2011: £280,000; year ended 31 December 2011: £300,000) at the period end against which a provision of £220,000 (half year ended 30 June 2011: £100,000; year ended 31 December 2011: £150,000) has been made. Additionally, management fees of £3,000 (half year ended 30 June 2011: £9,000; year ended 31 December 2011: £12,000) were invoiced to Lancashire Tea Limited and at the period end £14,560 (half year ended 30 June 2011: £13,316; year ended 31 December 2011: £12,781) was due from Lancashire Tea Limited. Gresham House plc has also provided a guarantee with a maximum liability of £17,500.

The Rowe Trust holds an interest of 644,209 (half year ended 30 June 2011 and year ended 31 December 2011: 644,209) ordinary shares in the Company. Mrs R H Chopin-John is a trustee of the Rowe Trust but has no beneficial interest.

NOTES TO THE ACCOUNTS – continued

15 SEGMENTAL REPORTING

As at 30 June 2012 the Group is organised into two main operating segments – Investment in Securities and Property Investment. These segments are the basis on which the Group reports its segment information for management purposes.

The following table sets out the revenue and profit/(loss) information for the Group's operating segments:

	Investment £'000	Property Investment £'000	Consolidated £'000
Half year ended 30 June 2012			
Revenue	377	505	882
Result	780	(1,186)	(406)
Unallocated corporate expenses			(416)
Operating loss			(822)
Interest income			31
Loss before taxation			(791)
Half year ended 30 June 2011			
Revenue	318	502	820
Result	1,246	(934)	312
Unallocated corporate expenses			(482)
Operating loss			(170)
Share of joint venture loss			(11)
Interest income			3
Loss before taxation			(178)
Year ended 31 December 2011			
Revenue	466	1,032	1,498
Result	1,262	(3,517)	(2,255)
Unallocated corporate expenses			(913)
Operating loss			(3,168)
Share of joint venture profit			795
Interest income			5
Loss before taxation			(2,368)

All revenue is derived from operations within the United Kingdom.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

(a) the unaudited condensed group interim financial statements, which have been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;

(b) the Chairman's interim statement and management report includes a fair review of the information required by:

 (i) DTR 4.2.7R of the Disclosure and Transparency Rule, being an indication of important events that have occurred during the first six months of the financial year and their impact on the unaudited condensed group interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

 (ii) 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 entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Principal risks and uncertainties

The Board consider the principal risks and uncertainties relating to the Group for the next six months to be the same as detailed in the group financial statements for the year ended 31 December 2011. Full details of the risks and uncertainties are detailed under the Investment Policy section and in note 23 of those financial statements.

The principal risks to the business include:-

Economic;
Strategic and investment;
Regulatory;
Financial and operating;
Market price;
Asset and market liquidity;
Interest rate;
Credit; and
Property

A G Ebel	D Lucie-Smith
Chairman	*Chief Executive Officer*

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