

St. MODWEN  

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**PROPERTIES**  

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**PLC**  

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Interim Report  
1998

# Chairman's Statement

## Interim Results

I am pleased to report another successful first-half for St. Modwen with profits reaching a record level of £6.6m (1997: £6.5m). The outcome for the first-half and the excellent prospects for the year as a whole have led the board to declare an interim dividend of 1.0p (1997: 0.9p), an increase of 11.1%. The dividend will be paid on 11 September 1998 to shareholders registered on 31 July 1998.

Following the successful introduction of the scrip dividend scheme which was taken up by 1,851 shareholders in relation to the 1997 final dividend, the board is again offering this alternative to shareholders. A form of election will be posted to shareholders on 11 August 1998.

## Current trading

We continue to be very active. Development completions included the sale of a 5,574 sq. m. (60,000 sq. ft.) manufacturing unit at Spittlesea Road, Luton, an office building forming part of the 6.88 hectare (17 acre) mixed-use development of the former Home Brewery site in Nottingham, and an industrial development site at Uttoxeter. We also completed a number of land sales from our residential land portfolio.

The second half profit and a successful outcome for the year is already assured by the sale of the Cannock Town Centre Shopping scheme and the pre-sold multi-storey car park development at Waters Edge, Salford.

Our forward development programme remains strong with construction progressing on pre-let or pre-sold schemes in Derby, Redditch and Stoke.

The active management of our investment portfolio continues to pay dividends, leading to an increase in the rent-roll, during the period, of £1.4m to £19.2m. In addition to this, Key Property Investments Limited, in which we hold a 50% equity interest, has a current rent-roll of £6.4m. The Key Property venture is proving to be particularly successful and we anticipate reporting a good profit in its first year of activity.

## Prospects

I am confident in the successful outcome for the year as a whole.



Stanley W. Clarke C.B.E.  
Chairman  
21 July 1998

# Group Profit and Loss Account

		<b>Unaudited</b>	Unaudited*	Audited*
		<b>6 months to</b>	6 months to	12 months to
		<b>31 May</b>	31 May	30 Nov
		<b>1998</b>	1997	1997
	Note	<b>£'000</b>	£'000	£'000
<b>Turnover</b>				
Group and share of joint ventures	1	<b>25,755</b>	21,615	41,342
Less: Share of joint ventures' turnover		<b>(1,067)</b>	(40)	(76)
		<b>24,688</b>	21,575	41,266
<b>Operating profit</b>				
Group operating profit		<b>10,342</b>	9,198	19,196
Share of operating profit in joint ventures		<b>1,065</b>	(92)	(78)
Share of operating profit in associates		<b>—</b>	—	171
	1	<b>11,407</b>	9,106	19,289
<b>Interest</b>				
Group		<b>(4,238)</b>	(2,590)	(5,643)
Joint ventures		<b>(557)</b>	10	22
Associates		<b>—</b>	—	(95)
		<b>(4,795)</b>	(2,580)	(5,716)
<b>Profit on ordinary activities before taxation</b>				
		<b>6,612</b>	6,526	13,573
Taxation at 31% (1997: 32.33%)†		<b>(2,050)</b>	(2,110)	(3,827)
<b>Profit on ordinary activities after taxation</b>				
		<b>4,562</b>	4,416	9,746
Equity minority interest		<b>(40)</b>	—	(29)
<b>Profit attributable to shareholders</b>				
		<b>4,522</b>	4,416	9,717
<b>Ordinary dividends</b>		<b>(1,200)</b>	(1,090)	(3,591)
<b>Surplus transferred to reserves</b>				
		<b>3,322</b>	3,326	6,126
<b>Earnings per ordinary share</b>				
		<b>3.8p</b>	3.7p	8.2p
<b>Dividend per ordinary share</b>				
		<b>1.0p</b>	0.9p	3.0p

† Taxation relates to:

Parent and subsidiaries	(1,892)	(2,137)	(3,785)
Joint ventures	(158)	27	(18)
Associates	—	—	(24)

Earnings per ordinary share are calculated by dividing the profit attributable to ordinary shareholders of £4,522,000 (1997: £4,416,000) by the weighted average number of ordinary shares ranking for dividend during the period of 120,107,132 (1997: 119,196,847).

\* As amended (see note 5)

# Group Balance Sheet

	Note	Unaudited at 31 May 1998 £'000	Unaudited* at 31 May 1997 £'000	Audited* at 30 Nov 1997 £'000
<b>Fixed assets</b>				
Tangible fixed assets	2	141,473	118,920	134,373
Investment in joint ventures				
Share of gross assets		29,497	955	967
Share of gross liabilities		(19,564)	(29)	(158)
		9,933	926	809
Investments in associates		1,968	1,548	1,968
Investment in own shares		185	290	246
		<b>153,559</b>	121,684	137,396
<b>Current assets</b>				
Stocks		43,223	32,777	39,697
Debtors		2,923	3,456	3,762
Cash at bank and in hand		257	2,647	3,498
		<b>46,403</b>	38,880	46,957
<b>Current liabilities</b>				
Bank overdraft and short-term borrowings		3,417	3,585	3,543
Creditors and accruals		15,906	19,471	18,241
		<b>19,323</b>	23,056	21,784
<b>Net current assets</b>		<b>27,080</b>	15,824	25,173
<b>Total assets less current liabilities</b>		<b>180,639</b>	137,508	162,569
<b>Creditors: amounts falling due after more than one year</b>		<b>(93,687)</b>	(65,376)	(79,500)
<b>Equity minority interests</b>		<b>(506)</b>	(438)	(467)
		<b>86,446</b>	71,694	82,602
<b>Capital and reserves</b>				
Share capital		12,064	11,989	11,997
Share premium account		9,087	8,620	8,632
Merger reserve		9	9	9
Capital redemption reserve		356	356	356
Revaluation reserve		16,484	8,646	16,484
Profit and loss account		48,446	42,074	45,124
<b>Shareholders' funds</b>		<b>86,446</b>	71,694	82,602
(All attributable to equity shareholders)				
<b>Net assets per ordinary share</b>		<b>71.7p</b>	59.8p	68.9p

\* As amended (see note 5)

# Group Cash Flow Statement

		<b>Unaudited*</b> <b>6 months to</b> <b>31 May</b> <b>1998</b> <b>£'000</b>	Unaudited* 6 months to 31 May 1997 £'000
<b>Net cash inflow from operating activities</b>	Note 3	<b>3,554</b>	3,641
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(4,238)</b>	(2,590)
<b>Taxation paid</b>		<b>(480)</b>	—
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>		<b>(7,120)</b>	719
<b>Net cash outflow from acquisitions and disposals</b>		<b>(7,033)</b>	(534)
<b>Equity dividends paid</b>		<b>(1,986)</b>	(2,027)
<b>Cash outflow before use of liquid resources and financing</b>		<b>(17,303)</b>	(791)
<b>Net cash inflow/(outflow) from financing</b>		<b>14,062</b>	(1,192)
<b>Decrease in cash in the period</b>		<b>(3,241)</b>	(1,983)
<b>Reconciliation of net cash flow to movement in net debt</b>			
Decrease in cash in the period		<b>(3,241)</b>	(1,983)
Cash (inflow)/outflow from change in debt		<b>(14,061)</b>	1,486
Increase in net debt in the period		<b>(17,302)</b>	(497)
Net debt at 1 December		<b>(79,545)</b>	(65,817)
Net debt at 31 May		<b>(96,847)</b>	(66,314)

## Major non-cash transactions

(a) £521,000 of the 1997 final dividend was satisfied by a scrip issue of shares.

(b) A loan by the Group of £1,742,000 to Key Property Investments Limited at 30 November 1997 was converted to share capital in the joint venture in the period.

\* As amended (see note 5)

# Notes on the Accounts

## 1. Turnover and Profit Analysis

	Turnover		Profit	
	6 months to 31 May 1998 £'000	6 months to 31 May 1997* £'000	6 months to 31 May 1998 £'000	6 months to 31 May 1997* £'000
Rental income				
Group	<b>8,801</b>	7,995	<b>7,892</b>	6,892
Share of joint ventures	<b>1,067</b>	40	<b>882</b>	(92)
Property development	<b>15,144</b>	12,572	<b>4,243</b>	4,073
Other activities	<b>743</b>	1,008	<b>268</b>	129
	<b>25,755</b>	21,615	<b>13,285</b>	11,002
Administrative and other operating expenses			<b>(2,090)</b>	(1,896)
Profit on sale of fixed assets				
Group			<b>29</b>	—
Joint ventures			<b>183</b>	—
Operating profit			<b>11,407</b>	9,106

## 2. Tangible Fixed Assets

Investment properties included in tangible fixed assets have been stated at the November 1997 valuation. Additions subsequent to the year end have been included at cost.

## 3. Group Cash Flow Statement

Reconciliation of operating profit to net cash flow from operating activities.

	6 months to 31 May 1998 £'000	6 months to 31 May 1997* £'000
Operating profit	<b>10,342</b>	9,198
Depreciation and amortisation of own shares	<b>112</b>	95
Profit on sale of investment properties	<b>(36)</b>	—
Loss on sale of other assets	<b>7</b>	—
Increase in debtors	<b>(903)</b>	(165)
Increase in stocks	<b>(3,526)</b>	(110)
Reduction in creditors	<b>(2,442)</b>	(5,377)
Net cash inflow from operating activities	<b>3,554</b>	3,641

## 4. Abridged Accounts

The abridged accounts for the year to 30 November 1997 are an extract from the full group accounts for that period on which an unqualified report was made by the Group's auditors and which have been delivered to the Registrar of Companies.

## 5. FRS 9 "Associates and Joint Ventures"

The disclosure of the prior periods' figures has been amended following the Group's adoption of FRS9. There is no profit impact on the prior periods as a result of the adoption of FRS9.

\* As amended (see note 5)

# Summary of Results

	6 months to 31 May	
	1998	1997
● Rental income	<b>£9.868m</b>	£8.035m
● Development contribution	<b>£4.243m</b>	£4.073m
● Profit before taxation	<b>£6.612m</b>	£6.526m
● Earnings per share	<b>3.8p</b>	3.7p
● Interim dividend	<b>1.0p</b>	0.9p
● Net asset value per ordinary share	<b>71.7p</b>	59.8p



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