

CW RESIDENTIAL

**Unaudited interim report and accounts
for the six months ended
30 June 2008**

CW RESIDENTIAL PLC
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CW RESIDENTIAL PLC
DIRECTORS AND ADVISERS

Directors	Robert Döry <i>Executive Chairman</i> Gareth Pearce <i>Non-Executive Director</i>
Secretary	Athenaeum Secretaries Limited Prospect House 2 Athenaeum Road London N20 9YU
Registered Office	25 Moorgate London EC2R 6AY
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Bankers	Bank of Ireland 36 Queen Street London EC4R 1HJ
Auditors	Rawlinson & Hunter Eighth Floor 6 New Street Square New Fetter Lane London EC4A 3AQ
Accountants and tax advisers	Smith & Williamson Limited 25 Moorgate London EC2R 6AY
Financial advisers	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY
Broker and Nominated Advisers	Landsbanki Securities (UK) Limited Bow Bells House 1 Bread Street London EC4M 9BF
Solicitors	Bircham Dyson Bell LLP 50 Broadway Westminster London SW1H 0BL
Company's registered number	2295559

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CHAIRMAN'S STATEMENT

Trading results

Trading results for the six month period ended 30 June 2008 show a loss before taxation of £112,909 (30 June 2007: loss before taxation of £149,967) (31 December 2007: full year profit before taxation of £132,964). All figures are prepared in accordance with IFRS (International Financial Reporting Standards).

Dividend

Towards the end of the year we expect to receive the proceeds of the pre-sold flats at our last remaining development at Rochester (see below). On completion of these sales, your directors propose to pay an increased dividend of 1.97 pence per share (interim dividend 2007: 1.88 pence per share). The appropriate announcement will be made in due course.

Development division

At our remaining development in Rochester, completion of construction of our 23 flats is expected towards the end of this year. We have exchanged on 13 and a further 2 are under offer. Marketing of the remaining 8 flats will begin when our show flat is ready. In Maidstone, construction of our 4 flat scheme will not commence until the housing market improves.

Investment division

There have been no purchases or sales since 31 December 2007. The letting market is currently strong but shareholders should bear in mind recently reported house price falls and so there may be a reduction in the carrying value of our investment property portfolio on our annual revaluation at 31 December 2008. In common with other house builders, Leighton & Henley Plc, the Berkhamsted based house builders in whom we hold an investment, are experiencing difficult trading conditions, with few sales currently taking place. Again, at our year end we will be reviewing the carrying value of this investment.

Healthcare division

Occupancy at Rhymecare's Pulborough retirement home continues to be strong, with that of their Fishbourne (Chichester) nursing home continuing to increase. Whilst negotiations for the purchase of a third home failed to be satisfactorily concluded, Rhymecare continue to look for another one.

Buy back of share capital

In the six months to 30 June 2008, we bought back 217,400 ordinary shares at an average cost of 142p per share for cancellation, with the aim of increasing the net assets per share. This purchase represented 5.79% of our then issued share capital. Since 30 June 2008 we have

CW RESIDENTIAL PLC
CHAIRMAN'S STATEMENT (continued)

repurchased a further 44,000 shares at 118p per share for cancellation. There are therefore now 3,493,600 ordinary shares in issue.

Future direction

Currently your directors have no investments or development sites under consideration. With a current gearing below 20% of shareholders' funds (before the receipt of flat sales at Rochester), your Group is well placed to take advantage of possible interesting situations that may occur in due course in these markets.

Robert Döry
Chairman

24 September 2008

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2008

		Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	Notes	£	£	£
Continuing operations:				
Revenue	2	51,043	237,350	5,043,162
Cost of sales	2	<u>(15,616)</u>	<u>(213,221)</u>	<u>(4,649,064)</u>
Gross profit	2	35,427	24,129	394,098
Administrative expenses		<u>(173,173)</u>	<u>(165,709)</u>	<u>(301,730)</u>
Operating (loss)/profit before net gains on investment properties		(137,746)	(141,580)	92,368
Net gain from fair value adjustments on investment properties		—	—	110,888
Profit on disposal of investment properties		—	11,797	20,332
Operating (loss)/profit		(137,746)	(129,783)	223,588
Finance costs		(537)	(42,557)	(104,460)
Finance income		12,222	1,346	7,440
Share of profit of associated undertaking		<u>13,152</u>	<u>21,027</u>	<u>6,396</u>
(Loss)/profit before taxation		(112,909)	(149,967)	132,964
Taxation	3	<u>69,260</u>	<u>51,480</u>	<u>28,405</u>
(Loss)/profit for the period		(43,649)	(98,487)	161,369
Attributable to:				
Equity shareholders of the Company		<u>(43,649)</u>	<u>(98,487)</u>	<u>161,369</u>
Earnings per share from continuing operations attributable to the equity shareholders				
Basic and diluted earnings per share	4	<u>(1.2)p</u>	<u>(2.6)p</u>	<u>4.3p</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
RECOGNISED INCOME AND EXPENSE**

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
Notes	£	£	£
Income and expense recognised directly in equity	—	—	—
(Loss)/profit for the period	<u>(43,649)</u>	<u>(98,487)</u>	<u>161,369</u>
Total income and expense recognised in the period	<u>(43,649)</u>	<u>(98,487)</u>	<u>161,369</u>
Attributable to:			
Equity shareholders of the Company	<u>(43,649)</u>	<u>(98,487)</u>	<u>161,369</u>

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 June 2008

		30 June 2008	Restated 30 June 2007	31 December 2007
	Notes	£	£	£
ASSETS				
Non-current assets				
Investment properties	8	2,215,113	2,182,600	2,215,113
Property, plant and equipment		13,298	—	15,421
Financial assets	9	355,000	250,000	250,000
Investment in associates		980,458	981,937	967,306
		<u>3,563,869</u>	<u>3,414,537</u>	<u>3,447,840</u>
Current assets				
Inventories		2,576,677	5,481,397	2,033,578
Trade and other receivables		219,428	40,256	315,360
Cash	6	43,730	51,203	938,994
		<u>2,839,835</u>	<u>5,572,856</u>	<u>3,287,932</u>
TOTAL ASSETS		<u><u>6,403,704</u></u>	<u><u>8,987,393</u></u>	<u><u>6,735,772</u></u>
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Company's equity shareholders				
Share capital	10	1,768,800	1,877,500	1,877,500
Share premium account	10	535,207	535,207	535,207
Capital redemption reserve	10	409,950	301,250	301,250
Retained earnings	10	2,647,763	2,877,927	3,067,189
Other reserves	10	342,752	342,752	342,752
Total equity		<u>5,704,472</u>	<u>5,934,636</u>	<u>6,123,898</u>
Non-current liabilities				
Deferred tax liabilities		320,746	397,364	390,006
Current liabilities				
Trade and other payables		216,067	142,519	221,868
Borrowings	6	162,419	2,512,874	—
		<u>378,486</u>	<u>2,655,393</u>	<u>221,868</u>
Total liabilities		<u>699,232</u>	<u>3,052,757</u>	<u>611,874</u>
TOTAL EQUITY AND LIABILITIES		<u><u>6,403,704</u></u>	<u><u>8,987,393</u></u>	<u><u>6,735,772</u></u>

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2008

		Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
Notes		£	£	£
Cash (outflow)/inflow from operating activities	5	<u>(588,591)</u>	<u>(791,652)</u>	<u>2,665,060</u>
Cash flow from investing activities				
Proceeds on disposal of investment properties		—	220,387	308,469
Purchase of property, plant and equipment		—	—	(16,554)
Purchase of investment properties	8	—	—	(1,172)
Purchase of financial assets	9	(105,000)	(250,000)	(250,000)
Dividend received		—	41,491	41,491
Interest received		<u>12,222</u>	<u>1,346</u>	<u>7,440</u>
Net cash (outflow)/inflow from investing activities		<u>(92,778)</u>	<u>13,224</u>	<u>89,674</u>
Cash flow from financing activities				
Net proceeds of issue of new bank loan		—	754,387	—
Repayment of bank loan		—	—	(1,639,261)
Purchase of own shares	10	(309,082)	—	—
Finance cost paid		(537)	(42,557)	(104,460)
Equity dividends paid	7	<u>(66,695)</u>	<u>(67,215)</u>	<u>(137,809)</u>
Net cash (absorbed)/generated from financing activities		<u>(376,314)</u>	<u>644,615</u>	<u>(1,881,530)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,057,683)</u>	<u>(133,813)</u>	<u>873,204</u>
Cash and cash equivalents at beginning of period		<u>938,994</u>	<u>65,790</u>	<u>65,790</u>
Cash and cash equivalents at end of period	6	<u><u>(118,689)</u></u>	<u><u>(68,203)</u></u>	<u><u>938,994</u></u>

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL INFORMATION
for the six months ended 30 June 2008

1 Accounting policies

General information and basis of preparation

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the 2007 annual report and financial statements, which complied with International Financial Reporting Standards as adopted for use in the European Union (“IFRS”). IFRS is subject to amendment and interpretation by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 December 2008.

The condensed financial information for the year ended 31 December 2007 set out in this interim report does not comprise the Group’s statutory accounts as defined in section 240 of the Companies Act 1985.

The statutory accounts for the year ended 31 December 2007, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985.

The financial information for the 6 months ended 30 June 2008 and 30 June 2007, which is unaudited, does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

Prior period restatement

The balance sheet and statement of changes in equity (note 10) as at 31 December 2006 have been restated for deferred tax of prior years in respect of the company’s associated undertaking. This adjustment was also recorded in the Group’s statutory accounts for the year ended 31 December 2007.

Revenue recognition

Revenue comprises rental income on investment properties and gross proceeds from sales of development properties sold throughout the period but exclude sales of investment properties which are included in other income.

Rental income arises from operating leases granted to tenants and is recognised on a straight-line basis over the term of the lease. An operating lease is a lease other than a finance lease.

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NOTES TO THE FINANCIAL INFORMATION for the six months ended 30 June 2008 (continued)

1 Accounting policies (continued)

A property is regarded as sold when the significant risks and returns have been transferred to the buyer. For conditional exchanges, sales are recognised as the conditions are satisfied.

Other income comprises net profits or loss on sales of investment properties, investment income, fees and commissions earned on an accruals basis and profits or losses recognised on investments held for the short term. Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

2 Segmental reporting

Primary reporting format – business segments

For management purposes, the Group is organised and reports its performance by two business segments: Property Investment and Property Development.

Secondary reporting format – geographical segments

The Group operates in one geographical segment, the United Kingdom.

Analysis of the income statement and segment assets and liabilities by business segment are shown below:

	Six months ended 30 June 2008 £	Six months ended 30 June 2007 £	Year ended 31 December 2007 £
An analysis of the Group's revenue is as follows:			
Rental income from investment properties	51,043	51,310	102,662
Proceeds from sale of development properties	—	186,040	4,940,500
	51,403	237,350	5,043,162
Direct expenses on rental income	(15,616)	(27,181)	(48,375)
Cost of sales of development properties	—	(186,040)	(4,600,689)
	(15,616)	(213,221)	(4,649,064)
Gross profit	35,427	24,129	394,098

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NOTES TO THE FINANCIAL INFORMATION for the six months ended 30 June 2008 (continued)

2 Segmental reporting (continued)

	Property Development £	Property Investment £	Other £	Total £
As at 30 June 2007				
Segment assets	5,481,397	2,182,600	—	7,663,997
Unallocated assets	—	—	1,323,396	1,323,396
Total assets	<u>5,481,397</u>	<u>2,182,600</u>	<u>1,323,396</u>	<u>8,987,393</u>
Segment liabilities	2,393,648	1,572	—	2,395,220
Unallocated liabilities	—	—	657,537	657,537
Total liabilities	<u>2,393,648</u>	<u>1,572</u>	<u>657,537</u>	<u>3,052,757</u>
As at 31 December 2007				
Segment assets	2,216,932	2,231,987	—	4,448,919
Unallocated assets	—	—	2,286,853	2,286,853
Total assets	<u>2,216,932</u>	<u>2,231,987</u>	<u>2,286,853</u>	<u>6,735,772</u>
Segment liabilities	92,107	1,572	—	93,679
Unallocated liabilities	—	—	518,195	518,195
Total liabilities	<u>92,107</u>	<u>1,572</u>	<u>518,195</u>	<u>611,874</u>
As at 30 June 2008				
Segment assets	2,760,031	2,215,113	—	4,975,144
Unallocated assets	—	—	1,428,560	1,428,560
Total assets	<u>2,760,031</u>	<u>2,215,113</u>	<u>1,428,560</u>	<u>6,403,704</u>
Segment liabilities	80,379	515	—	80,894
Unallocated liabilities	—	—	618,338	618,338
Total liabilities	<u>80,379</u>	<u>515</u>	<u>618,338</u>	<u>699,232</u>

3 Taxation

For the year end 31 December 2007, the tax credit relates to the net of the deferred tax released on the disposal of investment properties and the deferred tax arising on the unrealised gain on investment properties. For the six months ended 30 June 2007 and 30 June 2008, the tax credit principally relates to the deferred tax released on the disposal of investment properties and changes in tax base respectively.

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NOTES TO THE FINANCIAL INFORMATION for the six months ended 30 June 2008 (continued)

4 Earnings per share from continuing operations attributable to the equity shareholders

	Six months ended 30 June 2008 £	Six months ended 30 June 2007 £	Year ended 31 December 2007 £
Earnings			
Earnings for the purposes of basic and diluted earnings per share being net (loss)/profit attributable to equity shareholders	<u>(43,649)</u>	<u>(98,487)</u>	<u>161,369</u>
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>3,554,218</u>	<u>3,755,000</u>	<u>3,755,000</u>
Number of dilutive shares under option	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	<u>3,554,218</u>	<u>3,755,000</u>	<u>3,755,000</u>

As at 30 June 2008, 31 December 2007 and 30 June 2007 there were no options and/or financial instruments in existence which, when exercise or converted, would result in any increase in the current number of ordinary shares over and above those in existence at that date.

During the period ended 30 June 2008, 217,400 ordinary shares were repurchased and cancelled for £309,082 at an average price of 142.2p with the aim of increasing the net asset value per share. The repurchase was in accordance with the authorisation by shareholders' as stated in resolution 5 at the annual general meeting on 6 June 2007.

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NOTES TO THE FINANCIAL INFORMATION for the six months ended 30 June 2008 (continued)

5 Cash flow from operating activities

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£	£	£
(Loss)/profit for the period	(43,649)	(98,487)	161,369
Tax charge	(69,260)	(51,480)	(28,405)
Investment income	(12,222)	(1,346)	(7,440)
Finance cost	537	42,557	104,460
Share of profit from associate	(13,152)	(21,027)	(6,396)
Depreciation	2,123	85	1,218
Gain on sale of investment properties	—	(11,797)	(20,332)
Gain on revaluation of properties	—	—	(110,888)
	(135,623)	(141,495)	93,586
Changes in working capital			
(Increase)/decrease in development properties	(543,099)	(530,184)	2,917,635
Decrease/(increase) in trade and other receivables	95,932	41,170	(233,934)
Decrease in trade and other payables	(5,801)	(161,143)	(108,399)
	(452,968)	(650,157)	2,575,302
Taxation paid	—	—	(3,828)
Net cash (outflow)/inflow from operating activities	(588,591)	(791,652)	2,665,060

6 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balance sheet amounts:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£	£	£
Cash	43,730	51,203	938,994
Bank overdrafts	(162,419)	(119,226)	—
Cash and cash equivalents	(118,689)	(68,203)	938,994

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NOTES TO THE FINANCIAL INFORMATION for the six months ended 30 June 2008 (continued)

7 Dividends

	Six months ended 30 June 2008 £	Six months ended 30 June 2007 £	Year ended 31 December 2007 £
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2006 of 1.79p per share	—	67,215	67,215
Interim dividend for the year ended 30 June 2007 of 1.88p per share	—	—	70,594
Final dividend for the year ended 31 December 2007 of 1.88p per share	66,695	—	—
	<u>66,695</u>	<u>67,215</u>	<u>137,809</u>

The Directors have declared an interim dividend of 1.97p (2007: 1.88p) per ordinary share.

8 Investment properties

	Freehold £
As at 1 January 2007	2,391,190
Additions	—
Disposals	(208,590)
As at 30 June 2007	<u>2,182,600</u>
Additions	1,172
Disposals	(79,547)
Net gain from fair value adjustments on investment property	110,888
As at 31 December 2007	<u>2,215,113</u>
Additions	—
Disposals	—
As at 30 June 2008	<u>2,215,113</u>

All of the Group's investment properties as at 30 June 2008 are held at Directors' valuation. The Group's investment portfolio was valued externally by Aitchison Raffety at open market value in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual as at 31 December 2007.

There were no sales of investment properties during the 6 months ended 30 June 2008.

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NOTES TO THE FINANCIAL INFORMATION for the six months ended 30 June 2008 (continued)

9 Financial assets

On 27 June 2007, the Group acquired 125,000 shares in Leighton & Henley Plc, an unlisted company incorporated in England and Wales, for cash consideration of £250,000. On 10 January 2008, the Group purchased a further 100,000 shares in Leighton & Henley Plc for cash consideration of £105,000. The total share holding at 30 June 2008 represents a 3.45% interest in the share capital of Leighton & Henley Plc. The investments have been classified as available for sale.

10 Statement of changes in equity

	Share capital	Share premium account	Capital redemption reserve	Restated Retained earnings	Other reserves	Total
	£	£	£	£	£	£
As at 1 January 2007	1,877,500	535,207	301,250	3,043,629	342,752	6,100,338
Loss for the period	—	—	—	(98,487)	—	(98,487)
Dividends	—	—	—	(67,215)	—	(67,215)
As at 30 June 2007	<u>1,877,500</u>	<u>535,207</u>	<u>301,250</u>	<u>2,877,927</u>	<u>342,752</u>	<u>5,934,636</u>
Profit for the period	—	—	—	259,856	—	259,856
Dividends	—	—	—	(70,594)	—	(70,594)
As at 31 December 2007	<u>1,877,500</u>	<u>535,207</u>	<u>301,250</u>	<u>3,067,189</u>	<u>342,752</u>	<u>6,123,898</u>
Purchase of own shares	(108,700)	—	108,700	(309,082)	—	(309,082)
Loss for the period	—	—	—	(43,649)	—	(43,649)
Dividends	—	—	—	(66,695)	—	(66,695)
As at 30 June 2008	<u>1,768,800</u>	<u>535,207</u>	<u>409,950</u>	<u>2,647,763</u>	<u>342,752</u>	<u>5,704,472</u>

11 Post balance sheet events

On 23 July 2008, the company repurchased and cancelled 44,000 ordinary shares at an average price of 118p with the aim of increasing the net asset value per share. Following the repurchase of shares, there are 3,493,600 ordinary shares in issue.

