

6 June 2002

**HELICAL BAR PLC**  
**(“Helical”/“Company”)**

**PRELIMINARY RESULTS FOR THE**  
**YEAR TO 31 MARCH 2002**

**HELICAL’S OUTPERFORMANCE RECORD CONTINUES**

**HIGHLIGHTS**

- \* 14 per cent growth in net assets per share, before Special Dividend
- \* Pre-tax profits of £22.6m (2001: £25.8m)
- \* Special Dividend of 100p per share paid in April 2002
- \* Total ordinary dividend of 13.75p per share (2001: 12.5p) - up 10 per cent
- \* Total Shareholder Return (share price growth plus dividends) of 161p: 22 per cent

John Southwell, Chairman, commented:

“By de-gearing and, effectively, stepping aside during this cyclical period of uncertainty, the Company is in a strong position to take advantage of opportunities as they arise. Whilst the short term outlook is clouded by weaker tenant demand the Company faces the medium term future with optimism that it will be able to maintain its record of outperformance.”

**Further information:**

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Michael Slade (Managing Director)  
Nigel McNair Scott (Finance Director)

after 2.00 p.m.

**Issued by:**

Financial Dynamics  
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## **CHAIRMAN'S STATEMENT**

The year to 31 March 2002 was another year of outperformance for Helical culminating in the Company winning the Company of the Year Award at the annual PLC Awards and the declaration of a 100 pence per share special dividend, the second in four years.

The Company of the Year Award is sponsored by Pricewaterhouse Coopers and held in association with the London Stock Exchange and the Financial Times. It is presented each year to a business that has demonstrated its success over the short, medium and long term and has a professional management team, a clear and consistent strategy and sound finances.

Helical is widely acknowledged by the investment community as a core holding amongst small to mid cap property stocks. The Company has consistently outperformed its peers, sector benchmarks and indices and is ranked 1<sup>st</sup> against all other funds in the IPD Universe (the main industry sector benchmark) over the past three, five, ten and twelve years.

The year to 31 March 2002 was yet another good one for Helical, although profits and revaluation surpluses did not match the quite exceptional levels achieved last year. The good level of profits enables the Board to recommend to shareholders a final dividend of 8.25p per share (2001: 7.50p) an increase of 10%. This proposed dividend, together with the interim dividend of 5.50p (2001: 5.00p) paid in December 2001, makes a total of 13.75p per share (2001: 12.50p). This is an increase of 10% on last year not taking into account the special dividend of 100p per share paid in April 2002. The total of 13.75p per share (excluding the special dividend) is covered over four times by profits after tax.

### **Net asset value**

Before accruing for the 100p special dividend the net asset value per share of the Company rose by 14% (2001: restated 31%) to 888p, on an undiluted basis, and by 13% (2001: restated 30%) to 854p on a diluted basis. After accruing for the special dividend, paid in April 2002, the net asset value per share of the Company rose by 2% on both an undiluted and diluted basis to 793p (2001: restated 779p) and 766p (2001: restated 754p) respectively.

These figures take no credit for any surplus of value in the trading and development stock. However, the net asset value per share figures do reflect the impact of the adoption of FRS19 on Deferred Tax. The effect of adopting FRS19 has been to recognise in the group's balance sheet the deferred tax liability relating to accelerated capital allowances, the deferred tax asset relating to tax losses and the consequent recognition of negative goodwill arising from the acquisition of a subsidiary company.

During the year the Company's share price rose from 742.5p to a closing 790p (which reflects the ex-dividend adjustment after the 100p special dividend was declared). This share price performance, taken together with the dividends paid in the year by the Company, gave a total shareholder return of 8% in the year to 31 March 2002. This increases to 22% if the special dividend declared in March 2002 and paid in April 2002 is taken into account.

### **The future**

In June 2000 we noted that we operated in an increasingly volatile world where a stop in the strong growth in the United States economy could impact unfavourably in the UK and particularly in London and the South East. In anticipation of this the Company de-risked its development programme and, where appropriate, sold investment properties reducing gearing in the process. The comments proved all too prescient and the downturn in the US and UK economies, which were exacerbated by events last Autumn, have had an impact on the UK property market. Recent reductions in rental levels in Central London and a shortage of potential tenants in the Thames Valley are testimony to that impact.

All the Company's schemes under construction are forward funded by institutions. A number of new sites in Central London and the South East under the Company's control, are proceeding through the planning process before development. In this period of slower tenant demand it is unlikely that the Company will generate the substantial level of profits seen in recent years until these future developments come on stream.

On the investment side we are seeing a growing surplus of rental income over finance costs as void space is let up and reversions fall in at rent review. At the same time, the reduction in gearing has reduced the finance costs of holding investment properties. Since the year end we have been in discussions with potential purchasers of over £100m of Central London properties. Should these sales proceed, our gearing level and our exposure to Central London will reduce accordingly. By de-gearing and, effectively, stepping aside during this cyclical period of uncertainty, the Company is in a strong position to take advantage of opportunities as they arise.

Whilst the short term outlook is clouded by weaker tenant demand the Company faces the medium term future with optimism that it will be able to maintain its record of outperformance.

**John Southwell**  
**Chairman**  
**6 June 2002**

## DEVELOPMENT PROGRAMME

It is our objective to provide a continuing flow of development profits from pre-let and speculative office, retail and industrial schemes in partnership with funding institutions. Whilst a small number of schemes are financed with bank funding and, therefore, remain on our balance sheet, the majority of our schemes are forward sold to institutional investors. This policy has a significant effect on our return on capital employed and has enabled us to create and sustain one of the largest development programmes in the country.

### Development programme – end values

	Office £m	Retail £m	Industrial £m	Total £m
<b>Completed programme</b>				
Let and sold 1993-2002	631	232	37	900
<b>Current programme</b>				
For completion in year to:				
31 March 2003	125	12	-	137
31 March 2004	140	51	-	191
31 March 2005+	70	-	-	70
	335	63	-	398

### Offices

The office development programme at Helical continues to provide high quality office accommodation to meet the needs of the professional and service sectors in London and the South East.

Offices at One Plough Place London EC4, The Saunders Building London W6, 200 Hammersmith Road London W6, and The Meadows Camberley were all completed during the year. New office developments were started at 3 Bunhill Row London EC1, The Heights Brooklands Weybridge and The Waterfront Fleet. Since the year end we have started work on our prime development at 40 Berkeley Square London W1.

## **Completed programme**

Since Helical recommenced its development activity in 1993 it has completed and let new office buildings with a value at completion, of over £630m. The most recent additions to this list have all contributed to the profits for this year and are at:

### **One Plough Place, London EC4**

One Plough Place is an office building of 53,000 sq ft with 5,000 sq ft of restaurant space located at the junction of Plough Place and Fetter Lane in the heart of Midtown, Central London. Forward funded by Henderson Investors on behalf of one of their clients, this building was completed in May 2001. The restaurant space was quickly let to Chez Gerard for one of its Livebait seafood restaurants. Shortly afterwards the whole of the office space was let to The New Opportunities Fund, a Government Organisation distributing lottery funding.

### **The Saunders Building, Hammersmith Road, London W6**

The Saunders Building is an office development of 15,000 sq ft newly constructed behind an existing façade in the heart of Hammersmith in West London. Funded using internal resources this development was completed in October 2001. The Saunders Building was subsequently let to a joint venture between Sony and Ericsson and then sold to Royal & Sun Alliance.

### **200 Hammersmith Road, London W6**

Next to The Saunders Building is a 65,000 sq ft new headquarters office development at 200 Hammersmith Road. This development was forward sold in advance of construction to a Merrill Lynch Investment Managers/HQ Global Offices Limited partnership for operation as a serviced office centre. The building was completed in November 2001.

## **Current programme**

Helical currently has five office developments either in the course of construction or completed awaiting letting.

### **The Meadows, Camberley**

This 140,000 sq ft office development was completed in March 2002 and is currently available to let. Funded by Scottish Widows the development is a joint venture with Morgan Grenfell Property Unit Trust. Comprising four distinct buildings the development is close to Blackwater Station, Camberley with views overlooking the River Blackwater and adjacent meadows towards The Meadows Retail Park.

### **3 Bunhill Row, London EC1**

3 Bunhill Row is a 95,000 sq ft office development due for completion in December 2002. In June 2001 the building was pre-let to solicitors Linklaters. Shortly after the pre-letting Helical forward sold the development for £63.5m, reflecting a yield of 6.65%, to a limited partnership formed by Matrix Securities on behalf of its investors. Under the terms of the sale to Matrix Securities the total sale proceeds were paid to Helical in advance of construction with certain outstanding contingent liabilities. Consequently, the Company's cash balances at the year end include a sum of £28,300,000 payable to the construction team over the remaining period of construction.

### **The Heights, Weybridge, Surrey**

The Heights, Weybridge, Surrey is a 340,000 sq ft office campus development currently under construction next to the UK headquarter buildings of Proctor & Gamble and Sony. Spread over a 22 acre site acquired from Proctor & Gamble the development was forward funded by Prudential Portfolio Managers. The development will comprise five separate buildings and is expected to be completed in March 2003.

### **The Waterfront Business Park, Fleet**

The Waterfront Business Park, Fleet comprises 40,000 sq ft of 1990's built offices and 50,000 sq ft of 1960s built industrial buildings all held by Helical as an investment. Adjacent to the Business Park is a 4.5 acre site which is currently being developed. This development will comprise three buildings totalling 56,000 sq ft of office space. Forward funded by Aberdeen Property Investors, the development is due to be completed in October 2002.

### **40 Berkeley Square, London W1**

40 Berkeley Square is a prime office development. This former London headquarters of advertising agency J. Walter Thompson is to be demolished and replaced by a high specification modern office building overlooking the Square. Comprising eight floors of offices, the site is to be redeveloped in a joint venture with current owners, Morley Fund Management.

### **Future programme**

Looking to the future we are in discussions on a number of new development opportunities in Central London and the South East in conjunction with some of the leading institutions with whom we have created strong relationships in the past.

## **Retail developments**

During the year Helical Retail concluded negotiations to redevelop Accrington town centre and has now started work on the development. This 60,000 sq ft redevelopment of the market square has been pre-sold to Bilsdale, a local investment fund, with 40,000 sq ft of the space pre-let to Wilkinsons and JJB Sports. It is expected that the development will be completed in early Spring 2003.

In Wigan, long running negotiations with land owners have now been concluded to enable a site to be sold with planning permission to B&Q for the construction of a 135,000 sq ft superstore. Completion of this retail warehouse is expected to be in Spring 2003.

In addition to these two retail developments which are under construction, negotiations continue in respect of developments in Blackburn, Hanley, Ipswich and Wigston.

## **Industrial developments**

During the year, the Company completed a 104,300 sq ft warehouse at Hayes, near Heathrow, London. Pre-let to Allport Limited, the building was forward funded by Hill Samuel Property Unit Trust.

## **INVESTMENT PORTFOLIO**

Our investment philosophy is based on four guiding principles. Helical actively manages its investment portfolio, rotating between sectors to maximise its exposure to growth stock. Gearing is used on a tactical basis, being raised to accentuate property performance when property returns are judged to materially outperform the cost of debt. The average number of properties held is kept small to facilitate fast repositioning of the portfolio and encourage management focus on key assets. Finally, there is a preference for multi-let stock where value can be added through refurbishment and lease restructuring.

During the course of the financial year, we continued to rationalise our portfolio, raising just under £70m from the sale of 17 of our smallest properties in two portfolios together with a retail park at Nottingham and a City office at 48 Gracechurch Street. All sales were concluded above valuation, producing a net surplus of circa £2.5m or 4%. 48 Gracechurch Street was a notable success. Having been acquired in early 2000 for just over £7m, it was refurbished, let to seven tenants and sold for £14.55m to show a profit of over 50% on cost.

Over £42m was invested through a combination of capital expenditure on the existing portfolio and, more significantly, on nine purchases mainly in the industrial and out of town retail sectors.

Last year we commented that the process of letting up voids and securing reversions at rent review should generate capital uplifts even in a flat market. This proved to be the case during the year, as our portfolio produced a 4.4% valuation increase at a time when market indices showed no underlying capital growth in the property market. Until we see stronger economic activity and a recovery in rental values, the principal drivers of future performance will continue to be asset management initiatives together with stock selection on new purchases.

The current valuation yields on the portfolio of 7.2% initial with a reversionary yield of 9.2% allow for notional purchasers' costs of 5.75%. In practice, Helical earns a yield of 7.6%, anticipated to rise to 9.7%, which compares favourably against the current cost of finance.

Since the year end, we have acquired two more industrial estates in the south-east, with asset management potential for just under £10m. We also have a number of Central London offices in the course of sale which could potentially raise over £100m. The net result of these transactions, if concluded, will be to raise our reversionary yield towards 10%, and move our London weighting nearer to 60% and our industrial weighting up to 25%.

At a time of little rental growth, we are targeting acquisitions that are not dependent on market momentum to deliver attractive returns. These tend to be "turnaround" situations where physical and planning improvements, lettings and lease restructurings create value. In the meantime, we continue to focus on releasing the reversionary potential of our existing portfolio, a process which should continue to deliver further capital uplifts.

## Sector weightings

West End Offices	36%	South East Offices	5%
City Offices	15%	Industrial	18%
Other Central London Offices	<u>20%</u>	Out of Town Retail	<u>6%</u>
Total Central London Offices	71%	Total Other Sectors	29%

Valuation Statistics	Capital Value Increases Year Ended 31.03.02	Valuation Yields			
		Initial	Reversionary	Equivalent	True Equivalent
West End Offices	7%	6.8%	8.5%	7.8%	8.2%
City Offices	2%	7.2%	9.0%	8.5%	9.0%
Other Central London Offices	6%	6.1%	9.8%	9.2%	9.7%
South East Offices	3%	8.5%	9.2%	8.7%	9.2%
Industrial	4%	9.0%	10.6%	10.1%	10.7%
Out of town retail	3%	6.8%	8.1%	7.9%	8.3%
<b>Total portfolio</b>	<b>4.4%</b>	<b>7.2%</b>	<b>9.2%</b>	<b>8.6%</b>	<b>9.1%</b>

**PROPERTIES WITH VALUE IN EXCESS OF £8m (92% OF INVESTMENT ASSETS)**

All freehold except Rex House

ADDRESS	COMMENTS	ACQUIRED	GROWTH SINCE ACQUISITION % p.a.		CURRENT AVERAGE PASSING RENT p.s.f.
			RENTAL VALUE	CAPITAL VALUE	
<b>City Offices</b>					
Cheapside House, Cheapside, London EC2	70,000 sq. ft. of multi-let offices refurbished and let in 1998 plus prime retail.	1997	14.3%	10.9%	£33.00
5-10 Bury Street, London EC3	28,000 sq. ft. of multi-let offices subject to rolling refurbishment.	1997	13.2%	13.0%	£29.00
66 Prescott Street, London E1	110,000 sq.ft. top specification office built in 1992. 50% share.	2001	0%	9.2%	£22.00
<b>West End Offices</b>					
60 Sloane Avenue, Brompton Cross, London SW3	75,000 sq. ft. flagship office building built in 1994, let to Leo Burnett plus 32,000 sq. ft. of retail and restaurant accommodation.	1999	15.3%	7.3%	£35.00
Capital House, Marylebone Road, Paddington, London NW1	90,000 sq.ft. 1991 built multi-let offices plus 47,000 sq. ft. let to Marks & Spencer at £0.60 p.s.f. until December 2002.	1998	10.2%	14.1%	£32.00
Rex House, Lower Regent Street, London SW1	63,000 sq. ft. of newly refurbished offices plus 28,000 sq.ft. retail and gym. Leasehold expiring 2035.	2000	17.3%	27.3%	£57.00
141-143 Drury Lane, Covent Garden, London WC2	40,000 sq. ft. multi-let office building scheduled for refurbishment or residential conversion after 2002.	1998	14.3%	13.3%	£23.50
71 Kingsway, London WC2	30,000 sq. ft. office building subject to rolling refurbishment.	1998	12.6%	13.9%	£34.00
<b>Other Central London</b>					
61 Southwark Street, London SE1	65,000 sq. ft. of multi-let offices subject to rolling refurbishment programme.	1998	25.7%	24.5%	£17.00
4 & 5 Paris Gardens, Southwark, London SE1	45,000 sq. ft. offices acquired vacant and simultaneously pre-let to Guardian IT. Refurbished in 2000.	2000	11.0%	17.3%	£24.50
The Interchange, Camden Lock, NW1	65,000 sq. ft. of loft offices let to Associated Press Television News. 90% share.	1999	14.7%	13.9%	£32.00
The Rotunda Complex, Oval Road, Camden NW1	50,000 sq. ft. of multi-let loft office village.	1998	20.3%	18.0%	£19.00
Shepherds Building, London W14	155,000 sq. ft. of loft offices refurbished in 2001.	2000	11.8%	10.7%	£25.00
<b>South East Offices</b>					
Waterfront Business Park, Fleet	40,000 sq. ft. of 1990s offices plus 50,000 sq. ft. of 1960s industrial capable of office redevelopment.	2000	4.5%	7.6%	£21.00
<b>Out of Town Retail</b>					
Weston Retail Park, Weston Super Mare	140,000 sq. ft. anchored by Great Mills, Comet and Carpetright. 75% share.	1999	16.6%	13.3%	£6.50
1 & 2 Sprucefield Retail Park, Lisburn	50,000 sq. ft. Currys and PC World. 50% share.	2001	0%	0%	£15.00
Sainsbury, Wednesfield	70,000 sq. ft. superstore. 75% share.	2001	0%	0%	£11.00
<b>Industrial</b>					
Aycliffe & Peterlee	2m sq. ft of industrial assets.	1987	4.8%	10.7%	£2.50
Mill Street, Slough	185,000 sq. ft. with refurbishment potential.	2002	-	-	£6.50

## FINANCIAL REVIEW

### RESTATED PRIOR YEAR FIGURES

Following the adoption of FRS19 on Deferred Tax the group has restated its taxation charge for the year to 31 March 2001 and the provision for liabilities and charges at that date. The Company has also restated a prior year acquisition of a property investment subsidiary, Glenlake Limited. This company was acquired with tax losses with a fair value, under FRS19 principles, of £6.9m. In recognising the value of these tax losses the Company has accounted for negative goodwill of £6.9m. These restated figures have also resulted in changes to prior years' net asset values per share and earnings per share.

### PROFITS

Gross profits for the year were £45.0m. These compare with gross profits for the year to 31 March 2001 of £56.3m and include net rental income after property overheads of £27.8m (2001: £25.5m) and trading profits of £0.2m (2001: £0.9m). Our development programme contributed £17.1m (2001: £29.5m). The share of associated companies profits were £1.0m (2001: £0.1m)

The surplus over book value on sale of investment properties was £2.5m (2001: £0.7m) with a loss of £0.2m (2001: nil) on the sale of an investment property holding subsidiary.

Interest paid on borrowings, net of interest received on cash balances reduced from £19.2m to £14.8m. This was after capitalisation of £1.0m of interest (2001: £1.6m).

Pre-tax profits fell by 12.4% from £25.8m to £22.6m. With an effective tax charge of 24% (2001: restated 21%) and minority interest of £0.2m (2001: £0.1m), profits before dividends fell by 15.7% to £17.1m. Earnings per share on a diluted basis fell by 9% to 57.8p per share.

### DIVIDENDS

The Board is recommending to members at the Annual General Meeting on 24 July 2002 a final dividend of 8.25p per share (2001: 7.50p) to be paid on 25 July 2002 which, with the interim dividend of 5.50p, makes a total of 13.75p. This is an increase of 10% on the previous period's dividend of 12.50p. This is covered over four times by profits after tax.

During the year, a special dividend of 100.00p was declared as payable to shareholders on the Company's share register on 2 April 2002. This dividend was paid on 26 April 2002.

### NET ASSETS

As noted above, the net assets of the Company reflect the adoption of FRS19 on Deferred Tax and the recognition of negative goodwill in respect of the acquisition of Glenlake Limited in June 1999. An adjustment of £7.1m has been made to the balance sheet at 31 March 2001 reducing net assets to £234.8m from £241.9m previously stated in the financial statements for that year.

The increase in value of investment properties of £19.4m (2001: £39.1m) less the retained losses (after special dividend of £28.4m) of £15.3m (2001: restated retained profits of £16.7m) led to a rise in net assets to £239.1m (2001: restated £234.8m). Net assets per share of 793p compare with a restated 779p in 2001. Diluted net assets per share rose from 754p (restated) to 766p and, after taking account of the value ascribed to financial instruments under FRS13 and unprovided deferred tax, rose from a restated 654p to 661p.

## BORROWINGS AND FINANCIAL RISK

Net debt fell to £152.4m from £232.8m and, with the rise in net assets, Helical reduced its net gearing at 31 March 2002 to 64% from 99% (restated). The Company seeks to manage financial risk by ensuring that there is sufficient financial liquidity to meet foreseeable needs and to invest surplus cash safely and profitably. At the year end, Helical had £106m of undrawn bank facilities and cash of £75.5m (2001: £31.8m).

Helical insures against adverse movements in interest rates through the use of a number of interest rate hedging instruments. Borrowings of £160m are capped until 2004 and £111m until 2006 at interest rates between 6.00% and 7.50%. A further £80m is capped at 7.00% from January 2006 until September 2009. £50m is fixed at a rate of 6.89% until October 2002 and £9.2m reducing to £5.0m at 9.05% until 2009. The Company has interest rate floors at 4.78% on £160m until January 2006 and on £80m at 4.80% from January 2006 until September 2009.

FRS13 requires disclosure of financial instruments on a fair value basis and at 31 March 2002 an adjustment to reflect this basis would reduce net assets, after tax relief, by £2.0m (2001: £2.3m) which, if provided for, would reduce diluted net assets by 6p (2001: 7p) per share.

## FRS19 – DEFERRED TAX

FRS19, which applies to accounting periods ending on or after 23 January 2002, has been adopted in these financial statements. This new standard requires deferred tax to be provided on most types of timing differences including accelerated capital allowances.

In addition to the recognition of negative goodwill of £6.9m, the adoption of FRS19 has resulted in an adjustment to the balance sheet at 31 March 2001 of £0.2m representing the discounted value of the potential clawback of capital allowances as at that date, net of the discounted value of the deferred tax asset arising in respect of tax losses.

## PERFORMANCE MEASURES

Helical uses various measures to evaluate its returns.

It has compared its ungeared property performance against that of portfolios within the Investment Property Databank (“IPD”) for the last twelve years. During this period Helical has consistently outperformed its peers as shown by the tables below.

### IPD (monthly and quarterly valued funds) Ungeared Returns

‘0’ means the top ranking fund

#### Total Returns % -

In the year to	3/02	3/01	3/00	3/99	3/98
Helical	15.6	23.2	23.6	20.1	28.3
IPD Benchmark	7.0	9.9	15.1	10.9	16.6
Percentile rank	1	0	2	1	2

## Total Returns % -

Annualised over	3 yrs	5 yrs	10 yrs	12 yrs
Helical	20.8	22.1	19.0	18.2
IPD Benchmark	10.6	11.8	10.3	7.4
Percentile rank	0	0	0	0

## Total Shareholder Return

Total shareholder return measures the return to shareholders from share price movements and dividend income. The returns were as follows:

	3 years from 1999 % pa	5 years from 1997 % pa	10 years from 1992 % pa	15 years from 1987 % pa	20 years from 1982 % pa
Helical	25.3	24.3	32.6	17.7	37.1
UK Equity Market	(1.7)	6.7	11.9	11.0	15.4
Listed Real Estate Sector Index	7.1	6.1	13.4	7.6	11.3
Direct Property	9.2	10.4	9.9	8.4	10.1

Source: HSBC Research Note 5 April 2002

## Returns on capital employed

In order to evaluate its overall performance against other small to mid size capital companies, both here and abroad, Helical looks at equity value added and returns on equity. The internal calculations for the last five years are shown in the tables below. The calculations for the two years to 31 March 2002 reflect the adoption of FRS19 on Deferred Tax.

### Equity Value Added

Year ended 31 March		2002	2001	2000	1999	1998
Capital employed	£m	390	466	430	316	260
Return on capital	%	10.5	18.2	19.8	18.6	18.7
Weighted average cost of capital	%	6.3	5.9	6.0	6.2	8.1
Spread	%	4.2	12.3	13.8	12.4	10.6
Equity value added	£m	19.6	52.9	43.7	32.2	29.6

### Price/Value Added

	2002	2001	2000	1999	1998
	£m	£m	£m	£m	£m
Earnings after tax	17.1	20.2	16.0	16.1	14.6
Revaluation surpluses	19.4	39.5	30.4	19.8	23.6
Value added	36.5	59.7	46.4	35.9	38.2
Market capitalisation	236.3	222.1	167.6	141.6	152.7
Price/value added - times	6.5X	3.7X	3.6 X	3.9 X	4.0 X

HELICAL BAR PLC

PRELIMINARY ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2002

GROUP PROFIT AND LOSS ACCOUNT

UNAUDITED

	Notes	Year Ended 31 March 2002 £,000	Restated Year Ended 31 March 2001 £,000
Turnover	2	136,632	165,259
Cost of Sales		(91,646)	(108,958)
GROSS PROFIT	2	44,986	56,301
Administrative expenses	3	(10,888)	(12,031)
OPERATING PROFIT		34,098	44,270
Share of associated companies profits		986	86
Profit on sale of investment properties	4	2,463	709
Loss on sale of subsidiary		(195)	-
Net interest payable	5	(14,779)	(19,241)
PROFIT BEFORE TAX		22,573	25,824
Taxation	6	(5,353)	(5,471)
Minority interest		(164)	(126)
PROFIT FOR YEAR		17,056	20,227
Ordinary dividends		(1,563)	(1,438)
Special Interim		(28,420)	-
Final proposed	7	(2,345)	(2,132)
TRANSFER (FROM)/TO RESERVES		(15,272)	16,657
EARNINGS PER SHARE - Basic		60.0p	70.0p
- Diluted		57.8p	63.6p
ORDINARY DIVIDENDS PER SHARE			
Interim – paid 21 December 2001		5.50p	5.00p
Special – paid 26 April 2002		100.00p	-
Final – payable 25 July 2002		8.25p	7.50p
TOTAL		113.75p	12.50p
Net assets per share - Basic		793p	779p
- Diluted		766p	754p
- Diluted for FRS13 adjustment and unprovided deferred tax		661p	654p

	<b>Year Ended 31 March 2002 £000</b>	<b>Restated Year Ended 31 March 2001 £000</b>
<b>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>		
Profit for the year	17,056	20,227
Dividends paid and proposed	(32,328)	(3,570)
<b>RETAINED (LOSSES)/PROFITS</b>	<b>(15,272)</b>	<b>16,657</b>
Revaluation of investment property	20,269	39,467
Minority interest in revaluation surplus	(905)	(385)
Issue of shares	8	777
Net addition to shareholders' funds	4,100	56,516
Opening shareholders' funds	233,152	176,636
Closing shareholders' funds	237,252	233,152

#### **Statement of Total Recognised Gains and Losses**

	<b>Year Ended 31 March 2002 £000</b>	<b>Restated Year Ended 31 March 2001 £000</b>
Profit for the year after taxation	17,220	20,353
Minority interest	(164)	(126)
Revaluation of investment property – subsidiaries	18,792	39,320
– associates	1,477	147
Minority interest in revaluation surplus	(905)	(385)
Total recognised gains and losses	36,420	59,309
Prior year adjustment	(7,079)	-
Total recognised gains and losses since last financial statements	29,341	59,309

## STATEMENT OF NET ASSETS

### UNAUDITED

	Notes	31 March 2002 £000	Restated 31 March 2001 £000
<hr/>			
SHAREHOLDERS' FUNDS		237,252	233,152
<hr/>			
Represented by:			
FIXED ASSETS			
Intangible assets			
- goodwill		122	127
- negative goodwill	8	(6,362)	(6,362)
Tangible assets			
Investment property		439,911	453,607
Investments		9,599	9,546
Investment in associate		1,937	185
		<hr/>	<hr/>
		445,981	458,076
CURRENT ASSETS			
Fixed assets for resale		-	525
Stock	9	29,585	27,861
Debtors		21,289	36,439
Investments		1	1
Cash	10	75,514	31,841
Creditors: amounts falling due within one year		(107,936)	(88,331)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/>	<hr/>
		464,434	466,412
Creditors: amounts falling due after more than one year			
		(224,597)	(231,395)
Provision for liabilities and charges – deferred tax		(728)	(187)
<hr/>			
NET ASSETS		239,109	234,830
Equity minority interests		(1,857)	(1,678)
<hr/>			
SHAREHOLDERS' FUNDS		<hr/>	<hr/>
		237,252	233,152

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**UNAUDITED**

	Year ended 31 March 2002 £,000	Year ended 31 March 2001 £,000
Net cash inflow from operating activities	65,634	56,615
Returns on investment and servicing of finance	(16,062)	(20,582)
Taxation	(4,967)	(5,785)
Capital expenditure and financial investment	40,068	(16,779)
Acquisitions	(178)	-
Equity dividends paid	(3,694)	(3,389)
Cash flow before management of liquid resources and financing	80,801	10,080
Management of liquid resources	(20,285)	(15,553)
Financing		
- issue of shares	8	777
- (decrease)/increase in debt	(37,046)	4,141
- refinancing costs	(96)	-
Increase/(decrease) in cash in the year	23,382	(555)
<b>Reconciliation of net cash flow to movement in net debt</b>		
Increase/(decrease) in cash in the year	23,382	(555)
Cash outflow from management of liquid resources	20,285	15,553
Cash outflow/(inflow) from change in debt	37,142	(4,141)
Debt arrangement expenses	(408)	(572)
Movement in net debt in the year	80,401	10,285
Net debt at beginning of the year	(232,800)	(243,085)
Net debt at end of the year	(152,399)	(232,800)

## Notes to the Preliminary Announcement

### 1. Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 March 2002 £000	Year ended 31 March 2001 £000
Operating profit	34,098	44,270
Depreciation of fixed assets	267	253
Loss on sale of fixed assets	7	16
Profit on sale of investments	-	(1,144)
Release of provisions	(53)	-
Dividends from associates	179	-
Amortisation of goodwill	52	64
Decrease in debtors	10,429	20,770
Increase/(decrease) in creditors	22,212	(6,766)
Increase in stock	(1,557)	(848)
Net cash inflow from operating activities	65,634	56,615

### 2. Turnover and gross profit on ordinary activities before taxation

The analysis of turnover and gross profit by function is as follows:

#### Turnover

	Year ended 31 March 2002 £000	Year ended 31 March 2001 £000
Trading property sales	2,282	14,552
Rental income	31,384	28,642
Developments	102,803	115,176
Other income and provisions	163	6,889
	136,632	165,259

#### Gross Profit

	Year ended 31 March 2002 £000	Year ended 31 March 2001 £000
Trading property sales	154	920
Rental income	27,827	25,532
Developments	17,072	29,507
Other income and provisions	(67)	342
Gross profit	44,986	56,301
Central overheads	(10,888)	(12,031)
Interest payable less receivable	(14,779)	(19,241)
Share of associated company profits	986	86
Profit before taxation, profit on sale of investment properties and loss on sale of subsidiary	20,305	25,115

## Notes to the Preliminary Announcement (continued)

### 3. Administrative expenses

	Year Ended 31 March 2002 £,000	Year Ended 31 March 2001 £,000
Operating profit on ordinary activities is stated after:		
Staff costs	8,294	9,225
Depreciation	267	253
Auditors remuneration	106	85
Amortisation	52	64

Included in directors remuneration are directors' salaries, benefits in kind and bonuses totalling £6.6m (2001: £7.6m).

### 4. Profit on sale of investment properties

	Year Ended 31 March 2002 £,000	Year Ended 31 March 2001 £,000
Net proceeds from sale of investment properties	67,525	30,333
Book value	(65,062)	(29,624)
Profit on disposal	2,463	709

Net proceeds from the sale of investment properties and their associated book value include £22,360,000 of properties disposed of at book value on the sale of a subsidiary, Helical (IE) Limited.

### 5. Net interest payable

	Year Ended 31 March 2002 £,000	Year Ended 31 March 2001 £,000
On bank loans and overdrafts	14,804	19,514
Finance arrangement costs	408	572
Other interest and similar charges	3,215	1,343
Interest capitalised	(1,006)	(1,597)
Interest receivable and similar income	(2,642)	(591)

## Notes to the Preliminary Announcement (continued)

### 6. Taxation on profit on ordinary activities

	Restated	
	Year	Year
	Ended	Ended
	31 March	31 March
	2002	2001
	£000	£000
UK corporation tax at 30% (2001: 30%)	4,812	6,784
Deferred taxation	541	(1,313)
	5,353	5,471

The Company has applied the provisions of FRS19 Deferred Tax, which requires that deferred tax be recognised as a liability or asset if the transactions or events that give the Company an obligation to pay more or less tax in the future have occurred by the balance sheet date. In accordance with FRS19, the Company makes full provision for timing differences, other than revaluation gains and losses, which are primarily in respect of capital allowances on plant and machinery, industrial buildings allowances and tax losses. The adoption of FRS19 has resulted in an adjustment to the balance sheet at 31 March 2001 of £187,000 representing the discounted value of the potential clawback of capital allowances, net of available tax losses, as at that date.

No provision has been made for taxation which would accrue on capital gains if the investment properties sold at their revalued amounts. The amount for which no provision has been made amounted to £32.1m (2001: restated £30.0m) which, if provided for, would reduce diluted net asset value by 99p (2001: 93p) per share.

### 7. Final ordinary dividend

The final ordinary dividend is payable on 25 July 2002 to shareholders on the share register on 14 June 2002 subject to the approval of shareholders at the Annual General Meeting to be held on 24 July 2002.

### 8. Negative goodwill

Negative goodwill arises as a consequence of the adoption of FRS19 and represents the excess of the value of the restated assets of Glenlake Limited over the consideration paid for those assets in June 1999. The restated assets include a sum of £6,892,000 representing the fair value of tax losses acquired with Glenlake Limited. The net asset value per share of Helical has been reduced at 31 March 2001 by 24p to 779p and, on a fully diluted basis, by 22p to 754p.

## Notes to the Preliminary Announcement (continued)

### 9. Stock

	31 March 2002 £,000	31 March 2001 £,000
Development sites	15,464	22,249
Properties held as trading stock	14,121	5,612
	29,585	27,861

### 10. Cash

	31 March 2002 £,000	31 March 2001 £,000
Rent deposits and cash secured against debt repayable within one year	3,247	2,314
Cash held to fund future development costs	28,300	-
Free cash	43,967	29,527
	75,514	31,841

### 11. Gearing

	31 March 2002 £,000	Restated 31 March 2001 £,000
Bank overdrafts and loans		
- due within one year	3,316	33,246
- due after more than one year	224,597	231,395
	227,913	264,641
Cash balances	(75,514)	(31,841)
Net bank borrowings	152,399	232,800
Net assets	239,109	234,830
Gearing	64%	99%

If the payment of the special dividend on 26 April 2002 were to be taken into account the Company's gearing level at 31 March 2002 would have been 76%.

Net bank borrowings exclude the Company's share of borrowings in associated companies of £13,575,000 (2001: £9,496,000).

## Notes to the Preliminary Announcement (continued)

### 12. Financial assets and financial liabilities

	31 March 2002		31 March 2001	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Borrowings	229,383	230,256	266,002	267,152
Interest rate swaps	-	1,242	-	825
Other financial instruments	(223)	565	(223)	1,051
	229,160	232,063	265,779	269,028

The fair value of financial assets is the book value. The fair value of financial liabilities represents the mark to market valuations at 31 March 2001 and 31 March 2002. The adjustment to net assets from a recognition of these values would be to reduce diluted net asset value per share by 6p (2001: restated 7p).

### 13. Basis of preparation of the preliminary announcement

The preliminary announcement includes extracts from the draft statutory accounts for the year to 31 March 2002. The figures relating to the year to 31 March 2002 are unaudited. The comparative figures relating to the year to 31 March 2001 are taken from the audited statutory accounts for that year as restated for the effects of the adoption of FRS19 on Deferred Tax.