

For immediate release  
5 June 2003

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

**PRELIMINARY RESULTS FOR THE**  
**YEAR TO 31 MARCH 2003**

**HELICAL DE-RISKS**

**HIGHLIGHTS**

- \* Pre-tax profits of £25.2m (2002: £22.6m) - up 12 per cent
- \* Total ordinary dividend of 15.00p per share (2002 : 13.75p) - up 9 per cent
- \* Adjusted diluted net asset value of 770p per share (2002 : 769p) - unchanged
- \* “Triple net” asset value of 702p per share (2002 : 663p) - up 6 per cent
- \* Current gearing of 45% (6 June 2002 : 89%)
- \* £190m of London and South East office investment sales since January 2002.

John Southwell, Chairman, commented;

“At a time of cyclical downturn in the London office market we have sought to protect our long term growth record by scaling down our development activity and de-risking our investment portfolio. We have accepted more pedestrian short term returns because we believe our enhanced capacity to take advantage of any future market weakness will more than compensate in the future.”

**Further information:**

Helical Bar plc  
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## FINANCIAL HIGHLIGHTS

	Notes	Year Ended 31 March 2003 £m	Year Ended 31 March 2002 £m
Development profits		4.6	17.1
Net rental income		25.6	27.8
Trading profits		0.3	0.2
Other gross profits		0.6	(0.1)
Profits before tax		25.2	22.6
Adjusted profits before tax	1	16.7	20.3
		<b>pence</b>	<b>pence</b>
Diluted earnings per share		59.2	57.8
Total dividends per share		15.00	13.75
Adjusted diluted net assets per share	2	770	769
Adjusted diluted "triple net" assets per share	3	702	663
		<b>£m</b>	<b>£m</b>
Value of investment portfolio		342.5	439.9
Net borrowings		140.9	152.4
Equity shareholders' funds		235.9	237.3
Net gearing		59%	64%

### Notes

1. Excludes profit on sale of investment properties, loss on sale of subsidiary and negative goodwill.
2. After adding back additional deferred taxation arising from the clawback of capital allowances on sale of investment properties.
3. Adjusted for contingent liabilities of deferred taxation on chargeable gains on investment properties and the market value of financial instruments but after adding back the deferred taxation referred to in 2. above.

## **Chairman's Statement**

The year to 31 March 2003 continued the repositioning of the Company in preparation for the impact of the next economic cycle on the property development and investment sectors. The office development programme narrowed as buildings were completed and only one new scheme started during the year. At the same time strategic positions were taken in several major projects which are expected to come to fruition in the second half of the decade. On the investment side the Company continued to degear, switching away from Central London offices towards the retail and industrial sectors. This process has continued since the year end with the £41m sale of Capital House, London NW1.

## **Results**

The year to 31 March 2003 produced a good level of profits with pre-tax profits up 12 per cent to £25.2m. Diluted earnings per share rose to 59.2p per share ( 2002 : 57.8p ). Falling rental levels in Central London resulted in a revaluation deficit for the first time since January 1996. Despite this the Company's adjusted net asset value remained steady at 770p per share (2002:769p) and the Company's adjusted triple net asset value (taking account of the contingent liabilities of deferred tax and the market value of financial instruments) rose 6 per cent to 702p per share ( 2002 : 663p ).

The continued level of profits enables the Board to recommend to shareholders a final dividend of 9.00p per share ( 2002 : 8.25p ) an increase of 9%. This proposed dividend, together with the interim dividend of 6.00p ( 2002 : 5.50p ) paid in December 2002, makes a total dividend of 15.00p per share ( 2002 : 13.75p ). This is an increase of 9% on last year. The total dividend is covered over 4 times by profits after tax.

## **The future**

The Company is, in many respects, at a turning point. The sale of over £190m of London and South East offices since January 2002 has significantly reduced the gearing of the Company strengthening its balance sheet and preparing it to take advantage of the opportunities the start of the next cycle will bring. With gearing at the lowest level since it became a property company and high levels of unutilised cash resources, loan facilities and ungeared investment properties, the Company has the ability to make substantial investment in its chosen sectors. The development programme is de-risked with only one major scheme, at 40 Berkeley Square, London W1, under construction, whilst future schemes are being worked up. Opportunities will come; timing is everything.

**John Southwell**

**Chairman**

## Development programme

Profits from the Company's development programme have fallen from £17.1m to £4.6m to reflect both the decreased level of development and the worsening office occupational market in our main sphere of activity being London and the Western Corridor. The company finances the majority of its development programme with institutions thereby sharing the risk with these partners. With only one scheme currently on site the company is concentrating for the future on acquiring key positions in several major schemes to enable a development pipeline to be built up ready for when the market improves.

### Development schemes

Current programme	Completion	Size Sq ft	Funding Institution	Tenants	Space Let Sq ft
<b>Offices</b>					
<b>West End</b>					
40 Berkeley Square, London W1	March 2004	75,000	Morley	The Blackstone Group	20,000
<b>Thames Valley</b>					
The Meadows, Camberley	March 2002	140,000	Scottish Widows		
The Waterfront Business Park, Fleet	Oct 2002	56,000	Aberdeen Property Investors	One building sold to Conair	12,000
The Heights, Weybridge	April 2003	337,000	Prudential Portfolio Managers		
<b>Retail</b>					
Market Square, Accrington	June 2003	62,000	Bilsdale	Wilkinsons, JJB Sports, Poundland and others	50,000
Towy Retail Park, Carmarthen	Dec 2003	35,000	Private individuals	Currys, PC World	35,000
Friary Retail Park, Stafford	May 2004	38,500			

## Development schemes

### Future programme

	Size	
Offices	Sq ft	
<b>City</b>		
Mitre Square, London EC3	350,000	
<b>West End</b>		
Wood Lane, White City	Up to 1m	Mixed Use
<b>Thames Valley</b>		
Amen Corner, Bracknell	500,000	Mixed Use
<b>Retail</b>		
The Mint Quarter, Ipswich	295,000	
Trinity Square, Nottingham	235,000	

## Offices

The office letting market remains in a state of lethargy with rental levels in London and the South-East falling as landlords compete for the few potential tenants that are around.

The focus of the Company over the last year has been to complete those schemes under construction, looking for tenants for this space and to prepare a small number of major new schemes for the future. During the year the Company has completed the office developments at 3 Bunhill Row, London EC1, The Heights, Weybridge and The Waterfront Business Park, Fleet. Its only remaining office development under construction is at 40 Berkeley Square, London W1. The site at Bridge Wharf, Chertsey was sold during the year at cost with a share in any potential profits from a future sale of the site. Preparations continue in respect of new schemes at Mitre Square, London EC3, Wood Lane, White City and Amen Corner, Bracknell.

## Completed office developments

Since the Company recommenced its development activity in 1993, its development team has completed new office developments with a value at completion of over £925m. During the year to 31 March 2003 the Company completed the following office developments:

### 3 Bunhill Row, London EC1

3 Bunhill Row is a 95,000 sq ft office development completed in January 2003. The building was pre-let to solicitors Linklaters with an option for them to hand back circa 30,000 sq.ft. to the Company: this option was not exercised so the whole building has been handed over to the tenant. Shortly after the pre-letting the development was forward sold 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 the total sale proceeds were paid to Helical in advance of construction with an obligation to provide the limited partnership with a rental stream to the

date the tenant starts to pay rent. Consequently, the Company's cash balances at the year end include a sum of £4.8m (2002: £28.3m) payable to third parties over the period until the tenant starts to pay rent.

### **The Heights, Weybridge**

The Heights, Weybridge is a 22 acre office campus development of the highest quality comprising 337,000 sq.ft. of speculative space in five distinct buildings. The scheme which is adjacent to the UK headquarters of Proctor & Gamble was completed in April 2003 and is forward funded with Prudential Portfolio Managers.

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

The office development at The Waterfront Business Park, Fleet comprises three buildings completed in October 2002, forward funded by Aberdeen Property Investors. The smallest building of 12,000 sq.ft. has been sold to Conair Group for its own occupation. The two remaining buildings comprising 17,400 sq ft and 26,700 sq ft are available to let.

### **The Meadows, Camberley**

The Meadows, Camberley, comprises four office buildings totalling 140,000 sq ft located by the Blackwater railway station, Camberley opposite the Meadows Retail Park. Completed in March 2002 and currently available to let, the development was funded by Scottish Widows.

## **Current office development programme**

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

40 Berkeley Square is a prime office development of 75,000 sq ft on the west side of Berkeley Square. Comprising eight floors of high specification offices, the building is being redeveloped in a joint venture with owners Morley Fund Management. During the year the top three floors, comprising 20,000 sq ft were let to The Blackstone Group at a rent of £80 psf. This development is due to be completed in Spring 2004.

## **Future office development programme**

### **Former Dairy Crest Site, Wood Lane, White City**

A former milk processing plant and distribution unit, this 10.3 acre site was purchased from Dairy Crest in conjunction with Morley Fund Management in October 2002. The site lies to the south of the A40(M) and is adjacent to the White City Underground station. The area is emerging as one of Central London's most significant regeneration opportunities, with Chelsfield's 1.3 million sq ft retail and leisure scheme to the south and the BBC proposing a further 1.45 million sq ft of broadcasting and production space opposite the site. A major

mixed use development is planned and detailed discussions are taking place with the London Borough of Hammersmith & Fulham, the Greater London Authority and adjoining landowners.

### **Amen Corner, Bracknell**

Helical has acquired a number of residential properties and options over adjoining land to the extent that ownership or control extends to approximately 24 acres of land at Amen Corner, Bracknell. The Company is working to bring forward this site for commercial/residential development.

### **Mitre Square, London EC3**

The company is working in partnership with Ansbacher Property Holdings who own part of the site. It is the intention to submit a planning application for circa 350,000 sq.ft. net internal area of offices shortly. A substantial pre-let will be sought before commencing on site.

### **Retail developments**

During the year Helical's retail subsidiary, Helical Retail renewed its joint venture with Oswin Developments, run by Jonathan Cox, David Egan and Adrian Russell and entered into a new joint venture with Overton Developments run by Jim Kelly.

After a quiet period consolidating its position Helical Retail now has a number of retail schemes in various stages of development.

### **Market Square, Accrington**

Market Square, Accrington is a new town centre development comprising 11 shops including stores for Wilkinsons, JJB and Poundland. The scheme has a floor area of 62,000 sq ft and an end value of £7.6m. Forward sold to private investor Bilsdale Properties Ltd the scheme is due to be completed in January 2004.

### **Towy Retail Park, Carmarthen**

Towy Retail Park, Carmarthen is a development of two stores totalling 35,000 sq ft for the Dixon Stores Group. Currys will occupy one unit of 20,000 sq ft and PC World the second unit of 15,000 sq ft. Building work is due to commence in June 2003 with completion in January 2004.

### **Friary Retail Park, Stafford**

Friary Retail Park, Stafford is a retail scheme due to start on site in late 2003. The scheme has the benefit of open A1 consent for 38,500 sq ft and terms have been agreed for a pre-letting to PC World for a unit of 15,000 sq ft and Pizza Hut for a restaurant of 3,189 sq ft. Discussions are under way with a number of other retailers for the remaining space.

### **The Mint Quarter, Ipswich**

The Mint Quarter, Ipswich is an in-town retail development of approximately 295,000 sq ft in partnership with NCP. The scheme is currently being marketed with a view to securing an anchor tenant after which a planning application will be progressed. If an anchor tenant can be signed up by the end of 2003 the scheme could start in 2005 with a target opening date of pre-Christmas 2006.

### **Trinity Square, Nottingham**

Trinity Square is a retail led mixed-use development in the heart of the city centre shopping district adjoining the Victoria Centre. Comprising approximately 175,000 sq ft of retail space, 60,000 sq ft of leisure and restaurants, 500 residential units and 450 parking spaces it will be a dramatic landmark building constructed of glass and steel offering double height retail frontages. A full planning application will be submitted in June 2003 and construction is due to commence during March 2004 with an eighteen month build programme in time for trading late 2005 and early 2006.

### **Residential Developments**

The Company has from time to time acquired sites and created value through obtaining planning consents for retirement villages.

#### **Lime Tree Village, Dunchurch, Rugby**

This development involves the refurbishment of a Victorian country house and the construction of 150 bungalows, cottages and apartments for retirement. Work has commenced on the site and is due to be completed by late 2004.

#### **Bramshott Place, Liphook**

Planning negotiations continue for a retirement village development comprising 144 apartments, cottages and bungalows. Subject to planning, work is due to start in 2004/2005.

### **Investment Portfolio**

Over recent years we have maintained a large exposure in Central London offices as the boom in rents has delivered exceptional returns. By the start of 2002 the cycle appeared to be turning – vacancy rates were beginning to rise and rental values starting to fall. Taking such warning signals to heart, we embarked on a sales programme and have raised £190 million, cutting our capital invested in London and South East offices by more than half.

During the financial year we sold 60 Sloane Avenue, SW3 for £65.6 million, Cheapside House, EC2 for £47.8 million and 141/3 Drury Lane, WC2 for £13.3 million. The combined initial yield on these sales was 6.7%. Further office sales in Basingstoke and Epsom, which were also subject to imminent lease expiries, raised an additional £7.3

million. Since the financial year end we have sold Capital House, NW1 for £41 million where the leases were subject to break clauses and lease expiries in 2004. The profit over historic cost on these transactions (all acquired from 1997 – 1999) is well over £50 million.

As a result of these sales only 6.3% of the net office income is now vulnerable to breaks or lease expiries over the next three years when occupational market conditions are likely to be weakest.

The net surplus of sales over valuation was £2.1 million over the financial year. Over the last six years we have sold £464 million of property representing turnover of 148% based on the current portfolio size. In every year we have exceeded valuations on sales.

Despite our sales programme, we were unable to insulate ourselves fully from the impact of the downturn in the office market. We are disappointed to report a valuation decline of 4.1% due to a write down of 9.4% on our London offices. Some comfort was provided by our retail warehouses up 11.6%, and our South East offices, which rose 6.4% due to restructuring the principal occupational lease at High Wycombe. A town centre retail decline of 3.3% was due to writing off the acquisition costs of the purchase of Garden Square, Letchworth made at the year end.

A major setback for the year was the loss of a 90,000 sq ft letting to Metronet at Shepherds Building which aborted after nearly a year of negotiations. Had the letting signed, the uplift in value on this property would have extinguished most of this year's valuation decline across the entire portfolio.

The current valuation yields of 7.9% initial, 9.2% reversionary and an equivalent yield of 8.9% allow for notional purchasers' cost of 5.75%. In practice, Helical earns a yield of 8.3%, anticipated to rise to 9.8% on assuming full occupancy at current rental values.

During the financial year we made seven material purchases – four industrial estates, two retail warehouses and a shopping centre amounting to £48 million, with a further £10 million industrial estate acquired after the year end. We continue to take a cautious view of market conditions and are only seeking to acquire properties where value can be added through change of use, lease restructurings and lettings, refurbishment and owner occupier sales.

Despite the downturn in the office market, we have managed to assemble a collection of properties with potential. These include:

- Industrial estates at Slough and Harlow with schemes ongoing or planned for owner occupier sales at premium prices.
- Properties in Fleet, Dunstable, Cardiff and Milton Keynes with latent value to be released via change of use to residential.
- Two pre-let developments and two lease restructurings of retail warehouses at Weston Super Mare, Milton Keynes and Sevenoaks.
- A shopping centre at Letchworth with terms agreed to change the anchor tenant and scope for infill development.

Over the coming year we would anticipate our office weighting to fall further. In the meantime, our current level of gearing which, at 45%, is the lowest at any time in Helical's history as a property company, places us in a strong position to capitalise on any market weakness.

### Investment portfolio – valuation statistics

	Capital value movements	Initial yield	Reversionary yield	Equivalent yield	True equivalent yield
	%	%	%	%	%
Central London offices	-9.4	8.1	9.0	8.6	9.1
South East offices	+6.4	7.5	8.0	8.6	9.1
Industrial	+0.3	8.4	10.7	10.3	11.0
Out of town retail	+11.6	6.4	7.5	7.3	7.6
Town centre retail	-3.3	7.0	9.1	8.4	8.8
Total portfolio	-4.1	7.9	9.2	8.9	9.4

### Sector Weightings

	June 2003	June 2002	Change
West End	12%	36%	-24%
City	6%	15%	-9%
Other London	25%	20%	+5%
All Central London offices	43%	71%	-28%
South East offices	5%	5%	0%
Industrial	32%	18%	+14%
Out of town retail	13%	6%	+7%
Town centre retail	7%	0%	+7%

## Investment properties

Address	Size (sq. ft)	Average passing rent (psf)	Vacancy rate	Year acquired	% ownership (where not 100%)
<b>Central London Offices</b>					
Rex House SW1	91,000	£57	0%	2000	
71 Kingsway WC2	30,000	£37	27%	1998	
5-10 Bury St EC3	28,000	£34	14%	1997	
66 Prescott St E1	110,000	£22	0%	2001	50%
61 Southwark St SE1	65,000	£18	0%	1998	
4/5 Paris Gardens SE1	45,000	£25	0%	2000	
Interchange NW1	65,000	£32	0%	1999	90%
Rotunda Complex NW1	51,000	£22	10%	1998	
Shepherds Building W14	155,000	£25	65%	2000	
	-----	-----	-----		
	640,000	£30	15%		
<b>South East Offices</b>					
Waterfront Business Pk, Fleet	45,000	£22	0%	2000	
Westfields House, High Wycombe	27,000	£12	7%	2001	
	-----	-----	-----		
	72,000	£19	2%		
<b>Out of Town Retail</b>					
Weston Retail Pk, Weston Super Mare	140,000	£8	0%	1999	75%
Sainsbury Superstore, Wednesfield	69,000	£10	0%	2001	75%
1&2 Sprucefield Retail Pk, Lisburn	52,000	£15	0%	2001	50%
Otford Road Retail Pk, Sevenoaks	43,000	£14	0%	2003	75%
Homebase, St Austell	36,000	£8	0%	2002	75%
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	340,000	£10	0%		
<b>Town Centre Retail</b>					
Garden Square, Letchworth	165,000	£35ZA	10%	2003	
WH Smiths, Chiswick	5,000	£85ZA	0%	2000	
	-----	-----	-----		
	170,000	£40ZA	9%		
<b>Industrial</b>					
Aycliffe Portfolio	1,570,000	£2.60	17%	1987	
Peterlee Portfolio	640,000	£2.50	25%	1987	
Hawtin Park, Blackwood	251,000	£2.85	0%	2003	
Sawston, Cambridge	235,000	£4.30	0%	2003	67%
Avonbridge, Avonmouth	234,000	£4.75	8%	1995	
Walton Summit, Preston	142,000	£3.75	0%	1990	
Standard Estate, Woolwich	105,000	£6.30	57%	2002	70%
Golden Cross, Hailsham	102,000	£5.00	0%	2001	
Waterside, Fleet	45,000	£6.50	0%	1999	
	-----	-----	-----		
	3,324,000	£3.10	16%		

All properties are freehold except Rex House (expires 2035), Avonbridge (expires 2071), Letchworth (expires 2187) and Blackwood (expires 3002).

## Trading properties

Address	Description	Year acquired	% ownership
Bus Depot, Milton Keynes	Optioned site, pre-let to Homebase (80,000 sq ft) subject to planning	2001	50%
Leisure Plaza, Milton Keynes	119,000 sq ft leisure scheme with potential for residential or supermarket use	2003	50%
Mill Street, Slough	164,000 sq ft industrial estate to be refurbished and redeveloped this year in 13 units	2002	90%
Barrows Road, Harlow	125,000 sq ft industrial estate in course of refurbishment and redevelopment for owner occupier sales	2002	80%
Southfield Road, Dunstable	103,000 sq ft vacant industrial shed with residential potential plus a let 34,000 sq ft office	2002	100%
Cardiff Royal Infirmary	Vacant hospital let on a peppercorn lease with residential potential	1988	75%
2/6 Curtain Road, London EC2	7,000 sq ft office forming part of a 700,000 sq ft development site	2001	50%
Computer Centre, Wythenshawe	111,000 sq ft vacant computer centre	2002	50%

All properties are freehold except Wythenshawe (expires 2067).

### Weighted average unexpired lease term

Offices	10.2
Industrial	7.9
Retail	12.4
	-----
Total	9.6

## Financial Review

### Profits

Profits before tax , including exceptional items , increased by 12% to £25.2m (2002: £22.6m).

Profits after tax and minority interest rose by 2% to £17.4m (2002: £17.1m).

### Rental income

Gross rental income for the year fell to £29.3m (2002: £31.4m) reflecting the Company's decision to sell some of its main Central London office investments. During the year £131m of investment properties, yielding £8.8m of rental income were sold. £50m was used to add to the investment and trading portfolio with passing rent of £3.4m. Rent reviews and new lettings, net of lease expiries and rent free periods, added rental income of £3.6m on the remaining portfolio. These additions to the Company's rental stream did not compensate for the loss of rental income as the Company continued its drive to de-gear and reduce its exposure to the Central London office market.

Rental costs rose from £3.6m to £3.7m. Net rents, after deduction of these rental costs, fell to £25.6m from £27.8m.

### Trading and other profits

Trading profits of £0.3m were up on last year (2002 : £0.2m) and came from the sale of a small industrial unit in Slough purchased last year and a small office in Cardiff. The Company made £0.4m from short term dealing in the shares of listed property companies.

### Development profits

Profits from the Company's funded development programme were substantially down on the previous year at £4.6m (2002: £17.1m). In the year to 31 March 2003 the Company recognised the remaining office development profits at 1 Bunhill Row, London EC1, 200 Hammersmith Road, London W6 and One Plough Place, London EC4. In addition it booked profits at its office development at 3 Bunhill Row, London EC1 . This latter development provided the majority of the development profits in the year as City solicitors, Linklaters, committed themselves to the remaining floors in the building.

	2003	2002	2001	2000	1999
Developments	£ 000	£ 000	£ 000	£ 000	£ 000
Profits	4,630	17,072	29,507	19,345	21,601

## **Administrative expenses**

Administrative expenses, before an exceptional negative goodwill credit, fell by 41% from £10.9m to £6.4m due to the reduced level of performance related bonuses. Administrative expenses, before goodwill and executive bonuses fell by 3% from £6.1m to £5.9m.

The result for the year included the write back of negative goodwill of £6.4m as a consequence of the disposal of 60 Sloane Avenue, London SW3 by a subsidiary, Glenlake Limited. As was explained in last year's annual report and accounts, this negative goodwill arose as a result of the restatement of the acquisition of Glenlake following the adoption of FRS19 by the group and the recognition of a deferred tax asset in Glenlake as at the date of its acquisition. The tax losses giving rise to this deferred tax asset have been used during the period (against profits arising on the disposal of investment properties) and the deferred tax asset of £5.7m has therefore been written off as part of the tax charge for the period resulting in an increase in the deferred tax provision in the consolidated balance sheet. The net impact of the write back of negative goodwill and the increase in deferred tax is an increase in distributable profits of £0.7m.

## **Profit on sale of investment properties**

During the year to 31 March 2003 the Company sold £134.7m of investment property on which it made £2.1m (2002: £2.5m) of profit over book value and sale costs. The properties sold included office investments at 60 Sloane Avenue, London SW3, Cheapside House, London EC2, 141-143 Drury Lane, London WC2, Dextra Court, Basingstoke and West Street Epsom. In addition a small industrial unit in Hailsham was sold.

## **Net interest payable**

The Company has always sought to protect itself against adverse movements in interest rates through the use of interest rate caps and short to medium term fixed rates when rates are low rather than through the issue of expensive longer term debentures and other fixed rate borrowings. This policy has continued to bear fruit in the year under review where the application of prevailing low rates of interest to the reduced level of borrowings resulted in a reduction in interest payable to £11.9m (2002: £18.0m). Interest receivable during the year on cash balances was £2.2m (2002: £2.6m). The Company tends to keep actual cash balances to the minimum to reduce the costs of borrowing but as with last year there was a higher than normal level of cash on deposit throughout the year due to the forward sale of 3 Bunhill Row. The proceeds received at the time of the pre-sale have now been expended on the construction of the offices resulting in much reduced cash balances at the year end.

Finance arrangement costs of £0.8m (2002: £0.4m) reflect a higher than normal write off of refinancing costs in respect of cancelled bank facilities. Interest has been capitalised in respect of the development sites at Amen Corner, Bracknell and Liphook but is much reduced from previous periods.

	2003	2002	2001	2000	1999
Net interest payable	£ 000	£ 000	£ 000	£ 000	£ 000
Interest payable on bank loans	9,543	14,804	19,514	17,893	14,097
Other interest payable	2,351	3,215	1,343	2,350	1,760
Finance arrangement costs	783	408	572	365	256
Interest capitalised	(795)	(1,006)	(1,597)	(2,661)	(2,088)
Interest receivable	(2,244)	(2,642)	(591)	(1,563)	(1,510)
Loan termination costs	-	-	-	(36)	-
	<u>9,638</u>	<u>14,779</u>	<u>19,241</u>	<u>16,348</u>	<u>12,515</u>

## Taxation

The corporation tax charge for the year is greater than the standard rate of 30% due to the sale of £134.7m of investment property. However, despite these sales and the release of revaluation gains of £34.0m, the use of tax losses and the impact of indexation has reduced the taxable element of these profits to £10.0m. The use of available tax losses is expected to mean that a corporation tax charge to the profit and loss account in the year to 31 March 2004 will not arise out of the sale of Capital House, London, NW1.

The deferred tax charge for the year reflects the write off of the deferred tax asset referred to above and the additional provision required in respect of capital allowances claimed in the year. These charges have been offset by a reduction in the provision where we have sold investment property and no longer have a potential liability arising from a clawback of the allowances claimed to date.

## Dividends

The Board is recommending to shareholders at the Annual General Meeting on 23 July 2003 a final dividend of 9.00p per share (2002: 8.25p) to be paid on 24 July 2003 which, with the interim dividend of 6.00p, makes a total of 15p. This is an increase of 9% on the previous year's dividend of 13.75p. This is covered over 4 times by profits after tax.

Dividends	2003	2002	2001	2000	1999
	pence	pence	pence	pence	pence
Interim	6.00	5.50	5.00	4.40	4.00
Final	9.00	8.25	7.50	6.75	6.00
	15.00	13.75	12.50	11.15	10.00
Special	-	100.00	-	-	100.00
	<u>15.00</u>	<u>113.75</u>	<u>12.50</u>	<u>11.15</u>	<u>110.00</u>

Including special dividends, the Company average dividend over the last five years was 52p or 8% on the current share price.

## Earnings per share

Earnings per share in the year to 31 March 2003 were 61.2p (2002: 60.0p) per share and on a diluted basis were 59.2p (2002: 57.8p) per share.

	2003	2002	2001	2000	1999
Earnings per share	pence	pence	pence	pence	pence
Earnings per share	61.2	60.0	70.0	55.0	66.7
Diluted earnings per share	59.2	57.8	67.7	53.7	50.7

## Investment portfolio

During the year the investment portfolio changed significantly with sales of over £130m of Central London offices and the purchases of over £42m of retail and industrial units. In addition around £5m of capital expenditure was spent on refurbishing various office, industrial and retail buildings. At 31 March 2003 there was a revaluation deficit of £13.4m (2002: surplus £18.5m) on the investment portfolio.

	2003	2002	2001	2000	1999
Investment portfolio	£ 000	£ 000	£ 000	£ 000	£ 000
Cost or valuation at 1 April	439,911	453,607	419,570	332,457	250,718
Additions at cost	47,175	32,838	24,341	163,029	76,920
Disposals	(131,168)	(65,062)	(29,624)	(106,320)	(14,357)
Revaluation	(13,434)	18,528	39,320	30,404	19,176
Cost or valuation at 31 March	342,484	439,911	453,607	419,570	332,457

Since the year end Capital House has been sold at its 31 March 2003 valuation of £41m.

## Net asset values

The retained profits of £13.1m (2002: retained losses £15.3m) less the revaluation deficit of £13.4m (2002: surplus £18.5m) and movements in minority interest led to a reduction in net assets to £238.5m (2002 £239.1m after payment of £28.4m special dividend).

In calculating the net assets per share a provision has been made for the deferred tax which would become payable should all the capital allowances claimed to date be clawed back as a taxable adjustment in the Company's tax computations. The Company believes this clawback is unlikely and accordingly, has calculated the diluted net asset value assuming this not to be the case in line with current practice. Adjusted diluted net assets per share of 770p compare to 769p in 2002. After allowing for the unprovided deferred tax on revaluation surpluses and the value ascribed to financial instruments, the adjusted diluted triple net asset value of the Company has increased from 663p to 702p at 31 March 2003.

	2003	2002	2001	2000	1999
Net asset values per share	pence	pence	pence	pence	pence
Diluted net asset value – 1	770	769	754	581	473
Diluted net asset value – 2	702	663	655	516	406

1 – net asset value diluted for share options but adding back the provision of deferred tax on clawback of capital allowances.

2 – net asset value diluted for share options, unprovided deferred tax, FRS 13 value of financial instruments but adding back the provision of deferred tax on clawback of capital allowances.

### Borrowings and financial risk

The Company's ongoing reduction in its exposure to the Central London office market has continued the reduction in debt and, at 31 March 2003, net debt had fallen to £140.9m from £152.4m. The Company's net gearing fell to 59% from 64% at 31 March 2002. The sale of Capital House since the year end has further reduced net debt and gearing to £105.6m and 45% at 5 June 2003.

	2003	2002	2001	2000	1999
<b>Net debt and gearing</b>					
Net debt	£140.9m	£152.4m	£232.8m	£243.1m	£174.5m
Gearing	59%	64%	96%	131%	123%

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 £53m of undrawn bank facilities and cash of £16.1m (2002: £75.5m). In addition it had £115m of uncharged property on which the Company could borrow funds.

As at 5 June 2003 Helical's average interest rate was 5.6%.

FRS13 requires disclosure of financial instruments on a fair value basis and at 31 March 2003 an adjustment to reflect this basis would reduce net assets, after tax relief, by £5.1m (2002: £3.6m) which, if provided for, would reduce diluted net assets by 15p per share (2002: 6p).

### Performance measures

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 total shareholder return ("TSR"). The performance of the property portfolio as measured by the Investment Property Databank ("IPD") is also noted below.

<b>Equity value added</b>							
<b>Year ended 31 March</b>			<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Capital employed	£m		377	390	466	430	316
Return on capital	%		3.9	10.5	18.2	19.8	18.6
Weighted average cost of capital	%		6.1	6.3	5.9	6.0	6.2
Spread			(2.2)	4.2	12.3	13.8	12.4
Equity value added/(lost)			(8.5)	19.6	52.9	43.7	32.2

## **Total shareholder return**

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

	<b>1 year from 2002 % pa</b>	<b>3 years from 2000 % pa</b>	<b>5 years from 1998 % pa</b>	<b>10 years from 1993 % pa</b>	<b>15 years from 1988 % pa</b>
Helical Bar plc	(26.0)	6.7	9.3	20.5	10.6
UK equity market	(29.8)	(15.4)	(6.6)	5.5	8.5
Listed real estate sector index	(22.2)	0.9	(4.2)	6.9	3.7
Direct property	10.6	9.0	10.6	11.5	9.8

Source: New Bridge Street Consultants

## **Investment Property Databank (“IPD”)**

Helical has compared its ungeared property performance against that of portfolios within the Investment Property Databank for the last 13 years.

Despite this year’s result, Helical has still managed to outperform all other parties over 3, 5, 10 and 13 years. The returns on shareholder capital earned by Helical are generally higher than those measured by IPD due to the use of gearing.

### **IPD (monthly and quarterly valued funds) ungeared returns**

<b>Total Returns %</b>						
<b>In year to 31 March</b>		<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Helical		6.0	15.6	23.2	23.6	20.1
IPD benchmark		9.9	7.0	9.9	15.1	10.9
Percentile rank		90	1	0	2	1

<b>Total Returns %</b>					
<b>Annualised over</b>		<b>3yrs</b>	<b>5 yrs</b>	<b>10 yrs</b>	<b>13 yrs</b>
Helical		14.7	17.5	18.2	17.2
IPD benchmark		8.7	10.4	11.4	7.5
Percentile rank		0	0	0	0

‘0’ means the top ranked fund

**HELICAL BAR PLC**  
**FOR THE YEAR ENDED 31 MARCH 2003**

**GROUP PROFIT AND LOSS ACCOUNT**  
**UNAUDITED**

	Notes	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Turnover (including share of joint ventures' turnover)		136,758	137,618
Less: share of joint ventures' turnover		(1,566)	(986)
Turnover	1	135,192	136,632
Cost of sales		(103,968)	(91,646)
Gross profit	1	31,224	44,986
Administrative expenses - administration	2	(6,391)	(10,888)
- negative goodwill		6,362	-
Operating profit		31,195	34,098
Share of operating profit in joint ventures		1,544	986
Profit on sale of investment properties	3	2,126	2,463
Loss on sale of subsidiary		-	(195)
Net interest payable	4	(9,638)	(14,779)
Profit before tax		25,227	22,573
Taxation	5	(7,660)	(5,353)
Minority interest		(160)	(164)
Profit for the year		17,407	17,056
Dividends – interim	6	(1,705)	(1,563)
- special	6	-	(28,420)
- final proposed	6	(2,570)	(2,345)
Transfer to/(from) reserves		13,132	(15,272)
Earnings per share	7		
- Basic		61.2p	60.0p
- Diluted		59.2p	57.8p
Ordinary dividends per share			
Interim – paid 19 December 2002		6.00p	5.50p
Special Dividend		-	100.00p
Final – payable 24 July 2003		9.00p	8.25p
Total		15.00p	113.75p
Net assets per share			
- Basic	15	789p	793p
- Diluted	15	762p	766p
- Diluted, adding back FRS19 provision	15	770p	769p
- Diluted for FRS 13 adjustment and unprovided deferred tax, adding back FRS19 provision	15	702p	663p

## Reconciliation of movements in shareholders' funds

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Profit for the year	17,407	17,056
Dividends paid and proposed	(4,275)	(32,328)
Retained profits/(losses)	13,132	(15,272)
Revaluation of investment property - subsidiaries	(13,434)	18,792
- joint ventures	(470)	1,477
Minority interest in revaluation surplus	(599)	(905)
Issue of shares	-	8
Net change in shareholders' funds	(1,371)	4,100
Opening shareholders' funds	237,252	233,152
Closing shareholders' funds	235,881	237,252

## Statement of Total Recognised Gains and Losses

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Profit for the year after taxation	17,567	17,220
Minority interest	(160)	(164)
Revaluation of investment property - subsidiaries	(13,434)	18,792
- joint ventures	(470)	1,477
Minority interest in revaluation surplus	(599)	(905)
Total recognised gains and losses	2,904	36,420
Prior year adjustment	-	(7,079)
Total recognised gains and losses since last financial statements	2,904	29,341

**BALANCE SHEETS  
UNAUDITED**

	Notes	31 March 2003 £000	31 March 2002 £000
		£000	£000
Shareholders' funds		235,881	237,252
		=====	=====
Represented by:			
Fixed assets			
Intangible assets			
- goodwill		912	122
- negative goodwill	8	-	(6,362)
Tangible assets	9	614	774
Investment property	9	342,484	439,911
Investments		9,011	9,599
Investment in joint ventures			
Share of gross assets		23,244	23,184
Share of gross liabilities		(21,482)	(21,247)
		1,762	1,937
		-----	-----
		354,783	445,981
Current assets			
Stock	10	41,112	29,585
Debtors		25,793	21,289
Investments		13	1
Cash	11	16,137	75,514
Creditors: amounts falling due within one year		(85,643)	(107,936)
		-----	-----
Total assets less current liabilities		352,195	464,434
Creditors: amounts falling due after after more than one year		(110,992)	(224,597)
Provision for liabilities and charges - deferred tax	13	(2,706)	(728)
		-----	-----
Net assets		238,497	239,109
Equity minority interests		(2,616)	(1,857)
		-----	-----
Shareholders' funds		235,881	237,252
		=====	=====

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2003  
UNAUDITED**

	<b>Year Ended 31 March 2003 £000</b>	<b>Year Ended 31 March 2002 £000</b>
Net cash (outflow)/inflow from operating activities	(27,133)	65,634
Returns on investment and servicing of finance	(9,910)	(16,062)
Taxation	(3,945)	(4,967)
Capital expenditure and financial investment	86,588	40,068
Acquisitions	(841)	(178)
Equity dividends paid	(32,470)	(3,694)
Cash flow before management of liquid resources and financing	12,289	80,801
Management of liquid resources	28,634	(20,285)
Financing		
- issue of shares	-	8
- decrease in debt	(71,594)	(37,046)
- refinancing costs	(57)	(96)
(Decrease)/increase in cash in the year	(30,728)	23,382
<b>Reconciliation of net cash flow to movement in net debt</b>		
(Decrease)/increase in cash in the year	(30,728)	23,382
Cash (outflow)/inflow from management of liquid resources	(28,634)	20,285
Cash outflow from change in debt	71,651	37,142
Debt arrangement expenses	(783)	(408)
Movement in net debt in the year	11,506	80,401
Net debt at beginning of the year	(152,399)	(232,800)
Net debt at end of the year	(140,893)	(152,399)

## Notes to the Preliminary Announcement

### 1. 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 2003 £000	Year Ended 31 March 2002 £000
Trading property sales	2,588	2,282
Rental income	29,334	31,384
Developments	91,412	102,803
Other income and provisions	11,858	163
	<hr/> 135,192	<hr/> 136,632

#### Gross Profit

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Trading property sales	349	154
Rental income	25,619	27,827
Developments	4,630	17,072
Other income and provisions	626	(67)
	<hr/> 31,224	<hr/> 44,986
Gross profit	(6,391)	(10,888)
Central overheads	(9,638)	(14,779)
Interest payable less receivable	1,544	986
Share of joint venture company profits		
	<hr/> Profit before taxation, profit on sale of investment properties, loss on sale of subsidiary and negative goodwill	<hr/> 20,305

### 2. Administrative expenses

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Total administrative expenses	<hr/> (29)	<hr/> 10,888
Operating profit on ordinary activities is stated after:		
Staff costs	3,853	8,294
Depreciation	230	267
Auditors remuneration	108	106
Amortisation	51	52

Remuneration in respect of directors was as follows:

	Salary/ Fees £000	Benefits in kind £000	Cash bonuses £000	Profit on exercise of share options £000	Incentive plan £000	2003 Total £000	2002 Total £000	Pensions 2003 Total £000	Pensions 2002 Total £000
Chairman									
J.P. Southwell	45	13	-	-	-	58	60	-	-
Non-executive directors									
C.G.H. Weaver	25	-	-	-	-	25	25	-	-
A R Beevor	25	-	-	-	-	25	25	-	-
Executive directors									
M E Slade	478	32	-	-	-	510	1,906	2	2
N.G. McNair Scott	175	26	-	-	-	201	664	35	35
G A Kaye	210	28	474	-	-	712	2,299	-	-
P M Brown	175	35	-	393	-	603	1,672	-	-
	<u>1,133</u>	<u>134</u>	<u>474</u>	<u>393</u>	<u>-</u>	<u>2,134</u>	<u>6,651</u>	<u>37</u>	<u>37</u>

In order to compensate share option holders for the payment of the 100p special dividend in April 2002, the company pays a cash bonus of 100p per share on the dates option holders exercise their options. The profit on exercise of share options of PM Brown includes a £100,000 cash bonus arising out of the exercise on 28 January 2003 of an option over 100,000 shares.

### 3. Profit on sale of investment properties

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Net proceeds from sale of investment properties	133,294	67,525
Book value	(131,168)	(65,062)
Profit on sale of investment properties	<u>2,126</u>	<u>2,463</u>

### 4. Net interest payable

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Interest payable on bank loans and overdrafts	9,543	14,804
Finance arrangement costs	783	408
Other interest and similar charges	2,351	3,215
Interest capitalised	(795)	(1,006)
Interest receivable and similar income	(2,244)	(2,642)
	<u>9,638</u>	<u>14,779</u>

Interest payable on bank loans and overdrafts includes the Company's share of interest payable by joint ventures of £935,000 (2002: £708,000).

## 5. Taxation on profit on ordinary activities

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
The tax charge is based on the profit for the year and represents:		
- United Kingdom corporation tax at 30% (2002: 30%)	8,337	4,811
- Adjustments in respect of prior periods	(2,847)	1
Current tax charge	5,490	4,812
Deferred tax - origination of timing differences	2,170	541
Tax on profit on ordinary activities	7,660	5,353

The deferred tax charge includes the Company's share of the deferred tax provision of joint ventures of £192,000 (2002 : nil).

No provision has been made for taxation which would accrue on capital gains if the investment properties were sold at their revalued amounts. The amount for which no provision has been made amounted to £17.1m (2002: £32.1m) which, if provided for, would reduce diluted net asset value by 53p (2002: 99p) per share.

## 6. Dividends

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Attributable to equity share capital		
Ordinary		
- interim paid 6.00p (2002: 5.50p) per share	1,705	1,563
- final proposed 9.00p (2002: 8.25p) per share	2,570	2,345
Total 15.00p (2002: 13.75p) per share	4,275	3,908
- special payable nil (2002: 100.00p) per share	-	28,420
	4,275	32,328

The interim dividend of 6.00p was paid on 19 December 2002 to shareholders on the register on 29 November 2002. The special dividend of 100.00p was paid on 26 April 2002 to shareholders on the register on 2 April 2002. The final dividend, if approved at the AGM on 23 July 2003, will be paid on 24 July 2003 to shareholders on the register on 13 June 2003.

## 7. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Shares held by the ESOP, which has waived its entitlement to receive dividends, are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basis earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends on the assumed exercise of all dilutive options.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

### Year ended 31 March 2003

	Earnings £	Weighted average no. of shares	Per share amount pence
Basic earnings per share	17,407,000	28,421,537	61.2
Dilutive effect of share options		964,200	
Diluted earnings per share	17,407,000	29,385,737	59.2

### Year ended 31 March 2002

	Earnings £	Weighted average no. of shares	Restated per share amount pence
Basic earnings per share	17,056,000	28,419,782	60.0
Dilutive effect of share options		1,090,450	
Diluted earnings per share	17,056,000	29,510,232	57.8

## 8. Intangible fixed assets

	Goodwill £000	Negative goodwill £000	Total £000
Cost at 1 April 2002	767	(6,238)	(5,471)
Additions	841	-	841
Disposals	-	6,238	6,238
Cost at 31 March 2003	1,608	-	1,608
Amortisation at 1 April 2002	645	124	769
Provisions for the year	51	-	51
Eliminated on disposals	-	(124)	(124)
Amortisation at 31 March 2003	696	-	696
Net book amount at 31 March 2003	912	-	912
Net book amount at 31 March 2002	122	(6,362)	(6,240)

Negative goodwill arose, at 31 March 2002, as a consequence of the adoption of FRS19 and represented the excess of the value of the restated assets of Glenlake Limited over the consideration paid for those assets in June 1999. The assets included a sum of £6,362,000 (net of acquisition costs) representing the fair value of tax losses acquired with Glenlake Limited.

## 9. Tangible fixed assets

	Investment Properties  Freehold £000	Investment Properties  Leasehold £000	Short leasehold property & improvements £000	Vehicles & office equipment £000	Total £000
Cost or valuation at 1 April 2002	397,061	42,850	646	968	441,525
Additions at cost					
Disposals	23,929	23,246	-	152	47,327
Revaluation	(131,168)	-	-	(256)	(131,424)
	(10,138)	(3,296)	-	-	(13,434)
Cost or valuation at 31 March 2003	279,684	62,800	646	864	343,994
Depreciation at 1 April 2002	-	-	319	521	840
Provision for the year	-	-	47	183	230
Eliminated on disposals	-	-	-	(174)	(174)
Depreciation at 31 March 2003	-	-	366	530	896
Net book amount at 31 March 2003	279,684	62,800	280	334	343,098
Net book amount at 31 March 2002	397,061	42,850	327	447	440,685

Interest capitalised in respect of the development of investment properties is included in tangible fixed assets to the extent of £1,013,000 (2002: £2,244,000).

Interest capitalised during the year in respect of investment properties in the course of development was nil (2002: £365,000).

## 10. Stock

	<b>31 March 2003 £000</b>	<b>31 March 2002 £000</b>
Development sites	20,593	15,464
Properties held as trading stock	20,519	14,121
	<hr/> 41,112 <hr/>	<hr/> 29,585 <hr/>

Interest capitalised in respect of the development of sites is included in stock to the extent of £1,141,000 (2002: £633,000). Interest capitalised during the year in respect of development sites amounted to £795,000 (2002: £641,000).

## 11. Cash

	<b>31 March 2003 £000</b>	<b>31 March 2002 £000</b>
Rent deposits and cash secured against debt repayable within one year	2,142	3,247
Cash held to fund future development costs	5,087	28,300
Free cash	8,908	43,967
	<hr/> 16,137 <hr/>	<hr/> 75,514 <hr/>

## 12. Financing and financial instruments

	<b>31 March 2003 £000</b>	<b>31 March 2002 £000</b>
Bank overdraft and loans – maturity		
Due after more than one year	110,992	224,597
Due within one year	46,038	3,316
	<hr/> 157,030 <hr/>	<hr/> 227,913 <hr/>

The Company has various undrawn committed borrowing facilities. The facilities available at 31 March 2003 in respect of which all conditions precedent had been met were as follows:

	31 March 2003 £000	31 March 2002 £000
Expiring in one year or less	9,500	10,000
Expiring in more than one year but not more than two years	10,000	10,000
Expiring in more than two years	33,560	86,233
	<u>53,060</u>	<u>106,233</u>

Interest Rates	%	Expiry	31 March 2003 £000
Fixed rate borrowings			
- fixed	9.050	Feb 2009	8,830
- swap rate plus bank margin	5.656	Sep 2005	9,040
- swap rate plus bank margin	4.965	Mar 2007	5,925
- swap rate plus bank margin	5.846	Jun 2006	3,500
Weighted average	<u>7.140</u>	<u>Apr 2007</u>	<u>27,295</u>
Floating rate borrowings			130,493
Total borrowings			157,788
Deferred arrangement costs			(758)
			<u>157,030</u>

Floating rate borrowings bear interest at rates based on LIBOR.

## 12. Financing and financial instruments (continued)

### Hedging

In addition to the fixed rates, borrowings are also hedged by the following financial instruments.

Instrument	Value £000	Rate %	Start	Expiry
Current				
- cap	49,000	6.000-6.100		July 2004
- cap	80,000	7.500		Jan 2006
- collar	31,000	4.730-6.500		Jan 2006
- floor	49,000	4.730		Jan 2006
Future				
- floor	80,000	4.830	Jan 2004	Jan 2006
- collar	80,000	4.800-7.000	Jan 2006	Sept 2009

## Gearing

	31 March 2003 £000	31 March 2002 £000
Total borrowings	157,030	227,913
Cash	(16,137)	(75,514)
Net borrowings	140,893	152,399
Net assets	238,497	239,109
Gearing	59%	64%

Net borrowings exclude the Company's share of borrowings in joint ventures of £14,355,000 (2002: £14,520,000).

## Fair value of financial assets and financial liabilities

	31 March 2003 Book value £000	31 March 2003 Fair value £000	31 March 2002 Book value £000	31 March 2002 Fair value £000
Borrowings	157,788	159,127	229,383	230,256
Interest rate swaps	-	555	-	1,242
Other financial instruments	(223)	5,185	(223)	565
	157,565	164,867	229,160	232,063

The fair value of financial assets and liabilities represents the mark to market valuations at 31 March 2003 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 15p (2002: 6p).

## 13. Provision for liabilities and charges – deferred taxation

Deferred taxation provided for in the financial statements is set out below:

	31 March 2003 £000	31 March 2002 £000
Accelerated capital allowances	3,124	5,822
Other timing differences	42	754
	3,166	6,576
Less: - tax losses carried forward	-	(5,684)
- discount	(460)	(164)
Discounted provision for deferred tax	2,706	728

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 which are primarily in respect of capital allowances on plant and machinery, industrial buildings allowances, chargeable gains on investment properties sold since the balance sheet date and tax losses.

Amounts unprovided are:

Unrealised capital gains	17,144	32,102
	<u>17,144</u>	<u>32,102</u>

No provision has been made for taxation which would accrue if the investment properties were sold at their revalued amounts. The adjustment to net assets resulting from a recognition of these amounts would be to reduce diluted net asset value per share by 53p (2002: 99p).

#### 14. Share capital

	<b>31 March 2003 £000</b>	<b>31 March 2002 £000</b>
Authorised		
- 688,954,752 ordinary shares of 5p each	34,448	34,448
	<u>34,448</u>	<u>34,448</u>
Allotted, called up and fully paid		
Attributable to equity interests:		
- 29,913,476 ordinary shares of 5p each	1,496	1,496
	<u>1,496</u>	<u>1,496</u>

#### Share options

At 31 March 2003 options over 2,553,323 (2002: 2,489,221) new ordinary shares in the Company and 1,361,939 (2002: 1,491,939) purchased shares held by the ESOP had been granted to directors and employees under the Company's share option schemes. During the year options over 64,102 new ordinary shares were granted and options over 130,000 purchased shares were exercised.

## 15. Net assets per share

	£000	Number of Shares 000's	p.p.s.	Change since 31.03.2002 + / (-) %
Net asset value ("NAV")	235,881	29,913	789	-0.5
Add: potential exercise of options	11,525	2,554		
Diluted NAV	247,406	32,467	762	-0.5
Adjustment for:				
- capital allowances provided for but unlikely to be clawed back	2,706	-	8	
Adjusted diluted NAV	250,112	32,467	770	0.1
Adjustment for:				
- potential capital gains unprovided for	(17,144)	-	(53)	
- mark to market value of interest rate hedging agreements	(5,111)	-	(15)	
Adjusted diluted triple NAV	227,857	32,467	702	5.9

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

	Year Ended 31 March 2003 £000	Year Ended 31 March 2002 £000
Operating profit	31,195	34,098
Depreciation of fixed assets	230	267
Release of provision	-	(53)
Loss on sale of fixed assets	38	7
Amortisation of goodwill	51	52
Negative goodwill	(6,362)	-
Dividend from associates	150	179
(Increase)/decrease in debtors	(3,704)	10,429
(Decrease)/increase in creditors	(37,999)	22,212
Increase in stock	(10,732)	(1,557)
Net cash (outflow)/inflow from operating activities	(27,133)	65,634

## 17. Basis of preparation of the preliminary announcement

The preliminary announcement includes extracts from the draft statutory accounts for the year to 31 March 2003. The figures relating to the year to 31 March 2003 are unaudited. The comparative figures relating to the year to 31 March 2002 are taken from the audited statutory accounts for that year.