

## Chairman's Statement

### Summary of Interim Results

	30.9.01	30.9.00	30.9.99	30.9.98
	£000	£000	£000	£000
Rental income	15,162	13,561	12,917	10,336
Development profits	9,511	16,827	8,698	8,533
FRS3 profits	10,952	14,979	7,951	8,244
Profit/(loss) on sale of investment properties	183	157	1,166	(2)
Pre-tax profits	11,135	15,136	9,117	8,242
Interim dividend	5.5p	5.0p	4.4p	4.0p
Diluted EPS	28.6p	37.6p	24.7p	19.6p

### Development Profits

Although not at the exceptional level seen in the first six months of the last financial year, when 100 Wood Street was completed and let, Helical continued to generate substantial development profits in the half year to 30 September 2001.

The main contributor to profits in the half year was the 95,000 sq.ft. office development at 3 Bunhill Row, London EC1. Following the pre-letting of 57,600 sq.ft. to solicitors Linklaters, the development was forward sold in June 2001 to Matrix Securities for £63.5m. Adjacent to One Bunhill Row, which was completed for solicitors Slaughter and May in January 2001, the building is due for completion in December 2002.

1 Plough Place, a 55,000 sq.ft. office and restaurant development situated at the junction of Fetter Lane and Plough Place in Holborn, London, was quickly let following its completion in May 2001. The ground floor restaurant space was let to Chez Gerard for one of its Livebait seafood restaurants. Shortly afterwards the office space was let in its entirety to The New Opportunities Fund, a Government organisation distributing lottery funding. Pre-funded by Henderson Investors, these lettings allowed the Company to recognise the profits generated by the development in the half year.

At Hammersmith, London W6, we have now completed our two office developments. In October 2001 the Saunders Building, a 14,000 sq.ft. office development, was let to a joint venture company between Sony and Ericsson. The current intention is that this development, funded using internal resources, will now be sold. 200 Hammersmith Road is a 65,000 sq.ft. headquarters office building forward sold to a Merrill Lynch Investment Managers/HQ Global Offices Limited partnership and completed in November 2001.

Our 140,000 sq.ft. development at The Meadows Business Park, Camberley, forward funded by Scottish Widows, will be completed in early 2002. We have started work on a 340,000 sq.ft. office campus development at The Heights, Weybridge where we are constructing five office buildings on a 22 acre site funded by Prudential. We have also commenced work at The Waterfront Business Park, Fleet where we are building 54,000 sq.ft. of offices forward funded by Aberdeen Property Asset Managers. At 40 Berkeley Square plans are progressing in respect of a 75,000 sq.ft. scheme for current owners Morley Fund Management where a new office development will start in March 2002. We have recently submitted a planning application in respect of our redevelopment, in partnership with owners NCP, of a car park in Brewer Street, London W1. This application is for a 90,000 sq.ft. office building with a residential element.

During the six months to 30 September 2001 Helical Retail completed its retail developments at Bolton and Solihull and is now concentrating on two new schemes in Accrington and Wigan. In Accrington Helical Retail is looking to redevelop the town centre in a 52,700 sq.ft. scheme. Forward sold to Bilsdale and pre-let to Wilkinsons, JJB Sports and others, work is expected to commence in Spring 2002. In Wigan a site has been secured for a 135,000 sq.ft. retail development and Helical Retail is currently awaiting planning clearance. In addition, a number of potential schemes are being worked up including an 82,500 sq.ft. B&Q store in Great Yarmouth, a 70 acre mixed use scheme in Blackburn, a 123,000 sq.ft. retail warehouse park in Hanley and the 290,000 sq.ft. Mint Quarter retail development in Ipswich.

### **Investment Portfolio**

In the first half of the financial year the Company disposed of the vast majority of its smaller properties, comprising 20 in total, in two portfolio sales raising over £40m. These sales, a mixture of offices, industrial and retail, reduced the number of properties held by the Company by over 40% and were at or above book value. During the same period the Company incurred £14m of expenditure on new property and refurbishing existing investment properties. As a result of these transactions the investment portfolio currently has 75% of value in Central London offices, 5% in South East offices, 13% in industrial buildings and 7% in out of town retail based on 31 March 2001 valuations. The investment portfolio has not been revalued at 30 September 2001.

### **Financing**

The net sales of investment properties during the period and the forward selling of the office development at 3 Bunhill Row, where all the proceeds of sale were received in advance of construction, have contributed to a reduction in Helical's net debt to £164m and a reduction in gearing to 66%.

With £160m of floors at 4.73% and 4.83% the Company is currently unable to benefit from further reductions in short term interest rates. The effect of the recent movement in interest rates on the Company's FRS13 value is that net assets at 30 September 2001 would be reduced by £3.9m or, on a diluted basis, 12 pence per share, if they were adjusted to reflect financial instruments on a fair value basis.

The Company has adopted the provisions of FRS19 on Deferred Tax in these Interim Accounts. This new standard requires tax to be provided for on most types of timing differences including capital allowances. The impact of clawing back all plant and machinery and industrial buildings allowances previously claimed by the Company would be to create a tax liability of £6.6m. In the profit and loss account the Company has offset against the provision for this liability £6.0m arising from tax losses available within the group to offset against any such clawback of allowances. The net tax charge of £600,000 has increased the overall tax charge in the period to £2.6m (an effective rate of 23%). Unprovided deferred tax on revaluation surpluses on investment properties amounts to £29.8m or, on a diluted basis, 92 pence per share.

Net assets per share of 827p compare with 803p at 31 March 2001. Diluted net assets per share rose over the same period from 776p to 797p and, after taking into account FRS13 values of financial investments and the unprovided deferred tax, the Company's net assets per share rose from 686p to 693p.

### **Summary**

In the first half of the current financial year the Company has been successful in reducing vacant space in its development programme with lettings at 3 Bunhill Row, 1 Plough Place and The Saunders Building, Hammersmith.

In the light of recent events Helical's decision to degear, taken in the summer of 2000, appears to have been timely. The Company is waiting to see value before reinvesting in the market and with the events of September 11 still reverberating around the world we may have to wait longer than previously anticipated. In the meantime it is not possible to predict with confidence the timing of development profits.

Nevertheless, property continues to offer a defensive and high-yielding asset class where institutional weightings have been at historically low levels. In this market we believe that Helical, with an experienced and entrepreneurial management team and sound financial base, is well-positioned to take advantage of new opportunities.

**John Southwell**  
**CHAIRMAN**  
**14 November 2001**

## **Independent Review Report to Helical Bar plc**

### **Introduction**

We have been instructed by the Company to review the financial information set out on pages 5 to 8 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

### **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of Interim Financial Information' issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2001.

**Grant Thornton**  
***Registered Auditors***  
**Chartered Accountants**

**14 November 2001**

## Group Profit and Loss Account

For the half year to 30 September 2001

	Notes	Unaudited Half Year To 30 September 2001 £000	Unaudited Half Year To 30 September 2000 £000	Audited Year To 31 March 2001 £000
Turnover	1	70,975	80,892	165,259
Cost of sales		(47,961)	(51,467)	(108,958)
		-----	-----	-----
Gross profit	1	23,014	29,425	56,301
Administrative expenses		(4,929)	(4,759)	(12,031)
		-----	-----	-----
Operating profit		18,085	24,666	44,270
Share of associated company profits		-	-	86
Profit on sale of investment properties		378	157	709
Loss on sale of subsidiary		(195)	-	-
		-----	-----	-----
Profit on ordinary activities before interest		18,268	24,823	45,065
Net interest payable and similar charges		(7,133)	(9,687)	(19,241)
		-----	-----	-----
Profit on ordinary activities before taxation		11,135	15,136	25,824
Taxation		(2,609)	(3,918)	(5,284)
		-----	-----	-----
Profit on ordinary activities after taxation		8,526	11,218	20,540
Minority interest		(75)	(13)	(126)
		-----	-----	-----
Profit for the period		8,451	11,205	20,414
Ordinary dividends – 5.5p (5.0p)		(1,563)	(1,445)	(3,570)
		-----	-----	-----
Retained profit for the period		6,888	9,760	16,844
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Earnings per 5p share	2			
- basic		29.7p	38.8p	70.6p
- fully diluted		28.6p	37.6p	68.3p

## Summary Group Balance Sheet

At 30 September 2001

	Unaudited At 30 September 2001 £000	Unaudited At 30 September 2000 £000	Audited At 31 March 2001 £000
Fixed assets	443,434	412,484	464,968
Other assets for resale	500	525	525
Stock	23,279	35,928	27,861
Investments	1	1	1
Debtors	30,965	55,763	36,439
Cash	44,337	7,234	31,841
Creditors falling due within one year	(102,756)	(61,205)	(88,331)
Creditors falling due after one year	(190,730)	(255,359)	(231,395)
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<b>Net Assets</b>	<b>249,030</b>	<b>195,371</b>	<b>241,909</b>
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<b>Capital &amp; Reserves</b>			
Called up share capital	1,496	1,496	1,496
Share premium account	35,264	35,264	35,264
Revaluation reserve	127,084	89,287	128,468
Capital redemption and other reserves	7,392	7,392	7,392
Profit and loss account	76,040	60,625	67,611
	-----	-----	-----
Shareholders' funds	247,276	194,064	240,231
Minority interests	1,754	1,307	1,678
	-----	-----	-----
	249,030	195,371	241,909
	-----	-----	-----
<b>Shareholders' Funds</b>			
Attributable to equity interests	247,276	194,064	240,231
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<b>Net assets per share</b>			
basic	827p	649p	803p
fully diluted	797p	633p	776p

## Summary Cash Flow Statement

For the half year to 30 September 2001

		Unaudited Half Year To 30 September 2001 £000	Unaudited Half Year To 30 September 2000 £000	Audited Year To 31 March 2001 £000
	Notes			
Net cash inflow from operating activities	4	53,511	2,331	56,615
Returns on investment and servicing of finance		(8,041)	(10,221)	(20,582)
Taxation		(270)	(1,512)	(5,785)
Capital expenditure and financial investment	5	26,621	(86)	(16,779)
Acquisitions and disposals		(348)	(40)	-
Equity dividends paid		(2,132)	(1,951)	(3,389)
		-----	-----	-----
Cash flow before management of liquid resources and financing		69,341	(11,479)	10,080
Management of liquid resources		(18,282)	3,062	(15,553)
Financing				
- (decrease)/increase in debt		(57,055)	(2,285)	4,141
- issue of shares		-	777	777
		-----	-----	-----
Decrease in cash		(5,996)	(9,925)	(555)
		-----	-----	-----
<b>Reconciliation of net cash flow to movement in net debt</b>				
Decrease in cash in the period		(5,996)	(9,925)	(555)
Cash flow from management of liquid resources		18,282	(3,062)	15,553
Cash flow from change in net debt		57,055	2,285	(4,141)
Debt arrangement expenses		(194)	(276)	(572)
		-----	-----	-----
Movement in net debt in the period		69,147	(10,978)	10,285
Net debt at beginning of the period		(232,800)	(243,085)	(243,085)
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Net debt at end of the period		(163,653)	(254,063)	(232,800)
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<b>Gearing</b>		66%	133%	96%

## Statement of Total Recognised Gains and Losses

For the half year to 30 September 2001

	Unaudited Half Year To 30 September 2001 £000	Unaudited Half Year To 30 September 2000 £000	Audited Year To 31 March 2001 £000
Profit for the period after taxation	8,526	11,218	20,540
Minority interest	(75)	(13)	(126)
Surplus on revaluation of investment properties sold during the period	144	-	39,467
Deficit realised on sale of subsidiary	(317)	-	-
Minority interest in revaluation surplus	-	-	(385)
<b>Total recognised gains and losses relating to the period</b>	<b>8,278</b>	<b>11,205</b>	<b>59,496</b>



## Notes to the Interim Statement

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

	Unaudited Half Year To 30 September 2001 £000	Unaudited Half Year To 30 September 2000 £000	Audited Year To 31 March 2001 £000
<b>Turnover</b>			
Trading property sales	2,282	-	14,552
Rental income	15,162	13,561	28,642
Developments	53,417	60,461	115,176
Share dealing	-	6,815	6,815
Other income	114	55	74
	-----	-----	-----
	70,975	80,892	165,259
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<b>Gross Profit</b>			
Trading property sales	153	(445)	920
Net rental income	13,481	11,977	25,532
Developments	9,511	16,827	29,507
Share dealing	-	1,144	1,144
Other net income	(131)	(78)	(802)
	-----	-----	-----
Gross profit	23,014	29,425	56,301
Central overheads	(4,929)	(4,759)	(12,031)
Interest payable less receivable	(7,133)	(9,687)	(19,241)
Share of associated company profits	-	-	86
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Profit before taxation, profit on sale of investment properties and loss on sale of subsidiary	10,952	14,979	25,115
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### 2. Earnings per share

Basic earnings per share have been calculated on the basis of profits after tax on 28,419,758 (2000 28,903,697) ordinary shares. Fully diluted earnings per share have been calculated on 29,532,794 (2000 29,795,977) ordinary shares which include the exercise of share options.

### 3. Notes to the Balance Sheet

Realisations of £1.4m of property revaluation surpluses of prior periods have been transferred to the profit and loss reserve.

Investment properties within fixed assets are carried at cost or valuation at 31 March 2001.

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

	Unaudited Half Year To 30 September 2001 £000	Unaudited Half Year To 30 September 2000 £000	Audited Year To 31 March 2001 £000
Operating profit	18,085	24,666	44,270
Depreciation of fixed assets	134	120	253
Loss/(profit) on sale of fixed assets	7	(11)	16
Profit on sale of investments	-	(1,144)	(1,144)
Amortisation of goodwill	26	25	64
Dividend from associated company	67	-	-
Decrease/(increase) in debtors	852	(2,667)	20,770
Increase/(decrease) in creditors	29,325	(5,385)	(6,766)
Decrease/(increase) in stocks	5,015	(13,273)	(848)
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Net cash inflow from operating activities	53,511	2,331	56,615
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### 5. Capital Expenditure and Financial Investment

	Unaudited Half Year To 30 September 2001 £000	Unaudited Half Year To 30 September 2000 £000	Audited Year To 31 March 2001 £000
Purchase of property	(13,782)	(30,866)	(43,739)
Sale of property	40,517	26,715	26,967
Purchase of fixed assets	(75)	(345)	(547)
Sale of fixed assets	8	72	89
Purchase of investments	(47)	(2,476)	(6,327)
Sale of investments	-	6,814	6,778
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	26,621	(86)	(16,779)
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## **6. Notes to the Interim Statement**

The interim statement was approved by the Board of Directors on 13 November 2001. The foregoing financial information does not represent full accounts within the meaning of S.240 of the Companies Act 1985, and has been reviewed but not audited by the auditors, nor filed with the Registrar of Companies.

The results for the 12 months to 31 March 2001 are an abridged version of the full accounts which received an unqualified auditor's report and have been filed with the Registrar of Companies.

The interim dividend is payable on 21 December 2001 to shareholders on the register on 23 November 2001.

This statement is being sent to shareholders and will be available from the Company's Registered Office at 11-15 Farm Street, London, W1J 5RS.