Caledonian Trust PLC

28 March 2011

Unaudited Interim Results

for the six months ended 31 December 2012

Caledonian Trust PLC, the Edinburgh-based property investment holding and development company, announces its unaudited interim results for the six months ended 31 December 2011.

CHAIRMAN'S STATEMENT DECEMBER 2011

Introduction

The Group made a pre-tax loss of £633,000 in the six months to 31 December 2011, compared with a loss of £101,000 for the same period last year.

The loss per share was 5.33p compared with a loss of 0.85p last year and the NAV per share was 152.3p compared with 164.5p last year. For the year to 30 June 2011 the comparable figures were a loss of 7.78p and NAV of 157.6p.

Investment property values were revised downwards by £250,000. There was a small profit on the sale of an investment property in the period. Property revenues were significantly reduced from last year due to fewer property disposals in the period. Property costs also reduced in the period but not in proportion to the reduction in revenue due to costs on empty properties and to higher rates and other costs. Administrative expenses decreased slightly by £17,000. Financing costs were in line with last year.

No dividend will be paid for the period.

Review of Activities

The Group has continued to invest in enhancing the value of its development properties by working towards or gaining valuable planning consents. Some limited development work has also been undertaken to facilitate disposals and to protect existing consents by commencing development.

At St Margaret's House, London Road, Edinburgh, our largest individual property, planning consent in principle was issued in September 2011 for a 231,000ft² mixed use development of residential and/or student accommodation, an hotel and offices and other commercial space together with parking for 225 cars. The existing building continues to be wholly let at a modest rent to charitable causes. The car parking spaces are let to our neighbours, the Registers of Scotland, on a short-term lease. Thus we continue to hold the building with very limited outgoings and expect to be able to raise the current modest rent year by year.

In east Edinburgh at Brunstane we hold consent to rebuild and extend a cottage and to convert a Georgian steading into nine houses and to convert another period building into a 3,500ft² detached house. We are currently undertaking an initial external works contract to provide the services infrastructure for the new development and to improve the services infrastructure serving the existing five terraced cottages together with other works including car parking, hard standing and redesign of the gardens. We expect to let a contract shortly for renovation of the three vacant cottages in this terrace and other general improvements to the terrace. An original Georgian cottage, south facing with french doors to the garden, near a railway station and within the City but with a country atmosphere, will be a desirable property.

At Strathtay we obtained consent for three new houses, a large detached house of 7,263ft² and two semi-detached "coach houses" totalling 3,550ft² on part of our site in November 2011. At Ardpatrick Estate we obtained consent in September 2011 for a single dwellinghouse of 1670ft² adjacent to the South Lodge, a site enjoying wonderful south-facing views over West Loch Tarbert with a separate detached double garage.

We have recently submitted a new application for five houses on our site at Myreside in the Carse of Gowrie and will shortly submit an application for twelve houses on our site at Frithfield six miles from St

Andrews. We have also submitted an application for a new detached house on the site of Bay Cottage at Ardpatrick.

The investment property at Rosslyn Street, Kirkcaldy, was the only sale realised in the six months to 31 December 2011. After negotiations over an extended period the property was sold to the tenant. As previously reported we had exchanged contracts for the sale of our site at Baylis Road/Murphy Street, London. The purchasers' planning consent was approved by Lambeth Council on 20 March 2012 and the sale completed on Monday 26 March 2012. We will use the proceeds of *c*£2.8m to eliminate the Group bank borrowing of £1.5m, to fund selective small development and to make opportunistic purchases.

Economic Prospects

UK GDP fell by 0.2% in the three months to December 2011, after rising 0.6% in the previous three months, to give 0.8% growth for 2011. The NIESR estimate that in the three months to January 2012 the economy continued to contract but in the three months to February GDP expanded by 0.1%. It seems likely that there will not be a contraction in the three months to March 2012 and a recession, two consecutive quarters decline in output, will be avoided. The NIESR describes the economy as "flat", possibly falling 0.1% in 2012 as a whole, but expects recovery to "take hold" in 2013 – rising by 2.3%.

Other recent forecasts for the UK economy in 2012 are not quite so gloomy, although they have almost always been downgraded from previous levels. The Economist poll of forecasters illustrates a progressive decline: growth figures for 2012 were forecast as 2.0% (June), 1.9% (August), 1.6% (September), 1.3% (October), 1.1% (November), 0.6% (December) and 0.2% January 2012, the current position. The Treasury "Forecasts for the UK Economy" follow a very similar pattern, but forecasts 2012 growth to be slightly higher at 0.4%.

The current depression has already lasted longer than the 48 months of the 1930-34 "Great Depression" and the NIESR expect output to be below the earlier peak in the first quarter of 2008 until about mid 2014, or for 66 months. On the trend established before the recession the current output is 12-15% lower than it would have been. The anti-Keynesian economists argue that the pre-recession rate of expansion was unsustainable and the gap between actual output and that estimated from the modified trend line is 6% to 8%. The output gap, the amount an economy could expect to grow without hitting immediate capacity constraints drops as productive capacity – plant, technology, skill and labour – become scrapped, idle or bypassed. The Bank of England concedes that "the recovery to date has been weak" and states that recovery will be unlikely until mid-2013, a more optimistic view than most commentators, and observes that "there exists a sizeable margin of spare capacity in the labour market". Accordingly, the inflation risks for any given increase in demand should be limited.

The Bank of England has eased monetary policy far beyond any previous limit, for a lot longer and with more ingenuity than ever before. Base rates have been held at a long time low for three years and the rates implied by market interest rates are that rates will not rise before 2014. The Bank has also engaged in an unprecedented asset purchase programme quaintly termed Quantitative Easing, "QE", of an initial £200bn followed by further tranches of £75bn in October 2011 and £50bn in February 2012, or £325bn altogether. The Bank estimates that the initial QE of £200bn raised GDP by 1½% to 2% and inflation by ¾% - 1½% and, if so, it has prevented a "double dip" recession, an altogether reasonable trade-off, given that the prospect of high inflation seems muted. It is politically incorrect to observe that a little extra inflation would be remarkably useful at this stage!

Patently the monetary stimuli, however beneficial, have not allowed the economy to resume "normal" growth still less to attain the higher "catch-up" rate of growth that normally follows a recession. Indeed the use of QE indicates that base rate reductions were insufficient in themselves for the desired stimulus. This occurs because a whole panoply of restrictions pre-empts these rates being effective in the market place. Libor rates are higher, margins charged by banks are higher, the conditions imposed on loans are transformed compared to previously, repayments are higher, the banks are pricing loans by systematised credit check rather than knowledge of the credit risk, a contributing factor to the Great Depression in the USA as described by Ben Bernanke, and, ultimately, they are rationing the credit as they use loan reduction as one of several methods of improving their loan to equity ratios, as required by the new regulations.

These are overly conservative for the current difficult times – a case of closing the credit stable doors after the bad loans have already been made, or otherwise bolted.

Access to bank credit is relatively more important for SMEs than for larger companies. The Bank says "small businesses are more reliant on bank borrowing because they are unable to substitute away from bank funding by accessing alternative (sic!) sources of capital market finance". Since late 2009 lending has been declining – about 2% pa increasing to about 7% pa in late 2011. This rate of contraction masks two significant points. The 2% contraction in late 2009 took place immediately after lending had expanded at a rate of 10% to 14% in 2008. The contraction of 7% in credit to SMEs in 2011 is a net figure. Within that net figure there will be a hardcore of lending which, for whatever reason, the banks choose not to force recovery. If that is say 50% of lending, then the reduction in discretionary lending is not 7% but actually 14%. The precise figures are obviously closely guarded commercial secrets, but the reduction in available credit in 2011 would have been significantly above the headline 7% figure.

Monetary policy has been and is at its most expansionary: all-time low interest rates and extensive open market operations, as they are termed in the US. While the overall effect has been dramatic and an increase of 1½% to 2% ascribed to QE, the economy is not growing and the SME sector, a key element in any economic recovery, is starved of funds. QE is being used to buy financial assets, £325bn by the end of the third round, predominantly government gilts reducing their supply, increasing their price and reducing their yield to almost all time record lows. The Bank of England will shortly own almost ⅓ of the gilt market. The direct effect on the SME loan market is minimal and any indirect effect via financial intermediaries has been insufficient to counter other contractory factors. Monetary policy, even used to extremes, as currently practised has proved insufficient to restore growth to the UK economy.

Monetary stimulus is being overridden by fiscal contraction. In the US, where the Great Depression and the searing experience of mass unemployment and social collapse was patently reinforced by the restrictive policies of President Hoover who was advised to "Liquidate labour, liquidate stocks, liquidate farmers, liquidate real estate … it will purge the rottenness out of the system", the Obama administration has followed what Martin Wolf calls a "pro stimulus" approach to their fiscal policy, as well as an equivalent expansionary monetary policy. Such a policy is succeeding well. The March Economist poll of forecasters expects the US economy to grow 2.1% in 2012 and the Economist expects 2.5% which it says "will not bring the jobless rate down fast [but], it could be the first step towards a self-sustaining recovery … " .

The case for some fiscal stimulus such as has been provided in the US, has been repeatedly put by Martin Wolf in the FT who quotes even the conservative IFS as saying the "case for a short term fiscal stimulus is stronger now than a year ago." A major argument against a stimulus is the risk to credibility and to the cost of borrowing. However, as in the US, a sovereign UK presents quite a different credit risk to a sub-sovereign Eurozone borrower and if the stimulus is correctly targeted to produce growth it should result in less borrowing, not more. Last year, to Mr Cameron's consternation, fiscal cuts perversely led to increased borrowing. The most suitable fiscal changes should leave the present cuts in current spending in place, reduce tax charges to encourage demand, encourage long-term structural and fiscal returns and invest in immediately available infrastructure projects. Without such stimulus, recession may be avoided but growth will be low.

Expansionary proposals have many parallels with the US, they are in contrast to the further fiscal restrictions proposed in the Eurozone where fiscal contraction is the German medicine prescribed to cure structural deficits. The Eurozone enjoys a temporary euphoria after successfully negotiating in Greece the largest sovereign default in history, £100bn, without disrupting the structure of the Eurozone, but without solving either the problem of the Greek debt or the Eurozone's inherent inconsistency. The FT says "The Greek Sovereign debt drama has merely paused for an interval". The long term problem debts at over 100% of GNP and a rapidly shrinking non-competitive economy remain. The focus has been on Greece in spite of its minor significance to the Eurozone – little more than 2% of GNP - is because it represents an extreme example of the failings of the Eurozone but, alas, by no means an unique one.

The troubles in the Eurozone have facilitated a wider understanding of the inherent inconsistencies of a monetary union without a fiscal and political union which should be of service to the Scottish public in the debate over separation. One proposal is for Scotland to be independent within the Sterling area. Such a structure exactly mimics the Eurozone structure i.e. a monetary union without fiscal and political union. If an independent Scotland wanted to and was permitted to join the Eurozone, it joins a similarly unbalanced

system. A separate currency, as in Norway, avoids inconsistency but comes at high economic costs. Sadly, much of the Scottish debate is not well informed. Scotland is a rich country with a per capita income only 3.8% below that of the UK. However the economy is 4 percentage points smaller than 4 years ago and it grew by just 1.6% between Q2 2009 and Q2 2011 against 2.7% growth in the UK and some similar sized European Union Countries. Public spending is half of GDP and the fiscal deficit in 2009/10 was 17% of GDP. Scotland could attract a low credit rating, not the UK's AAA, but say A plus/A1, the same as Slovakia, a nation state with similarities where the 10 year bond yields 4.5% - a long way from the UK's 2% to 2.5%. If debt was 80% of GDP, roughly as at present, then the annual extra cost of the debt to Scotland would be 1.6% of GDP, almost equal to the GDP growth rate. "Ah", say the promoters of independence, "Scotland's oil", true, but UK oil resources are rapidly declining and will fall to 0.2% of UK GDP in ten years from 0.7% now. Giving Scotland its geographical share would still have resulted in Scotland having a 10.6% fiscal deficit in 2010, but a growing one thereafter as output continues to fall. Of course the exuberance of independence may well release a torrent of innovation and enterprise but without such a renaissance economic prospects are at best not improved.

Property Prospects
The IPD Index commercial property returns were 8.1% in 2011, 14.5% in 2010, 2.1% in 2009 and –22.5% in the disaster year of 2008.[201] The 2011 return comprised 6.8% Income return and 1.3% "Capital" return. Equities returned -3.46% and Gilts an astonishing 26.26%. The "Capital" return peaked in October 2011 and then fell back marginally to December 2011 and has continued to decline subsequently. The CBRE All Property Yield in November 2011 was 6.1% a nominal 0.1 percentage point yield drop in the year. However the 10 year Gilt Yield dropped 1.4 percentage points in November 2011 to 2.0% an all time low, 4.1 percentage points lower than the All Property Yield. At the market peak in May 2007 it was 4.8% compared to the current 6.1%, or equivalent to a fall in value of 21.3% assuming unchanged rents. The All Property Rent Index was 188 in May 2007 compared to 169 in November 2011, which with the yield change is equivalent to a drop of 29.3% in value since the peak. Over the year there were no significant differences among the different property sectors in either yield or rental changes.

The immediate prospects for commercial property seem unfavourable. The total expected return for 2012 derived from derivatives on 18 March 2012 is nil! The February 2012 IPF UK Consensus Forecast shows a marked downturn from the already poor forecasts of November 2011. Forecast total returns are now 1.6%, 6.4% and 7.8% for 2012, 2013 and 2014 respectively, the 2012 forecast being revised down from 4.5% to 1.6% in February. All Property Capital Values are forecast to fall 4.6% in 2012 almost sufficient to offset the 6.2% income return. Rental value is forecast to fall 0.80%. Capital values are not forecast to change over the five years to 2016, and rents are forecast to rise by only 1% per year until 2016.

I repeat what I said in my December statement "I see no recovery in the investment property market until there is a prospect of "normal" economic growth. In due course there will be a cyclical recovery. However, the investment market will continue [to experience] a secular erosion caused by the factors previously enumerated, particularly technical obsolescence, loss of locational primacy and competition from new formats."

House prices changed little in 2011, following little change in 2010. In 2011 Nationwide reported a rise of 1%, Halifax a fall of 1.3% and LSL Acadametrics a fall of 0.5% in England & Wales. LSL observes that the England & Wales market is strongly influenced by London prices which rose 2% in the year and masked a 2% fall outside London with some areas, such as the North, falling 4% or more.

Figures for Scotland are varied. LSL reports a 1.9% drop, equivalent to England & Wales without London, and Savills a fall of 0.8%, but Lloyds TSB, averaging the four quarters of 2011 and comparing them with the previous four quarters, reports prices have dropped by 4.2%. The ESPC survey, however, shows that while prices in the three Lothian councils areas surrounding Edinburgh are down by up to 11.1% (West Lothian) and flats in peripheral Edinburgh have fallen, Central City and Suburban prices have risen, as has the average price in Edinburgh. Lloyds TSB, like the other mortgage providers only reports prices from its own mortgage book, but LSL's coverage is comprehensive.

Forecasts for the UK housing market are reported monthly in the Treasury "Forecast of the UK economy". Before the 2011 Autumn statement a "rounded" average was for a 1% rise in 2012, but this has fallen steadily and the February report forecasts a fall of 1%. Savills are much more pessimistic and expect a 4% fall: indeed they forecast no rise in 2013 or 2014 and only 0.5% in 2015, with a fall of 1.6% overall in the 5

years to 2016. However, in "Prime Edinburgh" the market is expected to be much better, rising 9.2% over the five years to 2016, a similar distinction possibly arising between the Capital and the rest of Scotland that exists between London and the rest of the UK.

The performance of the economy will be the main determinant of the house market. Low economic growth will give higher unemployment and more house repossessions increasing housing supply. Demand will be constrained by rationed finance, shortage of capital and lack of confidence. Properties appealing to "outside" buyers may however go up in price. Overall I expect a continued decline in house prices in 2012 unless the current fiscal policy is modified.

Conclusion

We are continuing to endure the longest documented depression in history, longer than the "Great Depression" of the 1930s. The depth of the recession has been limited by the intervention of the authorities, which, although originally late and tentative, has been comprehensive and has proved effective in returning the economy to limited growth. Barring exogenous shocks, such as an all out war in the Middle East, or a "major" Eurozone crisis, the main variables determining the length of the depression are the supply of credit, the extent of any short term fiscal stimulus given to the economy and the rate of removal of industrial, social and institutional barriers to growth. Scotland traditionally had a large state sector which will expand with any further transfers of powers, and, while this may provide desired social benefits, will be at the expense of economic growth.

Notwithstanding current and prospective constraints there will be profitable trading opportunities. There are also opportunities to acquire properties on favourable terms and we will continue to try to effect participation arrangements which will allow us to exploit our market knowledge and planning skills. The sale of Baylis Road has released funds for such uses and makes the Group wholly independent of bank finance. The continued reduction in house construction, particularly of family homes, will reduce their supply, while unfulfilled demand continues to increase. A large proportion of our prospective sites are targeted at this market.

In our existing portfolio most development properties are valued at cost, usually based on existing use, and, when these sites obtain consent and are then developed or sold, the considerable upside value will be realised.

I D Lowe
Chairman 27 March 2012

Consolidated income statement for the six months ended 31 December 2011

	Note	**Unaudited 6 months ended 31 Dec 2011 £000**	**Unaudited 6 months ended 31 Dec 2010 £000**	**Audited Year ended 30 June 2011 £000**
Revenue from properties		**194**	355	704
Property charges		**(179)**	(200)	(368)
Net rental and related income		**15**	155	336
Proceeds from sale of trading properties		**-**	-	-
Carrying value of trading properties sold		**-**	-	-
Profit from disposal of trading properties		**-**	-	-
Other income		**79**	31	43
Other expenses		**-**	-	-
Net other income		**79**	31	43
Administrative expenses		**(384)**	(401)	(896)
Operating loss before investment property disposals and valuation movements		**(290)**	(215)	(517)
Profit/(loss) on disposal of investment properties		**10**	-	(273)
Valuation gains on investment properties		**-**	215	175
Valuation losses on investment properties		**(250)**	-	(50)
Operating loss before net financing costs		**(530)**	-	(665)
Finance income		**1**	-	-
Finance expenses		**(104)**	(101)	(260)
Loss before taxation		**(633)**	(101)	(925)

	Note			
Taxation	5	**-**	-	-
Loss for the financial period attributable to equity holders of the company		**(633)**	(101)	(925)
Loss per share				
Basic earnings/(loss) per share (pence)	4	**(5.33p)**	(0.85p)	(7.78p)
Diluted earnings/(loss) per share (pence)	4	**(5.33p)**	(0.85p)	(7.78p)

Caledonian Trust PLC

Consolidated statement of recognised income and expenditure for the six months ended 31 December 2011

	Unaudited 6 months ended 31 Dec 2011 £000	Unaudited 6 months ended 31 Dec 2010 £000	Audited Year ended 30 June 2011 £000
Change in the fair value of equity securities available for sale	-	-	(1)
Net loss recognised directly in equity	-	-	(1)
Loss for the period	**(633)**	(101)	(925)
Total recognised income and expense for the period attributable to equity holders of the parent	**(633)**	(101)	(926)

Caledonian Trust PLC

Consolidated balance sheet as at 31 December 2011

	Note	Unaudited 31 Dec 2011 £000	Unaudited 31 Dec 2010 £000	Audited 30 June 2011 £000
Non current assets				
Investment properties		**11,100**	16,625	11,650
Plant and equipment etc		**36**	23	35
Investments		**4**	5	4
Total non-current assets		**11,140**	16,653	11,689
Current assets				
Trading properties		**11,215**	11,000	11,131
Trade and other receivables		**123**	169	65
Cash and cash equivalents		**444**	-	577
Total current assets		**11,782**	11,169	11,773
Total assets		**22,922**	27,822	23,462
Current liabilities				
Trade and other payables		**(604)**	(553)	(512)
Interest bearing loans and borrowings		**(4,223)**	(7,716)	(1,497)
		(4,827)	(8,269)	(2,009)
Non current liabilities				
Interest bearing loans and borrowings		**-**	-	(2,725)
		-	-	(2,725)
Total liabilities		**(4,827)**	(8,269)	(4,734)
Net assets	6	**18,095**	19,553	18,728
Equity				
Issued share capital	7	**2,377**	2,377	2,377
Other reserves		**2,920**	2,920	2,920
Retained earnings	6	**12,798**	14,256	13,431
Total equity attributable to equity holders of the parent	**6**	**18,095**	19,553	18,728

Caledonian Trust PLC

Consolidated cash flow statement for the six months ended 31 December 2011

	Unaudited 6 months ended 31 Dec 2011 £000	Unaudited 6 months ended 31 Dec 2010 £000	Audited Year ended 30 June 2011 £000
Profit/(loss) for the period	**(633)**	(101)	(925)
Adjustments			
(Profit)/loss on sale of investment property	**(10)**	-	273
Investment property valuation movements	**250**	(215)	(125)
Depreciation	**-**	-	9
Net finance expense	**103**	101	260
Operating cash flows before movements in working capital	**(290)**	(215)	(508)
Increase in trading properties	**(84)**	(109)	(240)
(Increase)/decrease in trade and other receivables	**(58)**	(35)	69
Increase in trade and other payables	**72**	57	26
Cash generated from operating activities	**(360)**	(302)	(653)
Interest paid	**(83)**	(90)	(260)
Interest received	**1**		-
Cash flows from operating activities	**(442)**	(392)	(913)
Investing activities			
Proceeds from sale of investment property	**310**	-	4,612
Purchases of plant and equipment	**(1)**	(1)	(22)
Cash flows from investing activities	**309**	(1)	4,590
Financing activities			
Proceeds from/(repayments of) long term borrowings	**-**	100	(4,175)
Increase in other borrowings	**-**	-	825
Cash flows from financing activities	**-**	100	(3,350)
Net (decrease)/increase in cash and cash equivalents	**(133)**	(293)	327
Cash and cash equivalents at beginning of period	**577**	250	250
Cash and cash equivalents at end of period	**444**	(43)	577

1 This interim statement for the six month period to 31 December 2011 is unaudited and was approved by the directors on 27 March 2012. The information set out does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

2 Going concern basis

After making enquiries, the Directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this interim statement.

3 Accounting policies

Caledonian Trust PLC (the "company") is a company domiciled in the United Kingdom

Basis of preparation

The interim statement is prepared applying the recognition and measurement requirements of IFRSs as adopted by the EU. The company has elected not to prepare the interim statement in accordance with IAS 34 as adopted by the EU.

The interim statement does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the company as at and for the year ended 30 June 2011 which were prepared in accordance with IFRSs as adopted by the EU.

The preparation of the interim statement requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results differ from these estimates. The accounting policies applied by the company in this interim statement are the same as those applied in its financial statements as at and for the year ended 30 June 2011. Copies of the Annual Report for 2011 are available from the Company's head office by applying to the Company Secretary.

These policies are expected to apply to the accounts for the year ending 30 June 2012.

The comparative figures for the financial year ended 30 June 2011 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

4 Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the earnings/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period as follows:

	6 months ended 31 Dec 2011 £000	6 months ended 31 Dec 2010 £000	Year ended 30 June 2011 £000
Loss for financial period	**(633)**	(101)	(925)
	No.	No.	No.
Weighted average no. of shares:			
For basic earnings per share and for diluted earnings per share	**11,882,923**	11,882,923	11,882,923
Basic earnings/(loss) per share	**(5.33p)**	(0.85p)	(7.78p)
Diluted earnings/(loss) per share	**(5.33p)**	(0.85p)	(7.78p)

5 Taxation

Taxation for the 6 months ended 31 December 2011 is based on the effective rate of taxation which is estimated to apply to the year ending 30 June 2012. Due to the tax losses incurred there is no charge for the period.

In the case of deferred tax in relation to investment property revaluation surpluses, the base cost used is historical book cost and includes allowances or deductions which may be available to reduce the actual tax liability which would crystallise in the event of a disposal of the asset. At 31 December 2011 there is a deferred tax asset which is not recognised in these accounts.

6 Capital and reserves

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000
At 1 July 2011	2,377	2,920	13,431	18,728
Total recognised income and expense	-	-	(633)	(633)
At 31 December 2011	**2,377**	**2,920**	**12,798**	**18,095**
At 1 July 2010	2,377	2,920	14,357	19,654
Total recognised income and expense	-	-	(101)	(101)
At 31 December 2010	2,377	2,920	14,256	19,553
At 1 July 2010	2,377	2,920	14,357	19,654
Total recognised income and expense	-	-	(926)	(926)
At 30 June 2011	2,377	2,920	13,431	18,728

The other reserves consist of the share premium account and the capital redemption reserve.

7 Issued share capital

	31 December 2011		31 December 2010		30 June 2011	
	No 000	**£000**	No. 000	£000	No. 000	£000
Authorised						
Ordinary shares of 20p each	**20,000**	**4,000**	20,000	4,000	20,000	4,000
Issued and fully paid						
Ordinary shares of 20p each	**11,883**	**2,377**	11,883	2,377	11,883	2,377