

# CALEDONIAN TRUST

PLC

## INTERIM STATEMENT

Half Year to 31 December 2003

61 NORTH CASTLE STREET  
EDINBURGH EH2 3LJ

TELEPHONE: 0131-220 0416  
FACS IMILE : 0131-220 0417

# CALEDONIAN TRUST

— PLC —  
**CHAIRMAN'S STATEMENT**

The Group made a pre-tax profit of £239,000 in the six months to 31 December 2003 compared to £400,000 for the same period last year. Earnings per share were 2.08p and NAV per share was 171.7p compared to 4.41p and 170.6p respectively at 30 June 2003 and 3.09p and 165.5p at 31 December 2002. In the period to 31 December 2003 rental income fell by £403,000, as the comparable half year included five months rent at St Margaret's House, Edinburgh and residual rents at Stoneywood only partially offset by the rent from West Street, Glasgow. Sales of three houses at Weir Court, Eskbank showed a surplus of £475,000, but administration expenses rose £260,000, principally due to higher property costs and professional fees incurred by the dilapidations claim at St Margaret's. An unchanged interim dividend of 1.0p will be paid.

In the summer we made an opportunistic wholesale purchase of three newly-built Edinburgh flats, including a penthouse, and these are now on the market. We have created a 1200ft<sup>2</sup> Georgian flat and a 1600ft<sup>2</sup> modern penthouse from unusable office space on the top three floors of 61 North Castle Street, and these flats will be marketed at Easter.

Our dilapidations claim at St Margaret's for c£4.0m against the Scottish Ministers was the subject of a four day hearing in the Court of Session in mid-December when we were represented by the Dean of the Faculty, Colin Campbell QC. We await the outcome of that hearing.

In January 2004 we completed the purchase of two properties. In Paisley we have acquired a 133,000ft<sup>2</sup> warehouse on a 5.7 acre site "off market". This site, across the M8 from Glasgow Airport, is highly visible and easily accessible from the motorway. In East Lothian we have acquired from PPL Therapeutics PLC, St Clements Wells, a 200 acre farm bordering the A1 just east of the A1/City Bypass interchange. The farm has two large modern sheds totalling 28,000ft<sup>2</sup> and planning consent for an additional 32,000ft<sup>2</sup>. These two acquisitions offer excellent short-term trading and long-term development prospects. In addition we are currently negotiating the acquisition of a small, high-yielding and very well located industrial investment in the Aberdeen area.

Planning work has continued on our development sites and progress in Tradeston, Glasgow, where we hope to develop up to 200 flats, has been encouraging. At our sites just east of Dunbar planning is delayed because of inadequate drainage, rectification of which will cause extra development costs. In order to gain economies of scale we are negotiating to acquire a nearby site for a further 20 houses.

UK economic conditions seem propitious. The EIU says "a global economic recovery is well under way" and expects 2004 world economic growth of 4.2%, OECD growth of 2.7% and EU growth of 2.0% with similar forecasts for 2005. UK growth has accelerated recently to 2.3% and the Economist's poll of forecasters predicts 3.0% in 2004 and 2.5% in 2005. The Bank of England expects almost 3.5% in 2004, the upper limit of the Chancellor's forecast. Recent economic growth in the western economies has resulted from expansionary monetary policy and the average short-term interest rate in the big economies is at its lowest recorded rate in history. Until the Bank of England raised rates on 5 February 2004 UK interest rates were at a 48-year low. The USA economy has received the biggest fiscal and monetary stimulus in history, increasing spending and asset prices, an economic bubble resulting in the value of households' total wealth (financial assets and homes) now being well above the level in early 2000 before the equity price falls. Thus any correction implied by the equity bear market has been more than compensated by asset gains and tax cuts: a rebalancing of the economy has been delayed.

The UK position is similar but less extreme with high consumer expenditure and with a potential asset bubble forming in the housing market. In February 2004 the Bank of England expected consumer spending to slow as house price inflation abated to give "a long overdue rebalancing of the economy". However since then the ODPM has reported an increase in house prices (from 8.3% in December to 9.7% in January 2004), rises reflected in both the Nationwide and Halifax indices. The strength of consumer spending is indicated by the rise in the trade deficit in January 2004 to a record £4.6bn. The IMF states that the principal risk to the economy was a "hard landing in house prices and consumption". It estimates house prices to be overvalued by 30-35%.

Trading for the remainder of this year will depend on development and trading profits as investment income continues at a low level. The results will also be greatly influenced by the outcome and the timing of the litigation at St Margaret's House. Investment policy will continue to be very selective and future results depend on the realisation of the significant development opportunities in the existing portfolio.

# CALEDONIAN TRUST

— PLC —

## Unaudited Statement of Total Recognised Gains and Losses For the six months to 31 December 2003

	6 Months to 31 Dec 2003 (unaudited) <b>£'000</b>	6 Months to 31 Dec 2002 (unaudited) <b>£'000</b>	Year to 30 June 2003 (audited) <b>£'000</b>
Profit for period	239	400	503
Taxation	-	(44)	5
Unrealised surplus/ on revaluation of properties	-	-	557
Total gains and losses recognised relating to the period	<u>239</u>	<u>356</u>	<u>1,065</u>

### Notes

1 The figures for the six months to 31 December 2003 and 31 December 2002 do not constitute the company's statutory accounts within the meaning of Section 240 of the Companies Act 1985 (as amended) and are unaudited. The figures for the year to 30 June 2003 do not constitute full accounts. The audited accounts for that year were unqualified and have been delivered to the Registrar of Companies.

2 The interim statement has been prepared in accordance with the accounting policies set out in the group's statutory accounts for the year ended 30 June 2003.

3 The calculation of earnings per ordinary share is based on the reported profit for the six months to 31 December 2003 and on the weighted average number of ordinary shares in issue in the period being 11,510,267. The weighted average number of shares has been adjusted for deemed exercise of share options outstanding.

4 An interim dividend of 1.0p per share will be paid on 27 April 2004 to shareholders on the register on 13 April 2004.

5 Copies of the Interim Results for the six months to 31 December 2003 will be posted to shareholders on or before 31st March 2004 and will be available, free of charge, from the company's Nominated Adviser, Noble & Company Limited, 76 George Street, Edinburgh, EH2 3BU, for a period of one month from the date thereof.

# CALEDONIAN TRUST

— PLC —

## Notes to the unaudited consolidated cash flow statement

### (a) Reconciliation of operating profit to net cash outflow from operating activities

	6 Months to 31 Dec 2003 (unaudited)	6 Months to 31 Dec 2002 (unaudited)	Year to 30 June 2003 (audited)
	£'000	£'000	£'000
Operating profit	236	401	513
Profit on disposal of property	(495)	-	(200)
Depreciation charges	2	2	4
Decrease /(increase) in debtors	174	(50)	175
(Decrease)/increase in creditors	(45)	582	200
	<hr/>	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	(128)	935	692
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### (b) Analysis of cash flows

#### Returns on investment and Servicing of Finance

Interest received	117	185	344
Interest paid	(130)	(187)	(407)
	<hr/>	<hr/>	<hr/>
	(13)	(2)	(63)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### Capital expenditure and financial investment

Purchase of tangible fixed assets	-	-	(3,809)
Purchase of investment property	(104)	(3,056)	-
Sale of investments	-	-	2,411
Sale of fixed assets	-	-	10
Sale of investment property	970	2,051	-
	<hr/>	<hr/>	<hr/>
	866	(1,005)	1,388
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### Financing

Purchase of ordinary share capital	-	-	-
Debt due within a year			
Increase/(decrease) in short term debt	543	4	(999)
Debt due beyond a year			
(Decrease)/increase in long-term debt	(38)	(37)	(761)
	<hr/>	<hr/>	<hr/>
	505	(33)	(1,760)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# CALEDONIAN TRUST

PLC

## Unaudited Consolidated Profit & Loss Account for the six months to 31 December 2003

	6 Months to 31 Dec 2003 (unaudited) £'000	6 Months to 31 Dec 2002 (unaudited) £'000	Year to 30 June 2003 (audited) £'000
INCOME-continuing operations			
Rental Income	295	698	963
Trading property sales	969	-	360
Other trading sales	181	176	367
	<u>1,445</u>	<u>874</u>	<u>1,690</u>
Property rental outgoings	-	(2)	-
Cost of trading property sales	(474)		(160)
Cost of other sales	(183)	(178)	(347)
Administrative Expenses	(552)	(292)	(669)
	<u>(1,209)</u>	<u>(472)</u>	<u>(1,176)</u>
OPERATING PROFIT	236	402	514
Profit on disposal of investment property	-	2,052	2,589
Gain on sale of fixed assets	-	-	10
Interest receivable	117	185	344
Interest payable	(114)	(187)	(365)
	<u></u>	<u></u>	<u></u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	239	400	503
Taxation	-	(44)	5
	<u></u>	<u></u>	<u></u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	239	356	508
DIVIDENDS	(115)	(115)	(242)
PROFIT RETAINED	124	241	266
	<u></u>	<u></u>	<u></u>
Earnings per ordinary share	2.08p	3.09p	4.41p
	<u></u>	<u></u>	<u></u>
Diluted earnings per ordinary share	2.00p	3.14p	4.24p
	<u></u>	<u></u>	<u></u>

# CALEDONIAN TRUST

PLC

## Unaudited Consolidated Balance Sheet As at 31 December 2003

	As at 31 Dec 2003 (unaudited) £'000	As at 31 Dec 2002 (unaudited) £'000	As at 30 June 2003 (audited) £'000
<b>Fixed assets</b>			
Investment Properties	18,237	17,459	18,608
Equipment & vehicles	<u>6</u>	<u>8</u>	<u>9</u>
	18,243	17,467	18,617
<b>Current assets</b>			
Debtors	352	532	307
Cash at bank and in hand	<u>6,253</u>	<u>8,019</u>	<u>5,233</u>
	6,605	8,551	5,540
<b>Creditors:</b> Amounts falling due within one year	<u>(3,821)</u>	<u>(3,936)</u>	<u>(2,216)</u>
<b>Net current assets</b>	<u>2,784</u>	<u>4,615</u>	<u>3,324</u>
<b>Total assets less current liabilities</b>	21,027	22,082	21,941
<b>Creditors:</b> Amounts falling due after more than one year	<u>(1,265)</u>	<u>(3,027)</u>	<u>(2,303)</u>
<b>Net assets</b>	<u>19,762</u>	<u>19,055</u>	<u>19,638</u>
<b>Capital and reserves</b>			
Called up share capital	2,302	2,302	2,302
Share premium account	2,531	2,531	2,531
Capital redemption reserve	155	155	155
Revaluation reserve	564	7	564
Profit and loss account	<u>14,210</u>	<u>14,060</u>	<u>14,086</u>
<b>Shareholders' funds equity</b>	<u>19,762</u>	<u>19,055</u>	<u>19,638</u>

# CALEDONIAN TRUST

PLC

## Unaudited Consolidated Cash Flow Statement for the six months to 31 December 2003

	6 Months to 31 Dec 2003 (unaudited) £'000	6 Months to 31 Dec 2002 (unaudited) £'000	Year to 30 June 2003 (audited) £'000
<b>Net cash inflow/(outflow) from operating activities</b>	(128)	935	692
<b>Returns on investments and servicing of finance</b>	(13)	(2)	(63)
<b>Corporation tax</b>	-	(613)	(770)
<b>Equity dividends paid</b>	(126)	-	(230)
<b>Capital expenditure and financial investment</b>	866	(1,005)	(1,388)
	<hr/>	<hr/>	<hr/>
<b>Cash (outflow)/inflow before management of liquid resources and financing</b>	599	(685)	(1,759)
<b>Financing</b>	505	(33)	(1,760)
	<hr/>	<hr/>	<hr/>
<b>(Decrease)/increase in cash in period</b>	1,104	(718)	(3,519)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>(Decrease)/increase in cash in the period</b>	1,104	(718)	(3,519)
<b>Cash (outflow)/inflow from movement in debt</b>	(505)	(33)	1,760
	<hr/>	<hr/>	<hr/>
<b>Movement in net debt in the period</b>	599	(685)	(1,759)
<b>Net cash/(debt) at the start of the period</b>	1,753	3,512	3,512
	<hr/>	<hr/>	<hr/>
<b>Net cash/(debt) at the end of the period</b>	2,352	(2,827)	1,753
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## **DIRECTORS**

I.D. Lowe (Chairman and Chief Executive)  
M.J. Baynham LL. B.(Hons)  
J.N. Little  
B.J. Rankin M.A.,C.A.

## **SECRETARY**

M.J. Baynham LL. B.(Hons)

## **REGISTRARS**

Lloyds TSB Registrars Scotland  
PO Box 28448  
Finance House  
Orchard Brae  
Edinburgh EH4 1WQ

## **NOMINATED ADVISERS**

Noble & Company Limited  
76 George Street  
Edinburgh EH2 3BU

## **NOMINATED BROKERS**

Numis Securities Limited  
Cheapside House  
138 Cheapside  
London EC2V 6LH

## **REGISTERED OFFICE**

St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne NE99 1SB

Registered number

1040126