

CALEDONIAN TRUST

PLC

INTERIM STATEMENT

Half Year to 31 December 2005

61 NORTH CASTLE STREET
EDINBURGH EH2 3LJ

TELEPHONE: 0131-220 0416
FACSIMILE: 0131-220 0417

CALEDONIAN TRUST

PLC CHAIRMAN'S STATEMENT

The Group made a pre-tax profit of £155,125 in the six months to 31 December 2005 compared to £276,076 for the same period last year. Earnings per share were 1.31p and NAV per share was 205.3p compared to 3.51p and 205.8p respectively at 30 June 2005 and 2.42p and 171.0p at 31 December 2004. Rental Income rose £35,204 due primarily to rent from the small parade of shops in Scotland Street, Tradeston, bought in January 2005. Interest payable of £146,399 is similar to last year but interest receivable declined marginally to £125,419 as cash balances have been reduced to fund acquisitions of properties. Administration expenses rose by a reported £92,768 due to rises of about £30,000 in professional fees relating to design and planning consultancies and of about £50,000 in property costs, principally repairs at Ashton Road, Rutherglen and increased rates at St Margaret's House Edinburgh. The sale of Ashton Road produced a £299,625 surplus compared to £321,143 from property sales last year. An unchanged interim dividend of 1.0p will be paid.

The Group's current major strategy is the acquisition and creation of development opportunities, particularly those with a reasonable probability of achieving high returns and a small probability of a nil or, at worst, a negative return. Since 30 June 2005 we have bought or have under missive seven such development opportunities and have two under offer. At Comrie in west Perthshire we have purchased a smallholding, Tomperran, containing two modern detached homes, a steading and an acre of land zoned for industrial development within the settlement, and 30 acres of pastureland adjacent to the settlement bounded to the north by the A85 main road to Crieff and to the south by the river Earn. We expect to gain permission for up to twelve houses within the curtilage of the existing buildings and hope to have the industrial area rezoned and to develop some of the pastureland. In east Perthshire we have purchased Myreside, a farmhouse and a steading just off the A90 Perth Dundee road, where we expect to obtain consent for ten houses. In north Perthshire at Strathtay we have purchased a 4.6acre greenfield site of which 1 acre is inside the current village settlement and up to 2.5 acres may be included in it in a future Local Plan.

Ardpatrick in west Argyll is the largest of four properties under missive comprising a 1,000 acre estate occupying the whole of the small peninsula near Tarbert. The estate comprises a mansion house, built in three separate phases and easily divisible, 11 estate houses or former houses, a farm steading and other buildings for potential residential development and ten to fifteen possible new housing sites in locations considered suitable in the Finalised Draft Local Plan. The property enjoys considerable water frontage, commands striking views, and includes a grassland farm, an oak forest, a private beach, a named island and coastal salmon fishing and other sporting rights. Notwithstanding the current very poor condition, the break up and medium-term development value of the estate is considerable. We have two rural development sites near St Andrews in missive. The first, Nydie Farm Steading near Strathkinness, has consent for five units on a ten acre site and is capable of further development. The second, Larennie Farm, lies behind the famous Peat Inn and comprises a steading for up to ten units, a cottage and 104 acres of arable land, some of which we will promote for development. Our smallest property under missive is Wester Camgourhan, a farm steading set in 9 acres overlooking Loch Rannoch, where at least two or three high-value houses should be obtained.

We continue to make progress with our applications for planning consent. I reported in December 2005 that in August 2005 we obtained consent for 45 large detached houses near Dunbar and that later in 2005 we had obtained a new planning consent for Belford Road, Edinburgh, for 20,000ft² of residential development together with parking for 20 cars. We await consent for 28 more houses near Dunbar, eight houses at Wallyford near Edinburgh and 191 flats and 10,000ft² business space at Tradeston, central Glasgow. Our joint development of 39 small detached and semi-detached houses at Herne Bay, Kent, is on time and on budget.

UK economic conditions appear propitious. Although growth in GDP slowed from 3.2% in 2004 to 1.8% in 2005, The Economist's poll of forecasters predicts 2.1% growth in 2006 rising to 2.5% in 2007. The Budget forecast is for 2.25% growth in 2006 – below the post-war trend of 2.5% – but for a rise to 3.0% in both 2007 and 2008. Over recent years growth above trend level has been highly dependent on disproportionate rises in consumption and in government spending neither of which is likely to continue. The Budget forecast implies a rise in business investment and in net overseas trade for which prospects appear unfavorable. The Budget forecast fails to take account of the structural fall in productivity largely due to Government investment in public sector's assets whose returns have been low. Growth will be at lower levels than of recent years.

The FT House Price Index MA, seasonally adjusted has risen consistently each month since June 2005 and at a slightly increasing rate to about 0.8% now after falling in each of the previous three months prior to June 2005. The annual rise was 3.4% in February 2006, equivalent to the Nationwide's prediction for 2006. Lloyds TSB Scottish Price Index rose by 13.5% in 2005 after a rise of 18.8% on 2004: Lloyds say "the Scottish housing market remains in robust health". Given the favorable economic outlook, including stable interest rates, the housing market continues to be attractive, especially in Scotland.

Over twelve months commercial property had given an excellent return of 12.9%, but down from the 19.0% reported last year and below the current 18.5% equity return. On the CBRE Index yields in 2005 dropped by 0.9 points to 5.4%, although rents rose only 2.7%. With interest rates stable and real rental growth unlikely, further drops in yields seem unlikely and property returns in 2006 are likely to be significantly lower: an Estates Gazette survey forecasts 7.1%.

Group prospects for profits and for asset growth continue to be asymmetrical. Rental income is less than administrative expenses and net interest payable and profits are determined by relatively volatile property sales. Asset growth will be significantly influenced by the timing of planning approvals some of which should be gained in 2006.

CALEDONIAN TRUST

— PLC —

Unaudited Consolidated Profit & Loss Account for the six months to 31 December 2005

	6 Months to 31 Dec 2005 (unaudited) £'000	6 Months to 31 Dec 2004 (unaudited) £'000	Year to 30 June 2005 (audited) £'000
INCOME-continuing operations			
Rental Income	385	350	707
Trading property sales	-	1,997	-
Other trading sales	61	203	278
	<u>446</u>	<u>2,550</u>	<u>985</u>
OPERATING COSTS			
Cost of trading property sales	-	(1,676)	-
Cost of other sales	(61)	(174)	(262)
Administrative Expenses	(509)	(415)	(851)
	<u>(570)</u>	<u>(2,265)</u>	<u>(1,113)</u>
OPERATING PROFIT/(LOSS)	(124)	285	(128)
Profit on disposal of investment property	300	-	501
Profit on disposal of investment	-	-	86
Interest receivable	125	141	280
Interest payable	(146)	(150)	(292)
	<u>155</u>	<u>276</u>	<u>447</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	155	276	447
Taxation	-	-	35
	<u>-</u>	<u>-</u>	<u>35</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>155</u>	<u>276</u>	<u>412</u>
Earnings per ordinary share	<u>1.31p</u>	<u>2.42p</u>	<u>3.51p</u>
Diluted earnings per ordinary share	<u>1.31p</u>	<u>2.42p</u>	<u>3.51p</u>

CALEDONIAN TRUST

— PLC —

Unaudited Consolidated Balance Sheet As at 31 December 2005

	As at 31 Dec 2005 (unaudited) restated £'000	As at 31 Dec 2004 (unaudited) restated £'000	As at 30 June 2005 (audited) restated £'000
Fixed assets			
Investment Properties	24,487	18,998	23,142
Investments	-	91	-
Equipment & vehicles	4	4	4
	<u>24,491</u>	<u>19,093</u>	<u>23,146</u>
Current assets			
Debtors	1,044	142	1,018
Cash at bank and in hand	<u>3,579</u>	<u>6,233</u>	<u>4,762</u>
	4,623	6,375	5,780
Creditors: Amounts falling due within one year	<u>(3,594)</u>	<u>(3,975)</u>	<u>(3,583)</u>
Net current assets	<u>1,029</u>	<u>2,400</u>	<u>2,197</u>
Total assets less current liabilities	25,520	21,493	25,343
Creditors: Amounts falling due after more than one year	<u>(1,006)</u>	<u>(1,056)</u>	<u>(710)</u>
Net assets	<u>24,514</u>	<u>20,437</u>	<u>24,633</u>
Capital and reserves			
Called up share capital	2,377	2,377	2,377
Share premium account	2,745	2,745	2,745
Capital redemption reserve	175	175	175
Revaluation reserve	4,551	376	4,647
Profit and loss account	<u>14,666</u>	<u>14,764</u>	<u>14,689</u>
Shareholders' funds equity	<u>24,514</u>	<u>20,437</u>	<u>24,633</u>

CALEDONIAN TRUST

— PLC —

Unaudited Consolidated Cash Flow Statement for the six months to 31 December 2005

	6 Months to 31 Dec 2005 (unaudited) £'000	6 Months to 31 Dec 2004 (unaudited) £'000	Year to 30 June 2005 (audited) £'000
Net cash inflow/(outflow) from operating activities	218	(254)	(1,959)
Returns on investments and servicing of finance	(34)	(36)	(36)
Equity dividends paid	(178)	(148)	(267)
Capital expenditure and financial investment	<u>(1,142)</u>	<u>625</u>	<u>1,015</u>
Cash inflow before management of liquid resources and financing	(1,136)	187	(1,247)
Financing	<u>(42)</u>	<u>(261)</u>	<u>(294)</u>
Decrease in cash in period	<u>(1,178)</u>	<u>(74)</u>	<u>(1,541)</u>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period	(1,178)	(74)	(1,541)
Cash (outflow)/inflow from movement in debt	<u>(42)</u>	<u>569</u>	<u>602</u>
Movement in net debt in the period	(1,220)	495	(939)
Net cash at the start of the period	<u>878</u>	<u>1,816</u>	<u>1,817</u>
Net (debt)/cash at the end of the period	<u>(342)</u>	<u>2,311</u>	<u>878</u>

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 2005 (unaudited) £'000	6 Months to 31 Dec 2004 (unaudited) £'000	Year to 30 June 2005 (audited) £'000
Operating (loss)/profit	(124)	285	(128)
Profit on disposal of property	-	(321)	-
(Increase)/decrease in debtors	(25)	(19)	(897)
Increase/(decrease) in creditors	<u>367</u>	<u>(199)</u>	<u>(934)</u>
Net cash inflow/(outflow) from operating activities	<u><u>218</u></u>	<u><u>(254)</u></u>	<u><u>(1,959)</u></u>

(b) Analysis of cash flows

Returns on investment and Servicing of Finance

Interest received	125	141	280
Interest paid	<u>(159)</u>	<u>(177)</u>	<u>(316)</u>
	<u><u>(34)</u></u>	<u><u>(36)</u></u>	<u><u>(36)</u></u>

Capital expenditure and financial investment

Purchase of tangible fixed assets	(1)	-	(3,447)
Purchase of investment property	(2,070)	(1,316)	-
Sale of investment property	929	1,941	2,236
Sale of investments	-	-	176
Contribution to dilapidations received	<u>-</u>	<u>-</u>	<u>2,050</u>
	<u><u>(1,142)</u></u>	<u><u>625</u></u>	<u><u>1,015</u></u>

Financing

Purchase of ordinary share capital	-	-	-
Issue of ordinary share capital	-	308	308
Debt due within a year			
Increase/(decrease) in short term debt	(338)	(373)	940
Debt due beyond a year			
(Decrease) in long-term debt	<u>296</u>	<u>(196)</u>	<u>(1,542)</u>
	<u><u>(42)</u></u>	<u><u>(261)</u></u>	<u><u>(294)</u></u>

CALEDONIAN TRUST

— PLC —

Unaudited Statement of Total Recognised Gains and Losses For the six months to 31 December 2005

	6 Months to 31 Dec 2005 (unaudited) £'000	6 Months to 31 Dec 2003 (unaudited) £'000	Year to 30 June 2004 (audited) £'000
Profit for period	155	276	412
Unrealised surplus/ on revaluation of properties	-	-	4,178
Total gains and losses recognised relating to the period	<u>155</u>	<u>276</u>	<u>4,590</u>

Notes

1 The figures for the six months to 31 December 2005 and 31 December 2004 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 2005 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 2005 except for the adoption of FRS21. As a result of the adoption of FRS21 "Events after the balance sheet date", a prior year adjustment has been made in respect of the recognition of proposed dividends. The adjustments have resulted in an increase of £119,000 in the reported net assets at 31 December 2005 (June 2005 = £178,000, December 2004 = £119,000)

3 The calculation of earnings per ordinary share is based on the reported profit for the six months to 31 December 2005 and on the weighted average number of ordinary shares in issue in the period being 11,882,921.

4 An interim dividend of 1.0p per share will be paid on 28 April 2006 to shareholders on the register on 7 April 2006.

5 Copies of the Interim Results for the six months to 31 December 2005 will be posted to shareholders shortly 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.

DIRECTORS

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

SECRETARY

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

REGISTRARS

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

NOMINATED ADVISER

Noble & Company Limited
76 George Street
Edinburgh EH2 3BU

BROKER

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