# Interim Results



## For the half year to 30 September 2000

- Interim profits before tax 66 per cent higher at £15.1 million (1999: £9.1 million)

- Development profits double on City lettings

- Interim dividend 5.00p – up 14 per cent

- Earnings per share increased by 52 per cent to 37.6p (1999: 24.7p)

- Investment property refurbishments boost future rental flows

# Chairman's Statement

## Results

I am pleased to report the following results.

Helical's turnover for the period was £80.9m (1999:£68.3m). Developments contributed £60.5m (1999:£53.5m), trading £6.8m (1999: £1.9m) and rental income £13.6m (1999:£12.9m).

Development profits of £16.8m (1999: £8.7m),net rental income of £12.0m (1999:£11.4m) and trading profits of £0.6m (1999:loss of £0.7m) contributed to a gross profit of £29.4m (1999: £19.4m).After accounting for interest and administration costs,profits before taxation rose by 66 per cent to £15.1m (1999: £9.1m). Fully diluted earnings per share rose to 37.6p (1999:24.7p). Net assets per share increased by 30p to 633p. This figure is based on investment property values at 31 March 2000. It excludes valuation surpluses on trading and development stock and potential profits on pre-sold developments.

There is an increase in the interim dividend of 14 per cent to 5.0p (1999:4.4p).

## Development Programme

During the six months to 30 September 2000 Helical generated a level of development profits normally achieved only in a full year. This exceptional performance arose primarily from the letting of 100 Wood Street,London EC2. The 150,000 sq.ft.office development, built for Despa,was completed in March of this year. The award winning building was let quickly to Chase Manhattan Bank, Friends Ivory & Sime Plc, Law Debenture Corporation and Schroder Investment Management Limited. The building was let at an average rent of £53 p.s.f.

At 25 Chiswell Street, London EC1 the 260,000 sq.ft. office development,pre-let to City solicitors Slaughter and May and also funded by Despa,is nearing completion. Next to this development is 3 Bunhill Row, London EC1 where we have cleared the site in readiness for the construction of 95,000 sq.ft.of offices.

In Hammersmith work continues on our two office developments on the site of the former West London Hospital. At 200 Hammersmith Road,London W6 we are constructing 65,000 sq.ft.of offices pre-sold to a Mercury Asset Management/HQ Global Offices partnership to be run as a serviced office facility. We have retained the neighbouring Saunders Building for a development which will comprise around 14,000 sq.ft. of offices. Both buildings will be completed by late 2001.

At One Plough Place, London EC4 work continues on our 60,000 sq.ft.office development for Henderson Investors which is due for completion in Spring 2001.

Looking forward, the 140,000 sq.ft.office development at The Meadows,Camberley pre-funded by Scottish Widows is due for completion at the end of 2001. In July we announced an office campus development of 340,000 sq.ft.in five buildings,funded by Prudential,on a 22 acre site at The Heights, Weybridge, to be completed by Spring 2002. Recently we were selected as development partner by NCP on the re-development of their car park in Brewer Street, London W1. This proposed mixed use scheme is likely to comprise 80,000 sq.ft.of offices, 40,000 sq.ft.of residential and 20,000 sq.ft.of retail space with completion due in 2003. The company has acquired a site in Madrid for the development,in partnership with occupiers,of a telehousing building.

Helical Retail, our joint venture with Oswin Developments and now led by Jonathan Cox,has two retail developments under way. At Boltongate Retail Park a 122,000 sq.ft.retail warehouse is being built for B&Q, funded by HSBC. This scheme will be completed in Summer 2001. At Oakenshaw Road, Solihull a 12,500 sq.ft. retail warehouse, pre-sold to Nestle Pension Fund, will also be completed next Summer. In Middlesbrough,a small portfolio of five shops next to the Captain Cook Square development, completed last year, have been sold,with a further four shops on the market. Helical Retail are concentrating on putting together new schemes in Accrington,Wigan,Great Yarmouth and Dorchester and,in the longer term,in Ipswich,Leicester, Newcastle and Blackburn.

## Investment Portfolio

Over recent years Helical has virtually eliminated its in-town retail exposure refocusing on the Central London office market where it now has about two thirds of its assets,all of which have been acquired since 1997.

Four empty office buildings have been acquired for refurbishment during 2000 with a projected end value approaching £100m. Rex House, Regent Street SW1 (70,000 sq.ft.) is a head leasehold interest with 35 years remaining scheduled for completion in December 2000. 31,345 sq.ft.has been pre-let to Russell Systems Limited,whose ultimate parent is The North Western Mutual Life Assurance Company, on a 20 year lease at £54 p.s.f. 4/5 Paris Gardens,Southwark SE1 (48,000 sq.ft.) has been pre-let to Guardian IT on a 20 year lease at £24.50 p.s.f. 48 Gracechurch Street EC3 (18,000 sq.ft.) includes a retail conversion and 80% of the space is under offer at rents of up to £49 p.s.f. Finally, Shepherds Building,Shepherds Bush (155,000 sq.ft.) has a third of the space due for completion at Christmas with the remainder scheduled for May next year. About a quarter of the accommodation is under offer.

Turning to the existing portfolio, new rental highs have been achieved at the Rotunda, Camden and 61 Southwark Street SE1 following rolling refurbishment programmes and both are now fully let. Similar refurbishments are being completed at 71 Kingsway WC2 and 5/10 Bury Street EC3 with lettings in solicitors'hands.

The principal sale during the first half was CBXII,Milton Keynes for £26m. Helical's profit of over £6m on this transaction was already reflected through its revaluation reserve in the 31 March 2000 year end figures.

## Financing

Helical seeks to manage financial risk by ensuring that there is sufficient liquidity to meet foreseeable needs and to invest surplus cash safely and profitably. Earlier this year the company saw an opportunity to invest surplus cash in shares of other property companies as share prices reflected substantial discounts to net asset value. As these discounts narrowed, the shares were sold at prices which provided a good return on equity.

Whilst short term interest rates have remained relatively stable over the last six months, long term rates have edged downwards, reducing the FRS13 net asset surplus from £2.4m (7p per share) to £0.9m (3p per share).

The high level of Stamp Duty has reduced trading activity. The unfair discrimination against property as an asset class reduces the flow of funds into the market and discourages the provision of up to date commercial space vital to our position as a trading nation. Sadly, so far, the Government has recognised the effect of its actions only on deprived inner city areas.

## Summary

Due to the successful letting at 100 Wood Street, we have had an exceptionally good six months. The repositioned investment portfolio and our development programme enable us to benefit from increased demand for space and rising rent levels in London and the South East.

**John Southwell**
**Chairman**
**16 November 2000**

# Independent Review Report to Helical Bar plc

## Introduction

We have been instructed by the company to review the financial information set out on pages 6 to 9 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 2000.

**Grant Thornton**
**Registered Auditors**
**Chartered Accountants**
**16 November 2000**

# Group Profit and Loss Account

## For the half year to 30 September 2000

| | Notes | Unaudited Half Year To 30 September 2000 £000 | Unaudited Half Year To 30 September 1999 £000 | Audited Year To 31 March 2000 £000 |
|---|---|---|---|---|
| **Turnover** | 1 | 80,892 | 68,291 | 149,922 |
| Cost of sales | | (51,467) | (48,907) | (106,440) |
| **Gross profit** | 1 | 29,425 | 19,384 | 43,482 |
| Administrative expenses | | (4,759) | (3,295) | (9,669) |
| **Operating profit** | | 24,666 | 16,089 | 33,813 |
| Profit on sale of investment properties | | 157 | 1,166 | 4,555 |
| **Profit on ordinary activities before interest** | | 24,823 | 17,255 | 38,368 |
| Net interest payable and similar charges | | (9,687) | (8,138) | (16,348) |
| **Profit on ordinary activities before taxation** | | 15,136 | 9,117 | 22,020 |
| Taxation | | (3,918) | (1,520) | (6,032) |
| **Profit on ordinary activities after taxation** | | 11,218 | 7,597 | 15,988 |
| Minority interest | | (13) | (306) | (77) |
| **Profit for the period** | | 11,205 | 7,291 | 15,911 |
| **Ordinary dividends** – 5.0p (4.4p) | | (1,445) | (1,272) | (3,223) |
| **Retained profit for the period** | | 9,760 | 6,019 | 12,688 |
| **Earnings per 5p share** | 2 | | | |
| – basic | | 38.8p | 25.2p | 55.0p |
| – fully diluted | | 37.6p | 24.7p | 53.7p |

# Summary Group Balance Sheet



## At 30 September 2000

| | Unaudited At 30 September 2000 £000 | Audited At 31 March 2000 £000 |
|---|---|---|
| Fixed assets | 412,484 | 424,693 |
| Fixed assets for resale | 525 | 525 |
| Stock | 35,928 | 22,020 |
| Investments | 1 | 5,236 |
| Debtors | 55,763 | 54,786 |
| Cash | 7,234 | 16,991 |
| Creditors falling due within one year | (61,205) | (80,515) |
| Creditors falling due after one year | (255,359) | (257,384) |
| Provisions for liabilities and charges | - | (1,500) |
| **Net Assets** | 195,371 | 184,852 |
| | | |
| **Capital & Reserves** | | |
| Called up share capital | 1,496 | 1,481 |
| Share premium account | 35,264 | 34,502 |
| Revaluation reserve | 89,287 | 95,701 |
| Capital redemption and other reserves | 7,392 | 7,392 |
| Profit and loss account | 60,625 | 44,452 |
| Shareholders'funds | 194,064 | 183,528 |
| Minority interests | 1,307 | 1,324 |
| | 195,371 | 184,852 |
| | | |
| **Shareholders' Funds** | | |
| Attributable to equity interests | 194,064 | 183,528 |
| | | |
| **Net assets per share** | | |
| – basic | 649p | 620p |
| – fully diluted | 633p | 603p |

# Summary Cash Flow Statement

## For the half year to 30 September 2000

| | Notes | Unaudited Half Year To 30 September 2000 £000 | Unaudited Half Year To 30 September 1999 £000 | Audited Year To 31 March 2000 £000 |
|---|---|---|---|---|
| Net cash inflow from operating activities | 4 | 2,331 | 22,597 | 45,569 |
| Returns on investment and servicing of finance | | (10,221) | (8,763) | (19,486) |
| Taxation | | (1,512) | (429) | (4,560) |
| Capital expenditure and financial investment | | (86) | (11,984) | (4,886) |
| Acquisitions | | (40) | (12,390) | (9,028) |
| Equity dividends paid | | (1,951) | (16,186) | (31,910) |
| Cash flow before management of liquid resources and financing | | (11,479) | (27,155) | (24,301) |
| Management of liquid resources | | 3,062 | 17,654 | 30,347 |
| Financing | | | | |
| – issue/(redemption) of shares | | 777 | (20) | (20) |
| – (decrease)/increase in debt | | (2,285) | 14,503 | (3,086) |
| **(Decrease)/increase in cash** | | (9,925) | 4,982 | 2,940 |
| **Reconciliation of net cash flow to movement in net debt** | | | | |
| (Decrease)/increase in cash in the period | | (9,925) | 4,982 | 2,940 |
| Cash flow from management of liquid resources | | (3,062) | (17,654) | (30,347) |
| Cash flow from change in net debt | | 2,285 | (14,503) | 3,086 |
| Liability acquired with subsidiary | | - | (40,382) | (43,910) |
| Debt arrangement expenses | | (276) | (194) | (365) |
| **Movement in net debt in the period** | | (10,978) | (67,751) | (68,596) |
| Net debt at beginning of the period | | (243,085) | (174,489) | (174,489) |
| **Net debt at end of the period** | | (254,063) | (242,240) | (243,085) |
| **Gearing** | | 133% | 163% | 131% |

# Statement of Total Recognised Gains and Losses



## For the half year to 30 September 2000

| | Unaudited Half Year To 30 September 2000 | Unaudited Half Year To 30 September 1999 | Audited Year To 31 March 2000 |
|---|---|---|---|
| | £000 | £000 | £000 |
| Profit for the period after taxation | 11,218 | 7,597 | 15,988 |
| Minority interest | (13) | (306) | (77) |
| Surplus on revaluation of investment properties | - | - | 30,404 |
| Minority interest in revaluation surplus | - | - | (1,068) |
| **Total recognised gains and losses relating to the period** | 11,205 | 7,291 | 45,247 |

# Notes to the Interim Statement

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

| Turnover | Unaudited Half Year To 30 September 2000 £000 | Unaudited Half Year To 30 September 1999 £000 | Audited Year To 31 March 2000 £000 |
|---|---|---|---|
| Trading property sales | - | 1,805 | 3,890 |
| Rental income | 13,561 | 12,917 | 26,656 |
| Developments | 60,461 | 53,541 | 116,243 |
| Share dealing | 6,815 | - | - |
| Other income | 55 | 28 | 3,133 |
| | 80,892 | 68,291 | 149,922 |
| **Gross Profit** | | | |
| Trading property sales | (445) | (92) | 372 |
| Net rental income | 11,977 | 11,421 | 23,652 |
| Developments | 16,827 | 8,698 | 19,345 |
| Share dealing | 1,144 | - | - |
| Other net income | (78) | (643) | 113 |
| Gross profit | 29,425 | 19,384 | 43,482 |
| Central overheads | (4,759) | (3,295) | (9,669) |
| Interest payable less receivable | (9,687) | (8,138) | (16,348) |
| **Profit before taxation and profit on sale of investment properties** | 14,979 | 7,951 | 17,465 |

## 2. Earnings per share

Basic earnings per share have been calculated on the basis of profits after tax on 28,903,697 (1999:28,903,697) ordinary shares. Fully diluted earnings per share have been restated to comply with Financial Reporting Standard No. 14 and are calculated on 29,795,977 (1999:29,490,150) ordinary shares which include the exercise of share options.

## 3. Notes to the Balance Sheet

Realisations of £6.4m 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 2000.

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

| | Unaudited Half Year To 30 September 2000 £000 | Unaudited Half Year To 30 September 1999 £000 | Audited Year To 31 March 2000 £000 |
|---|---|---|---|
| Operating profit | 24,666 | 16,089 | 33,813 |
| Depreciation of fixed assets | 120 | 112 | 226 |
| Deficit in ESOP | - | - | 703 |
| Profit on sale of fixed assets | (11) | (4) | (7) |
| Profit on sale of investments | (1,144) | - | - |
| Writedown of goodwill | 25 | 35 | 612 |
| (Increase)/decrease in debtors | (2,667) | 1,165 | (12,819) |
| (Decrease)/increase in creditors | (5,385) | 3,691 | 7,346 |
| (Increase)/decrease in stocks | (13,273) | 1,509 | 15,695 |
| **Net cash inflow from operating activities** | 2,331 | 22,597 | 45,569 |

## 5. Notes to the Interim Statement

The interim statement was approved by the Board of Directors on 15 November 2000. 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 2000 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 22 December 2000 to shareholders on the register on 1 December 2000.

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.

Helical Bar plc

11-15 Farm Street, London W1J 5RS
Telephone: 020 7629 0113 Fax: 020 7408 1666