Helical Bar plc Report and Accounts 2001

Helical Bar

PUBLIC LIMITED COMPANY

Helical Bar plc

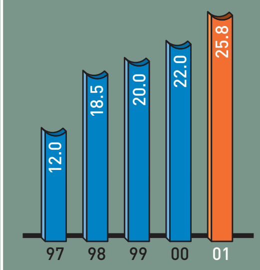
Report and Accounts 2001

100 Wood Street, London EC2

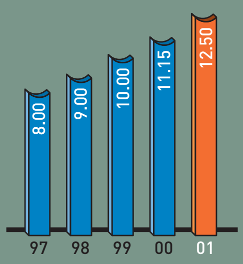
Corporate Statement

Helical Bar plc is a property development and investment company.
Our objective is to maximise growth in assets per share using a recurring stream of development and trading profits to build up the investment portfolio.

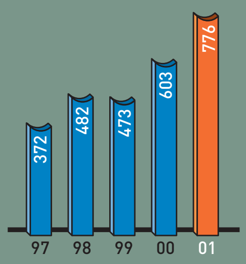
Pre-tax profit
£m



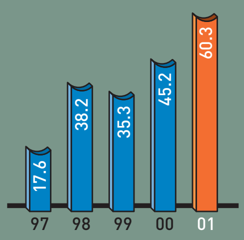
Ordinary dividend per share
Pence



Diluted net asset value per share
Pence



Increase in shareholders' funds pre-dividend
£m



Special dividends of 100.0p and 2.0p were declared in respect of the periods ended 31 March 1999 and 31 March 1997 respectively.

Contents

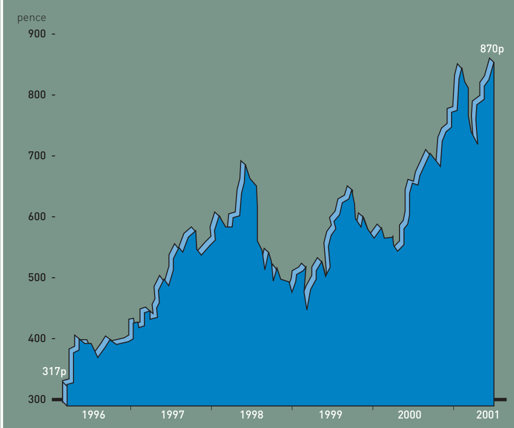
Financial Highlights

Investment Property Databank ("IPD")

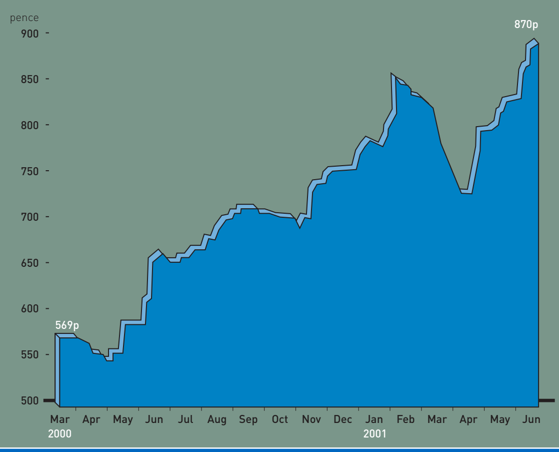
Helical has maintained its excellent record as a fund within the Investment Property Databank ("IPD") with an ungeared total return of 23.9% in the year to 31 March 2001, the best performance of any fund, which compares to an average fund performance of 10.6%. This performance helped keep Helical as the top performer out of all the funds covered by IPD over the last ten years. The returns on shareholder capital earned by Helical are higher than those measured by IPD due to the use of gearing.

Share Prices

1 March 1996 to 15 June 2001



1 March 2000 to 15 June 2001



Total Shareholder Return

Total Shareholder Return measures the return to shareholders from share price movements and dividend income.

	5 Years		10 Years		15 Years		20 Years		25 Years	
	Total returns pa %	Rank	Total returns pa %	Rank	Total returns pa %	Rank	Total returns pa %	Rank	Total returns pa %	Rank
Helical Bar plc	25.6	8	21.8	2	30.4	1	34.7	1	28.3	1
UK Equity market	11.1	–	12.6	–	12.7	–	16.2	–	17.0	–
Listed Real Estate Sector Index	11.8	–	9.3	–	10.6	–	10.5	–	14.3	–
Direct property	11.2	–	9.5	–	10.4	–	10.5	–	12.8	–
Companies in Sector		65		50		39		32		30

* Source: HSBC Real Estate Research Note 26 April 2001. All periods end on 31 March 2001.
The rank shows the relative performance of the company compared to other listed real estate companies shares.

Helical Bar plc Five Year Summary

	31.3.01 £000's	31.03.00 £000's	31.03.99 £000's	31.03.98 £000's	31.03.97* £000's
Rental income	28,642	26,656	21,482	22,009	22,374
Development profits	29,507	19,345	21,601	16,686	9,152
FRS3 profits	25,115	17,465	19,629	17,656	12,591
Profit/(loss) on sale of investment properties	709	4,555	415	838	(558)
Pre-tax profits	25,824	22,020	20,044	18,494	12,033
Investment portfolio	453,607	419,570	332,457	250,718	201,570
Shareholders' funds	240,231	183,528	141,524	138,982	105,664
Dividend per ordinary share	12.50p	11.15p	10.00p	9.00p	8.00p
Special dividend per ordinary share	–	–	100.00p	–	2.00p
Diluted earnings per share	68.3p	53.7p	50.7p	40.9p	28.3p
Diluted net asset value per share	776p	603p	473p	482p	372p

* The financial statements to 31 March 1997 were for a 14 month accounting period.

Significant events during the year

	June	3 Bunhill Row, London EC1 sold to Matrix Securities
	June	Sale of industrial portfolio
	April	3 Bunhill Row, London EC1 pre-let to Linklaters
	March	Joint venture with US insurance company on 66 Prescot Street, London E1
2001	January	Pre-let to Endemol Entertainment UK at Shepherds Building
	December	One Bunhill Row, London EC1 completed
	October	Appointed partners with NCP on redevelopment of Brewer Street, Soho, London W1
	September	Start of construction on 140,000 sq.ft. offices at The Meadows, Camberley
	July	100 Wood Street, London EC2, fully let
	July	Acquisition and funding of The Heights, Weybridge agreed
2000	May	CBXII and Midsummer Court, Milton Keynes sold

Chairman's Statement

The year to 31 March 2001 was another very good year for Helical Bar plc ("Helical") with exceptional profits being generated by the company's development programme leading to record pre-tax profits of £25.8m (2000: £22.0m). Diluted net assets per share continue to grow and have increased by over 135% in the last five years, from 330p to 776p, even after total ordinary dividends of 153p during that period.

The Board recommends a final dividend of 7.50p per share (2000: 6.75p), an increase of 11%. This proposed dividend, together with the interim dividend of 5.00p paid in December 2000, makes a total of 12.50p per share (2000: 11.15p). This is an increase of 12% on last year. The total dividend of 12.50p per share is covered over 5 times by profits after tax.

The undiluted net asset value per share of the company rose by 30%, for the second consecutive year, to 803p (2000: 620p). On a diluted basis, net asset value per share rose by 29% to 776p (2000: 603p). These figures take no credit for any surplus of value in the trading and development stock. During the year the company's share price rose from 569.0p to 742.5p, an increase of 30%. This share price performance contributed to a Total Shareholder Return of 33% in the year to 31 March 2001.

The last year has seen a substantial reduction in quoted property companies as management teams became frustrated at the continuing disparity between net asset values and share prices and the financial rewards of performing in the private sector became more attractive. Helical has, generally, operated at a sector premium. A highly motivated and incentivised management team is regarded as the key to continued success.

The Executive Board, led by Michael Slade and Nigel McNair Scott with Gerald Kaye and Michael Brown running the development and investment divisions, have created an enviable

One Plough Place, London EC4

record of performance. Helical's property portfolio has outperformed all property portfolios in the IPD index (all monthly and quarterly valued funds) over 1 and 10 years. It is this consistency of performance that your Board is looking to repeat in future.

Ian Butler

It is with deep regret that I must record the recent death of Ian Butler, a non-executive director of the company since 1993. Ian contributed enormously to the running of the company using the knowledge and experience gained as an executive director of many companies over the years. His insight into the development of corporate governance gained as a member of the Cadbury Committee helped the company implement the Cadbury, and subsequently the Greenbury, Hampel and Turnbull recommendations. His contribution to Board and Audit and Remuneration Committee meetings will be missed.

Stamp Duty

As predicted by the industry, the raising of Stamp Duty to its current level is substantially reducing investment turnover and undermining property as an important asset class. The company continues to support industry moves to bring this to the attention of the authorities.

The Future

Since the year end, growth in property values has slowed, reflecting the fall in demand for space caused by the slowdown in the high-tech sector. The company has sold its interests in an industrial portfolio and forward sold its office development at 3 Bunhill Row, London EC1. These sales have enabled Helical to further reduce its gearing, building liquidity to take advantage of any opportunities which may be thrown up by the uncertainties in the market. It will continue to aim to make exceptional returns on shareholders' funds.

John Southwell
Chairman
20 June 2001


66 Prescot Street, London E1

Development Programme

It is our objective to provide a continuing flow of development profits from pre-let and speculative office, retail and industrial schemes in partnership with funding institutions. Whilst a small number of schemes are financed with bank funding and, therefore, remain on our balance sheet, the majority of our schemes are forward sold to institutional investors. This policy has a significant effect on our return on capital employed and has enabled us to create and sustain one of the largest development programmes in the country.

Development Programme – end values

	Office £m	Retail £m	Industrial £m	Total £m
Completed Programme:				
Let and sold 1993-2001	**563**	**202**	**23**	**788**
Current Programme:				
31 March 2002	107	31	14	**152**
31 March 2003	225	41	–	**266**
31 March 2004+	225	75	–	**300**
	557	**147**	**14**	**718**

Offices

During the year the company completed its two largest office buildings to date whilst work continued at a number of office developments which should provide a continuing stream of development profits in the next few years.

Completed programme

100 Wood Street, London EC2

Completed at the end of the last financial year this 146,000 sq.ft. office development designed by Foster and Partners and forward funded by Deka Immobilien Investment GmbH ("Deka") was let within three months. In April 2000 Chase Manhattan leased the top four floors comprising 56,500 sq.ft. In July, Friends Ivory Sime plc leased 38,600 sq.ft. on the first and second floors, Schroder Investment Management 34,600 sq.ft. on the third and fourth and Law Debenture 16,700 sq.ft. on the fifth floor. The successful letting of this development contributed to our exceptional half-year results and to the record pre-tax profits for this year.

One Bunhill Row, London EC1

This 260,000 sq.ft. office development, formerly called 25 Chiswell Street, was completed in December 2000. Pre-let to solicitors Slaughter and May and also forward funded by Deka, it is the largest office development completed to date. Further details of this office development are provided on pages 10 and 11.

Current programme

One Plough Place, London EC4

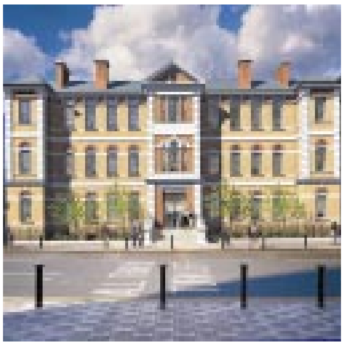
One Plough Place is a 55,000 sq.ft. office development situated at the junction of Fetter Lane and Plough Place in Holborn, London. Completed in May 2001 this property was forward funded by Henderson Investors and is currently one of very few new office buildings available to let in Central London.

200 Hammersmith Road, London W6

200 Hammersmith Road will be a highly specified headquarters office building situated in the centre of Hammersmith, London. Forward funded with a Merrill Lynch Investment Managers/HQ Global Offices Limited partnership, this 65,000 sq.ft. office development will be run as a serviced offices facility by HQ Global Offices. It is due to be completed in October 2001.

The Saunders Building, London W6

The Saunders Building will be a 14,000 sq.ft. self-contained air-conditioned office building newly



Left to right:
200 Hammersmith Road, London W6
The Saunders Building, London W6

Development Programme

continued

Offices continued

constructed behind an existing façade. Situated next to 200 Hammersmith Road, its development is internally funded and will be completed in November 2001.

The Meadows,
Camberley, Surrey

The Meadows Business Park is a prime office development of 140,000 sq.ft. comprising four distinct office buildings. Close to junction 4 of the M3 the buildings will be completed in December 2001. This development is a joint venture with Morgan Grenfell Property Unit Trust and is forward funded by Scottish Widows.

Future Developments

At 3 Bunhill Row, London EC1 we have commenced construction of new offices for solicitors Linklaters. This 95,000 sq. ft. building has been forward sold to Matrix Securities.

At 40 Berkeley Square, London W1 we are to redevelop the site for current owners Morley Fund Management.

The Heights, Weybridge, Surrey is to be an office campus development of five buildings for Prudential Portfolio Managers.

The Waterfront Business Park in Fleet, an investment held by the company, includes land on which three office buildings are to be built, forward funded by Aberdeen Property Investors.

Further details of these four proposed developments are provided on pages 12 and 13.

In addition, the Company is progressing discussions with the planning authorities, in partnership with owners NCP, of an 80,000 sq.ft. redevelopment of a car park in Brewer Street, London W1 which will also incorporate a residential element. In Chertsey, a site has been acquired with the potential for an office development of 145,000 sq.ft.

The Meadows, Camberley

Retail

Helical Retail, our joint venture with Oswin Developments, is now led by Jonathan Cox following the decision of Jim Kelly to step down from his role as managing director.

The company has had a quieter year, completing two developments whilst taking options, agreeing terms for site purchases and negotiating positions to enable its development programme to continue.

In Bolton, the largest DIY store in Europe has been developed for B&Q as phase II of the Bolton Gate Retail Park completed in 1998. This store, with a garden centre and building compound, comprises over 175,000 sq.ft. taking the total floor area developed on the 20 acre retail site to over 300,000 sq.ft. Completed in April 2001 this phase II was forward funded by HSBC, an in-house client of LaSalle Investment Management.

In Solihull, Helical Retail has just completed an additional phase to an existing retail park. Working in partnership with the Local Authority to relocate an Adult Training Scheme, a retail unit of 12,500 sq.ft. has been built. Let to Daewoo, the scheme was forward sold to Nestlé Pension Fund.

In addition to these two developments, the company has sold its remaining interests in Middlesbrough Town Centre to a local developer.

Looking forward, a 52,700 sq.ft. redevelopment of Accrington town centre is to start later this year. Forward sold to Bilsdale and pre-let to Wilkinsons, Bass, JJB Sports and others, it will be completed in the summer of 2002.

Negotiations continue in respect of developments in Great Yarmouth, Wigan, Dorchester, Blackburn, Ipswich and Hanley.

Industrial

Since the year end the company has completed its only industrial development, a 104,300 sq.ft. warehouse at Hayes, near to Heathrow, London. Pre-let to Allport Limited, the building was forward funded by Hill Samuel Property Unit Trust.

Gerald Kaye
Development Director

B&Q, Bolton Gate Retail Park

Development Programme

One Bunhill Row, London EC1

One Bunhill Row (formerly 25 Chiswell Street) is a 260,000 sq.ft net office development completed in December 2000, pre-let to the leading law firm Slaughter and May and forward funded by Deka Immobilien Investment GmbH ("Deka").

The start of the development process for this building was in early 1998 when terms were agreed to purchase sites from City University and City and Islington College and to pre-let an office building to Slaughter and May. A detailed planning application was submitted to London Borough of Islington for a pre-let building of 260,000 sq.ft. net with 27 car park spaces, a speculative building of 95,000 sq.ft. net (now being developed as 3 Bunhill Row) and a Business School of 95,000 sq.ft. gross (to be built by City University).

At the same time terms were agreed with Deka to forward fund the building pre-let to Slaughter and May.

Once planning was granted, construction started in April 1999 and continued for 20 months until December 2000 when practical completion was confirmed and the building handed over to Slaughter and May for their fitout. Throughout the site acquisition and construction phase the costs incurred by the company were met by the fund, as set out in the funding agreement, thereby reducing Helical's cash outlay in the development to a minimum. With the building pre-let and forward funded Helical was able to recognise profits throughout the development of the building.

Future Developments

3 Bunhill Row, London EC1

3 Bunhill Row will comprise approximately 95,000 sq.ft. of offices with construction works already underway to achieve completion by December 2002. Linklaters, the solicitors, have agreed to lease 57,600 sq.ft. paying a rent of £44.00 per square foot on the ground floor and £46.00 on the first to fourth floors inclusive, and may take all seven floors.

The building, forward sold to Matrix Securities, is adjacent to the new City University Business School, which is under construction and One Bunhill Row, completed by Helical Bar at the end of 2000 and pre-let to Slaughter and May.

Completion date: December 2002

40 Berkeley Square, London W1

40 Berkeley Square, to be redeveloped in a joint venture with the current owners Morley Fund Management, will provide approximately 75,000 sq.ft. of office accommodation on the west side of Berkeley Square.

The development is to be started in March 2002 and will comprise eight floors of top quality offices overlooking the Square.

Completion date: March 2004

The Heights, Weybridge, Surrey

The Heights, Weybridge, Surrey is to be an office campus development on a 22 acre site acquired from Proctor & Gamble and forward funded with Prudential Portfolio Managers.

The development will comprise five buildings with a total of 340,000 sq.ft. of offices and construction is due to commence shortly.

Completion date: November 2002

The Waterfront Business Park, Fleet

The Waterfront Business Park is a 12 acre site comprising 90,700 sq.ft. of existing buildings held as an investment together with 4.5 acres of development land. Benefiting from attractive views over Fleet Pond Nature Reserve the site lies adjacent to Fleet Station, within walking distance of the town centre and within 5 minutes drive of Junction 4A of the M3.

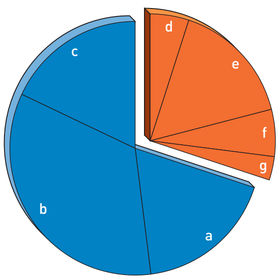
The next phase of development will comprise three buildings with net lettable space of 12,000 sq.ft., 17,000 sq.ft. and 25,000 sq.ft. and will include extensive landscaping improvements to the access road from Fleet Road. The scheme is forward funded by Aberdeen Property Investors.

Completion date: June 2002

Investment Portfolio

Our investment philosophy is based on four guiding principles. Helical actively manages its investment portfolio, rotating between sectors to maximise its exposure to growth stock. Gearing is used on a tactical basis, being raised to accentuate property performance when property returns are judged to materially outperform the cost of debt. The average number of properties held is kept small to facilitate fast repositioning of the portfolio and encourage management focus on key assets. Finally, there is a preference for multi-let stock where value can be added through refurbishment and lease restructuring.

Sector Weightings



Total Central London Offices:		**70%**
a	City Offices	18%
b	West End Offices	34%
c	Other Central London Offices	18%
Other Sectors:		**30%**
d	South East Offices	5%
e	Industrial	16%
f	Out of Town Retail	6%
g	Other	3%

Investment Portfolio – Valuation Statistics

	Capital Value Increases Year Ended 31.3.01	Rental Value Increases Year Ended 31.03.01	Valuation Yields Initial 31.3.01	Valuation Yields Reversionary 31.03.01
City Offices	13%	22%	5.9%	9.2%
West End Offices	16%	21%	6.6%	9.1%
Other Central London Offices	18%	29%	7.3%	9.8%
South East Offices	3%	7%	7.3%	8.6%
Industrial	1%	1%	9.1%	10.7%
Out of town retail	-2%	2%	6.4%	8.1%
Other	0%	4%	7.9%	8.4%
Total	10%	15%	7.0%	9.4%

Last year our principal focus was to continue to augment our holdings in Central London, the best performing sector of the market, principally by carrying out a number of refurbishment schemes. Highlights across the portfolio are as follows:

• Capital values rose on average by 10%, rental values by 15%.

• The valuation yields on the portfolio were 7.0% rising to 9.4% on reversion to rack rental values. As valuation yields allow for notional purchasers' costs of 5.75%, the yields Helical actually earns on its portfolio are 7.4% rising to 9.9%.

• £44.5m of properties were sold, all above valuation. The principal sale was our offices at CBXII, Milton Keynes for £26m which showed 45% p.a. capital appreciation during the period of ownership (1998 – 2000).

• £52m was spent, principally on refurbishment costs on our Central London offices. However, we also bought and sold at a profit a telehousing site in Madrid and acquired a 49.9% stake in Level 3 House, 66 Prescot Street E1, a top specification City office building at an initial yield of 8% on a very low passing rent of £22 p.s.f.

• Helical's exposure to central London increased to 70% from 59% the previous year.

Central London Offices

• Capital values grew by 16%, rental values by 23%.

• Average rents passing remain low at £29 p.s.f. with average rental values £35 p.s.f.

• 100% of Helical's exposure has been acquired since 1997.

• Every building has been built or refurbished within the last 10 years with the exception of Drury Lane where a scheme is envisaged for 2003.

• Refurbishment schemes were completed during the year at:

- 4 & 5 Paris Gardens, Southwark SE1 – 45,000 sq.ft., 100% prelet to Guardian IT.
- 48 Gracechurch Street, EC3 – 20,000 sq.ft., 100% let to 9 tenants.
- Rex House, Regent Street, SW1 – 63,000 sq.ft. of offices recently completed, 70% let.
- Shepherds Building, Shepherds Bush – a 155,000 sq.ft. refurbishment is scheduled for completion in August and is 25% prelet. This scheme is currently held at cost.

Our London portfolio is highly reversionary with an initial yield of 6.5% rising to 9.3% on current rental values. The yields Helical actually earns are 6.9% rising to 9.8%.

Outlook

Both the occupational and investment markets have cooled in recent months albeit from exceptional levels of activity last year. Whilst supply remains tight in Central London and the development pipeline constrained, occupiers are more cautious about committing to new accommodation especially at headline grabbing rents. However, demand is proving resilient for economic, affordable office space and our portfolio is orientated towards this segment of the market.

Investment yields have risen to reflect slower growth rates and the more uncertain economic outlook. Investors are also nervous about paying full value for the reversionary potential of low rented properties in case rental values should fall. All these factors have been reflected by our valuers in preparing our year end valuations and explain why the rental values have grown significantly faster than capital values.

Our judgement is that even on a downside basis we do not anticipate the rental values of our portfolio to fall. Consequently, as we achieve our rental value at rent review on each property the yield basis should adjust favourably as the risks are removed, releasing considerable value. Further value will also be generated by letting up our scheme at Shepherds Building and the remaining voids at Rex House.

It is interesting to note that as interest rates have fallen, yet our reversionary yield has risen, a very substantial cashflow benefit is in prospect. Our reversionary yield of 9.9% is far in excess of our current average cost of debt at 6.8% and if interest rates remain low it seems unlikely that property yields will rise materially further and may indeed start to edge lower.

Michael Brown
Investment Director

Investment Portfolio

1 48 Gracechurch Street, London EC3

- Acquired with vacant possession in January 2000. Previously NPI's London headquarters
- 15,000 sq. ft. of offices refurbished and let floor by floor at rates of £45 - £52.50 p.s.f. on seven leases
- Ground floor converted to retail and let to Starbucks and Chelsea Building Society
- Ungeared IRR of 33% since purchase

2 Rex House, Regent Street, London SW1

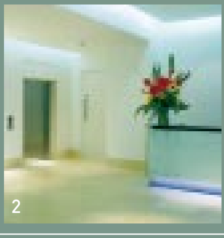
- The previous owner obtained planning consent and stripped out the building for redevelopment but was unable to re-gear the headlease with the freeholder
- Helical acquired the remaining 35½ year headlease and carried out a comprehensive refurbishment to produce 63,000 sq. ft. of air conditioned offices plus restaurant and gym accommodation
- Two thirds of the offices have been let to Russell Systems Ltd and Robert Half Ltd at rents of £55 – £65 p.s.f. whilst LA Fitness have taken the gym
- Ungeared IRR of 66% since purchase

3 61 Southwark Street, London SE1

- Improving location near Tate Modern and new Southwark Jubilee Line tube station
- Acquired January 1998 showing an initial yield of 12.3% on an average passing rent of £7.24 p.s.f.
- 65,000 sq. ft. let on 9 leases
- Each lease on every floor has been surrendered and re-let with two thirds of the space refurbished
- Passing rents now average £17 p.s.f. with most recent lettings at £25 p.s.f.
- Planning consent obtained for a penthouse floor with views of St. Pauls
- Ungeared IRR of 54% since purchase

1. Gracechurch Street
2. Rex House
3. Southwark Street


1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3


1


2


GRACECHURCH
STREET

Investment Portfolio
continued

Properties with value in excess of £10m (87% of investment assets)

Address	Comments	Year Acquired	Growth Since Acquisition % p.a. Rental Value	Growth Since Acquisition % p.a. Capital Value	Current Average Passing Rent p.s.f
City Offices					
Cheapside House, Cheapside, London EC2	70,000 sq.ft. of multi-let offices refurbished and let in 1998 plus prime retail	1997	18.2%	13.4%	£28.00
48 Gracechurch Street, London EC3	20,000 sq.ft. of multi-let offices refurbished and let in 2000 including retail	2000	26.3%	30.8%	£48.00
66 Prescot Street, London E1	110,000 sq.ft. top specification office built in 1992. 50% share. Acquired at financial year end	2001	–	–	£22.00
West End Offices					
60 Sloane Avenue, Brompton Cross, London SW3	75,000 sq.ft. flagship office building built in 1994, let to Leo Burnett plus 32,000 sq.ft. of retail and restaurant accommodation	1999	12.9%	8.2%	£31.50
Capital House, Marylebone Road, Paddington, London NW1	90,000 sq.ft. 1991 built multi-let offices plus 47,000 sq.ft. let to Marks & Spencer at £0.60 p.s.f. until December 2002	1998	13.8%	17.0%	£32.00
Rex House, Lower Regent Street, London SW1*	63,000 sq.ft. of of newly refurbished offices (19,000 sq.ft. vacant) plus 28,000 sq.ft. restaurant and gym Leasehold expiring 2035	2000	45.4%	66.4%	£57.00
141–143 Drury Lane, Covent Garden, London WC2	40,000 sq.ft. multi-let office building scheduled for refurbishment or residential conversion after 2002	1998	19.7%	18.1%	£23.50
71 Kingsway, London WC2	30,000 sq.ft. office building subject to rolling refurbishment	1998	16.5%	18.9%	£29.00

* All freehold except Rex House

1. Cheapside House

2. 60 Sloane Avenue

3. Capital House

4. 141-143 Drury Lane

Properties with value in excess of £10m continued

Address	Comments	Year Acquired	Growth Since Acquisition % p.a. Rental Value	Growth Since Acquisition % p.a. Capital Value	Current Average Passing Rent p.s.f
Other Central London Offices					
61 Southwark Street, London SE1	65,000 sq.ft. of multi-let offices subject to rolling refurbishment programme	1998	37.3%	44.8%	£17.00
4 & 5 Paris Gardens, Southwark, London SE1	45,000 sq.ft. offices acquired vacant and simultaneously pre-let to Guardian IT. Refurbished in 2000	2000	24.9%	46.5%	£24.50
The Interchange, Camden Lock, NW1	65,000 sq.ft. of loft offices let to Associated Press Television News	1999	18.0%	24.9%	£23.00
The Rotunda Complex, Oval Road, Camden NW1	50,000 sq.ft. of multi-let loft office village	1998	32.3%	25.6%	£16.00
Shepherds Building, London W14	Vacant 155,000 sq.ft. loft offices in course of refurbishment. 35,000 sq.ft. pre-let	2000	25.0%	–*	£25.00
South East Offices					
Waterfront Business Park, Fleet	40,000 sq.ft. of 1990s offices plus 50,000 sq.ft. of 1960s industrial capable of office redevelopment	2000	5.6%	8.3%	£19.00
CBXII & Midsummer Court, Milton Keynes	Sold during financial year	1998	17.3%	44.9%	–
Out of Town Retail					
Castle Retail Park, Nottingham	112,000 sq.ft. anchored by PC World	1997	3.3%	1.7%	£10.00
Weston Retail Park, Weston Super Mare	140,000 sq.ft. anchored by Great Mills, Comet and Carpetright 75% share	1999	17.2%	16.9%	£6.50
Industrial					
Aycliffe & Peterlee	1.9m sq.ft. of industrial assets	1987	5.2%	11.3%	£2.50

* Shepherds Building is held at cost being in the course of refurbishment. The rent passing figure of £25 p.s.f. is based on the pre-let rent.

5. 71 Kingsway


5

6. Paris Gardens


6

7. Shepherds Building


7

8. The Interchange


8

Financial Review

Profits

Gross profits for the year were £56.3m. These compare with gross profits for the year to 31 March 2000 of £43.5m and include net rental income after property over-heads of £25.5m (2000: £23.7m) and trading profits of £0.9m (2000: £0.4m). Our development programme contributed £29.5m (2000: £19.3m).

The surplus over book value on sale of investment properties was £0.7m (2000: £4.6m).

Interest paid on borrowings, net of interest received on cash balances increased from £16.3m to £19.2m. This was after capitalisation of £1.6m of interest (2000: £2.7m).

Pre-tax profits rose by 17% from £22.0m to £25.8m. With an effective tax charge of 20% (2000: 27%) and minority interest of £0.1m (2000: £0.1m), profits before dividends increased by 28% to £20.4m. Earnings per share on a diluted basis rose by 27% to 68.3p per share.

Dividends

The Board is recommending to members at the Annual General Meeting on 25 July 2001 a final dividend of 7.50p per share (2000: 6.75p) to be paid on 26 July 2001 which, with the interim dividend of 5.00p, makes a total of 12.50p. This is an increase of 12% on the previous period's dividend of 11.15p. This is covered over five times by profits after tax.

Net assets

The increase in value of investment properties of £39.3m (2000: £30.4m) and the retained profits of £16.8m (2000: £12.7m) led to a rise in Helical's net assets to £241.9m (2000: £184.9m). Net assets per share of 803p compare with 620p in 2000. Diluted net assets per share rose from 603p to 776p and, after taking account of the value ascribed to financial instruments under FRS13 and unprovided deferred tax, rose from 564p to 686p, a 22% increase.

Borrowings and financial risk

Net debt fell to £232.8m from £243.0m and with the rise in net assets Helical reduced its net gearing at 31 March 2001 to 96% from 131%. The company seeks to manage financial risk by ensuring that there is sufficient financial liquidity to meet foreseeable needs and to invest surplus cash safely and profitably. At the year end Helical had £120m of undrawn bank facilities and cash of £31.8m (2000: £17.0m).

Table 1 IPD (monthly and quarterly valued funds) ungeared returns

'0' means the top ranking fund

Total Returns %: In year to 31st	3.01	3.00	3.99	3.98	3.97	3.96	3.95	3.94	3.93	3.92
Helical	23.9	24.7	22.7	26.4	19.9	13.2	13.2	19.4	14.4	9.7
IPD	10.6	15.6	11.3	16.5	11.2	4.2	5.8	25.8	-0.6	-1.4
Percentile rank	0	1	2	2	1	1	0	85	0	4

Total Returns %: Annualised over	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs	9 yrs	10 yrs
Helical	23.9	24.3	23.7	24.4	23.5	21.7	20.5	20.3	19.7	18.6
IPD	10.6	13.0	12.4	13.4	13.0	11.5	10.7	12.4	10.9	9.6
Percentile rank	0	1	1	1	1	0	0	0	0	0

Helical insures against adverse movements in interest rates. It has insured against such interest rate movements through the use of a number of interest rate hedging instruments. Borrowings of £160m are capped until 2004 and £111m until 2006 at interest rates between 6.00% and 7.50%. £20m is fixed at 8.625% until September 2001, a further £99m at an average rate of 6.72% until Autumn 2002 and £9.6m reducing to £5.0m at 9.05% until 2009. Using interest rate floors the company is able to benefit from the reduction of rates down to 4.73% and 4.83% on £160m until January 2006. The average cost of debt is 6.8%.

FRS13 requires financial instruments to be valued on a fair value basis, and at 31 March 2001 an adjustment to reflect this basis would reduce net assets by £3.2m (2000: increase of £2.4m) which, if provided for, would reduce diluted net assets by 10p (2000: increase by 7p) per share.

Performance measures

Helical uses various measures to evaluate its returns. It compares its ungeared property performance against that of portfolios within the Investment Property Databank. Table 1 on page 20 shows the results.

In order to evaluate its overall performance against other small to mid size capital companies, both here and abroad, the company looks at equity value added and returns on equity. The internal calculations for the last four years are shown in Table 2 below.

FRS19 – Deferred Tax

FRS 19, which applies to accounting periods ending on or after 23 January 2002, has not been adopted in these financial statements. This new standard requires deferred tax to be provided on most types of timing differences including accelerated capital allowances. Note 20 on page 43 includes, as a contingent liability, the impact of a clawback of industrial buildings allowances on the sale of the group's industrial buildings. It does not include the impact of a clawback of plant and machinery allowances claimed in respect of the group's investment portfolio amounting to a potential tax liability of £4,759,000. The group believes that these allowances will not be clawed back as it seeks to agree disposal values for plant and machinery at or below their tax written down value.

Nigel McNair Scott
Finance Director

Table 2 Equity value added and price/value added

Equity Value Added Year ended 31 March		2001	2000	1999	1998
Capital employed	£m	475.7	430.3	316.1	260.3
Return on capital	%	18.4	19.8	18.6	18.7
Weighted average cost of capital	%	5.9	6.0	6.2	8.1
Spread	%	12.5	13.8	12.4	10.6
Equity value added	£m	51.7	43.7	32.2	29.6

Price/Value Added	2001 £m	2000 £m	1999 £m	1998 £m
Earnings after tax	20.5	16.0	16.1	14.6
Revaluation surpluses	39.5	30.4	19.8	23.6
Value added	60.0	46.4	35.9	38.2
Market capitalisation	222.1	167.6	141.6	152.7
Price/value added – times	3.7 X	3.6 X	5.5 X	4.0 X

Officers

Board of directors

Managing director
Michael Slade BSc (Est.Man) FRICS FSVA, Aged 54
Michael Slade joined the Board as executive director in August 1984 and was appointed Managing Director in 1986.

Finance director
Nigel McNair Scott MA FCA FCT, Aged 55
Nigel McNair Scott joined the Board as executive director in 1985 and was appointed Finance Director in 1986. A former director of Johnson Matthey plc, he is Chairman of Avocet Mining Plc and a director of Govett Strategic Investment Trust.

Development director
Gerald Kaye BSc (Est.Man) FRICS, Aged 43
Gerald Kaye was appointed to the Board as executive director in 1994 and is responsible for the company's development activities. He is a former director of London & Edinburgh Trust PLC.

Investment director
Michael Brown BSc (Est.Man) MRICS, Aged 40
Michael Brown was appointed to the Board as executive director in 1998 and is responsible for the company's property investment activities. He is a former director of Threadneedle Property Fund Managers.

Independent non-executive directors

Chairman
John Southwell MA (Senior non-executive), Aged 68
John Southwell joined the Board of Helical Bar plc as non-executive director in 1986 and was appointed non-executive Chairman in 1988. He is the senior non-executive director and Chairman of the Remuneration, Audit and Nominations and Appointments Committees. A former director of Laing & Cruickshank, Corporate Finance, he currently acts as a consultant to Credit Lyonnais Securities Europe (UK). John Southwell is Chairman of Lochain Patrick Holdings Ltd and director of James Cropper plc.

Giles Weaver FCA, Aged 55
Giles Weaver was appointed to the Board as non-executive director in 1993. He is a member of the Remuneration, Audit and Nominations and Appointments Committees. A recent Chairman of Murray Johnstone Limited, he is a director of Aberdeen Asset Managers plc, Charter European Trust plc, James Finlay Plc and Atrium Underwriting Plc.

Antony Beevor BA, Aged 61
Antony Beevor was appointed to the Board as non-executive director in 2000. He is a member of the Remuneration, Audit and Nominations and Appointments Committees. Antony Beevor is a Senior Advisor to S G Hambros, a Deputy Chairman of the Takeover Panel, the Chairman of Croda International Plc and a director of Nestor Healthcare Group plc.

Company secretary and registered office

Company secretary
Tim Murphy ACA
Aged 41
Appointed March 1994

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

Investor relations
Email: info@helical.co.uk
Web-site: www.helical.co.uk
Public relations: Financial Dynamics

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2001.

Principal activities

The principal activity of the company is that of a holding company and the principal activities of the subsidiaries are property investment, dealing and development. A full review of these activities and the group's future prospects are given on pages 4 to 21.

Trading results

The results for the year are set out on page 26. The profit on ordinary activities before taxation amounts to £25,824,000 (2000: £22,020,000).

Share capital

The detailed movements in share capital are set out in note 21 to these financial statements.

At 31 March 2001 there were 29,911,697 ordinary 5p shares in issue.

Dividends

A final dividend of 7.50p (2000: 6.75p) per share is recommended for approval at the Annual General Meeting on 25 July 2001. The total ordinary dividends of 12.50p (2000: 11.15p) per share amount to £3,570,000 (2000: £3,223,000).

Donations

Donations to charities amounted to £31,000 (2000: £9,403). A contribution of £20,000 (2000: £10,000) was made to the Conservative Party.

Creditor payment policy

The company's policy is to settle all agreed liabilities within the terms established with suppliers. At 31 March 2001 there were 28 days' (2000: 21 days') purchases outstanding in respect of the company's creditors.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

Substantial shareholdings

At 1 June 2001 the shareholders listed in Table A on page 24 had notified the company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the company.

Directors' remuneration

Details of directors' remuneration, share options, service contracts and pension contributions are noted in the Report on Remuneration on pages 51 to 55.

Directors and their interests

The directors who were in office during the year and their interests, all of which were beneficial, in the ordinary shares are listed in Table B on page 24.

On 7 April 2000, shares acquired by the Helical Bar Profit Sharing Scheme were allocated to directors and staff. The number of shares allocated to directors is disclosed in the Report on Remuneration on pages 51 to 55.

There have been no changes in the directors' interests in the period from 31 March 2001 to 20 June 2001.

Re-election

Messrs G. A. Kaye and P. M. Brown are due to retire by rotation and offer themselves for re-election.

Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Corporate governance

The company's application of the principles of corporate governance is noted in the Corporate Governance Report on page 49.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In

Directors' Report
continued

preparing those financial statements, the directors are required to:
• select suitable accounting policies and then apply them consistently;
• make judgements and estimates that are reasonable and prudent;
• state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annual General Meeting
The Annual General Meeting of the company will be held on 25 July 2001 at 11.30 a.m. at The Westbury, Conduit Street at New Bond Street, London W1A 4UH. The notice of meeting is set out in the separate circular to shareholders which accompanies this document.

By Order of the Board
T.J. Murphy
Secretary
20 June 2001

Table A Substantial shareholdings

	No. of ordinary shares	%
Schroder Investment Management Ltd	2,892,842	9.7
Fidelity Investments	2,042,696	6.8
TR Property Investment Trust	1,750,000	5.9
Jupiter Asset Management	1,536,500	5.1
Helical Bar Employee Share Ownership Plan Trust	1,491,939	5.0
Zurich Scudder Investments Ltd	1,086,950	3.6

The interests of Michael Slade (3,014,019 – 10.1%) are noted below.

Table B Directors' interests

	Ordinary 5p shares	
	31.03.01	31.03.00
J.P. Southwell	33,870	33,870
M.E. Slade	3,014,019	3,012,604
N.G. McNair Scott	625,698	624,284
A.R. Beevor	1,477	–
C.G.H. Weaver	18,000	18,000
G.A. Kaye	308,296	230,514
P.M. Brown	185,632	117,584
Total directors' interests	4,186,992	4,036,856
Percentage of issued share capital	14.0	13.5

Auditors' Report

To the members of Helical Bar plc

We have audited the financial statements on pages 26 to 47 which have been prepared under the accounting policies set out on pages 30 and 31.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on pages 23 and 24, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the statement on pages 49 and 50 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 March 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton
Registered Auditors
Chartered Accountants
London
20 June 2001

Consolidated Profit and Loss Account

Helical Bar plc and subsidiary undertakings for the year ended 31 March 2001

	Note	Year Ended 31.3.01 £000	Year Ended 31.3.00 £000
Turnover	2	165,259	149,922
Cost of sales		(108,958)	(106,440)
Gross profit	2	56,301	43,482
Administrative expenses	3	(12,031)	(9,669)
Operating profit		44,270	33,813
Share of associated company profits		86	–
Profit on sale of investment properties	4	709	4,555
Profit on ordinary activities before interest		45,065	38,368
Net interest payable and similar charges	5	(19,241)	(16,348)
Profit on ordinary activities before taxation		25,824	22,020
Tax on profit on ordinary activities	6	(5,284)	(6,032)
Profit on ordinary activities after taxation		20,540	15,988
Equity minority interests		(126)	(77)
Profit for the year		20,414	15,911
Dividends paid and proposed	7	(3,570)	(3,223)
Retained profit for the year	22	16,844	12,688
By company	8	44,533	1,829
By subsidiaries		(27,689)	10,859
Earnings per share	9	70.6p	55.0p
Diluted earnings per share	9	68.3p	53.7p

The notes on pages 30 to 47 form part of these financial statements.

Balance Sheets

Helical Bar plc and subsidiary undertakings for the year ended 31 March 2001

		Group		Company	
	Note	31.3.01 £000	31.3.00 £000	31.3.01 £000	31.3.00 £000
Fixed assets					
Intangible assets	10	657	683	–	–
Tangible assets	11	454,580	420,354	972	770
Investments	12	9,546	3,656	11,837	5,908
Investment in associate		185	–	–	–
		464,968	424,693	12,809	6,678
Current assets					
Other assets for resale		525	525	–	–
Stock	13	27,861	22,020	13	48
Debtors	14	36,439	54,786	128,905	104,393
Investments	15	1	5,236	–	2,088
Cash	16	31,841	16,991	22,016	9,076
		96,667	99,558	150,934	115,605
Creditors: amounts falling due within one year	17	(88,331)	(80,515)	(24,118)	(8,033)
Net current assets		8,336	19,043	126,816	107,572
Total assets less current liabilities		473,304	443,736	139,625	114,250
Creditors: amounts falling due after more than one year	18	(231,395)	(257,384)	–	(19,935)
Provisions for liabilities and charges	20	–	(1,500)	–	–
		241,909	184,852	139,625	94,315
Capital and reserves					
Called-up share capital	21	1,496	1,481	1,496	1,481
Share premium account	22	35,264	34,502	35,264	34,502
Revaluation reserve	22	128,468	95,701	–	–
Capital redemption reserve	22	7,101	7,101	7,101	7,101
Other reserves	22	291	291	1,987	1,987
Profit and loss account	22	67,611	44,452	93,777	49,244
Equity shareholders' funds		240,231	183,528	139,625	94,315
Equity minority interests		1,678	1,324	–	–
		241,909	184,852	139,625	94,315

The financial statements were approved by the Board of Directors on 20 June 2001.

M.E. Slade – Director

N.G. McNair Scott – Director

The notes on pages 30 to 47 form part of these financial statements.

Statement of Total Recognised Gains and Losses

Helical Bar plc and subsidiary undertakings for the year ended 31 March 2001

	Year Ended 31.3.01 £000	Year Ended 31.3.00 £000
Statement of total recognised gains and losses		
Profit for the year after taxation	20,540	15,988
Minority interest	(126)	(77)
Surplus on revaluation of investment properties – subsidiaries	39,320	30,404
– associates	147	–
Minority interest in revaluation surplus	(385)	(1,068)
Total recognised gains and losses relating to the year	59,496	45,247

	31.3.01 £000	31.3.00 £000
Notes on historical cost profits and losses		
Reported profit on ordinary activities before taxation	25,824	22,020
Realisation of property revaluation gains of previous years	6,315	12,583
Historical cost profit on ordinary activities before taxation	32,139	34,603
Historical cost profit for the year retained	23,159	25,271

	31.3.01 £000	31.3.00 £000
Reconciliation of movements in shareholders' funds		
Profit for the year	20,414	15,911
Dividends paid and proposed	(3,570)	(3,223)
	16,844	12,688
Revaluation of investment property – subsidiaries	39,320	30,404
– associates	147	–
Minority interest in revaluation surplus	(385)	(1,068)
Issue/(redemption) of shares	777	(20)
Net addition to shareholders' funds	56,703	42,004
Opening shareholders' funds	183,528	141,524
Closing shareholders' funds	240,231	183,528

The notes on pages 30 to 47 form part of these financial statements.

Consolidated Cash Flow Statement

Helical Bar plc and subsidiary undertakings for the year ended 31 March 2001

	Note	Year Ended 31.3.01 £000	Year Ended 31.3.00 £000
Net cash inflow from operating activities	23	56,615	45,569
Returns on investment and servicing of finance	24	(20,582)	(19,486)
Taxation	24	(5,785)	(4,560)
Capital expenditure and financial investment	24	(16,779)	(4,886)
Acquisitions		–	(9,028)
Equity dividends paid		(3,389)	(31,910)
Cash flow before management of liquid resources and financing		10,080	(24,301)
Management of liquid resources	25	(15,553)	30,347
Financing			
Issue/(redemption) of shares		777	(20)
Increase/(decrease) in debt	26	4,141	(3,086)
(Decrease)/increase in cash		(555)	2,940

Reconciliation of net cash flow to movement in net debt

	31.3.01 £000	31.3.00 £000
(Decrease)/increase in cash in the year	(555)	2,940
Cash outflow/(inflow) from management of liquid resources	15,553	(30,347)
Cash (inflow)/outflow from change in debt	(4,141)	3,086
Debt arrangement expenses	(572)	(365)
Liability acquired with subsidiary	–	(43,910)
Movement in net debt in the year	10,285	(68,596)
Net debt 1 April 2000	(243,085)	(174,489)
Net debt 31 March 2001	(232,800)	(243,085)

The notes on pages 30 to 47 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of investment properties.

The principal accounting policies of the group are set out below. The policies have remained unchanged from the previous year.

Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertakings drawn up to 31 March 2001. Profits or losses on intra group transactions are eliminated in full.

Turnover

Turnover represents rental income and the proceeds from the sale of trading properties and developments. For funded developments, turnover comprises the increase in the valuation of work during the year and profit recognised on each development. Income from the sale of trading properties is included in the profit and loss account when in the opinion of the directors a binding contract of sale exists.

Depreciation

Depreciation is calculated to write down the cost to residual value of all fixed assets, excluding investment properties, by equal annual instalments over their expected useful economic lives.

The annual rates generally applicable are:

– short leasehold property	length of lease
– leasehold improvements	10%
– vehicles & office equipment	25%

Developments

The attributable profit on developments is recognised once their outcome can be assessed with reasonable certainty. In the case of developments funded by institutions this profit is recognised on the letting of the developments.

Stock

Stock is stated at the lower of cost and net realisable value.
Long-term contract balances included in stock are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Deferred taxation

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Interest capitalised on development properties

Interest costs incurred on development properties are capitalised until the earliest of:

- the date when the development becomes fully let;
- the date when the income exceeds outgoings; and,
- the date of completion of the development.

Investment property

Completed investment properties are included in the balance sheet at their open market values. Any surplus arising is credited to the revaluation reserve and any temporary deficits are netted off against the remaining balance on the reserve. Permanent diminutions in value below original cost are reflected through the profit and loss account. In accordance with the Statement of Standard Accounting Practice No. 19 – Accounting for Investment Properties, freehold investment properties and leasehold investment properties where the unexpired term is over twenty years are not depreciated but are valued by an external valuer at least every three years. In years where an external valuation is not commissioned, a valuation is undertaken by a suitably qualified member of the company's staff.

This policy represents a departure from statutory accounting principles which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors affecting annual valuation.

Financing costs

The group uses derivative financial instruments to manage exposure to fluctuations in interest rates. Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

The costs of arranging finance for the group, including financial instruments entered into to protect against the effects of interest rate movements, are written off to the profit and loss account over the terms of, and in proportion to, the associated finance.

Goodwill

Goodwill arising on acquisition is treated as an intangible asset and the cost written off in equal instalments over its useful economic life, estimated to be fifteen years.

Employees share ownership plan trust (the "Trust")

Shares in Helical Bar plc owned by the Trust are stated at cost. Any deficit arising in the future between the original cost of the shares and their net realisable value will be funded by the company.

Notes to the Financial Statements

continued

1. Accounting policies continued

Associated company

Undertakings other than subsidiary undertakings, in which the group has an investment of at least 20% of the shares and over which it exerts significant influence, are treated as associates.

The group's share of the profits or losses and other recognised gains or losses of the associates are included in the group profit and loss account and statement of total recognised gains and losses, respectively. Where the accounting periods covered by audited financial statements are not coterminous with that of the group, the share of profits or losses of the associates has been arrived at from the last audited financial statements available and unaudited management accounts to the group's balance sheet date.

The group balance sheet includes the investment in the associates at the group's share of net assets and the goodwill arising on the acquisition of the interest in so far as it has not already been amortised.

The company balance sheet shows the investment in the associates at cost less amounts written off.

Liquid Resources

Liquid resources are managed by the group by investing as short term cash deposits at prevailing deposit rates whilst ensuring appropriate access to such funds to meet foreseeable needs.

2. Turnover and gross profit on ordinary activities before taxation

	Turnover		Gross profit	
	Year Ended 31.3.01 £000	Year Ended 31.3.00 £000	**Year Ended 31.3.01 £000**	Year Ended 31.3.00 £000
The analysis of turnover and gross profit by function is as follows:				
Trading property sales	14,552	3,890	920	372
Rental income	28,642	26,656	25,532	23,652
Developments	115,176	116,243	29,507	19,345
Other income and provisions	6,889	3,133	342	113
Gross profit			56,301	43,482
Central overheads			(12,031)	(9,669)
Interest payable less receivable			(19,241)	(16,348)
Share of associated company profits			86	–
Profit before taxation and profit on sale of investment properties			25,115	17,465

All sales, excluding trading property sales, were within the UK. Trading property sales were mainly within Europe, but outside the UK. All turnover is attributable to continuing operations.
An analysis of property assets can be found in notes 11 and 12 and the directors do not consider a further analysis of net assets to be appropriate.

3. Administrative expenses

	Year Ended 31.3.01 £000	Year Ended 31.3.00 £000
Operating profit on ordinary activities is stated after:		
Staff costs	9,225	6,280
Depreciation and amortisation		
– tangible fixed assets	253	226
– goodwill	64	612
Deficit in ESOP	–	703
Auditors' remuneration:		
– audit services	85	76
– non-audit services	86	53
Staff costs during the year:		
– salaries	8,115	5,009
– social security costs	1,026	857
– other pension costs	84	414
	9,225	6,280

Details of directors' remuneration are included in the Report on Remuneration on pages 51 to 55.
With the exception of the pension contributions referred to in the Report on Remuneration, other pension costs relate to payments to individual pension plans.

The average number of employees of the group during the year was:

	31.3.01	31.3.00
Management and administration	25	24

4. Sale of investment properties

	31.3.01 £000	31.3.00 £000
Net proceeds from sale of investment properties	30,333	110,875
Book value (note 11)	(29,624)	(106,320)
Profit on sale of investment properties	709	4,555

5. Net interest payable and similar charges

	31.3.01 £000	31.3.00 £000
On bank loans and overdrafts	19,514	17,893
Finance arrangement costs	572	365
Other interest and similar charges	1,343	2,350
Interest capitalised	(1,597)	(2,661)
Loan termination costs	–	(36)
Interest receivable and similar income	(591)	(1,563)
	19,241	16,348

Notes to the Financial Statements

continued

6. Taxation on profit on ordinary activities

	Year Ended 31.3.01 £000	Year Ended 31.3.00 £000
The tax charge is based on the profit for the year and represents:		
– United Kingdom corporation tax at 30% (2000: 30%)	5,779	4,595
– Adjustments in respect of prior periods	1,005	(63)
Current tax charge	6,784	4,532
Deferred tax – reversal and origination of timing differences	(1,500)	1,500
Tax on profit on ordinary activities	5,284	6,032

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	31.3.01 £000	31.3.00 £000
Profit on ordinary activities before tax	25,824	22,020
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2000: 30%)	7,747	6,606
Effect of:		
– Expenses not deductible for tax purposes	127	(135)
– Capital allowances for period in excess of depreciation	(2,964)	(2,590)
– Chargeable gain in excess of profit on sale of investment property	1,198	646
– Capitalised interest	(202)	(436)
– Other timing differences	373	620
– Utilisation of losses	(500)	(116)
Current tax charge for period	5,779	4,595

7. Dividends

	31.3.01 £000	31.3.00 £000
Attributable to equity share capital		
Ordinary		
– interim paid 5.00p (2000: 4.40p) per share	1,438	1,272
– final proposed 7.50p (2000: 6.75p) per share	2,132	1,951
Total ordinary dividends 12.50p (2000: 11.15p) per share	3,570	3,223

8. Parent company

The company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in the financial statements. The financial profit for the year of the company was £48,103,000 (2000: £5,052,000).

9. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Shares held by the ESOP, which has waived its entitlement to receive dividends, are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends on the assumed conversion of all dilutive options.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Earnings £	Year Ended 31.3.01 Weighted average no. of shares	Per share amount pence	Earnings £	Year Ended 31.3.00 Weighted average no. of shares	Per share amount pence
Basic earnings per share	20,413,627	28,903,697	70.6	15,911,018	28,903,697	55.0
Dilutive effect of share options		980,781			750,164	
Diluted earnings per share	20,413,627	29,884,478	68.3	15,911,018	29,653,861	53.7

10. Intangible fixed assets – goodwill

	Group £000
Cost at 1 April 2000	1,336
Additions	38
Cost at 31 March 2001	1,374
Depreciation at 1 April 2000	653
Provision for the year	64
Depreciation at 31 March 2001	717
Net book amount at 31 March 2001	657
Net book amount at 31 March 2000	683

Additions represent the costs of acquisition of Helical (Liphook) Ltd.

Notes to the Financial Statements

continued

11. Tangible fixed assets

	Investment Properties				Short leasehold property & improvements	Vehicles & office equipment	Total
	Freehold £000	Leasehold £000	In course of development Freehold £000	In course of development Leasehold £000	£000	£000	£000
Group							
Cost or valuation at 1.4.00	379,801	6,160	20,659	12,950	646	1,013	421,229
Additions at cost	5,166	15	9,466	9,694	–	547	24,888
Transfers	9,000	22,644	(9,000)	(22,644)	–	–	–
Disposals	(29,624)	–	–	–	–	(628)	(30,252)
Revaluation	27,529	11,791	–	–	–	–	39,320
Cost or valuation at 31.3.01	391,872	40,610	21,125	–	646	932	455,185
Depreciation at 31.3.01	–	–	–	–	225	650	875
Provision for the year	–	–	–	–	47	206	253
Eliminated on disposals	–	–	–	–	–	(523)	(523)
Depreciation at 31.3.01	–	–	–	–	272	333	605
Net book amount at 31.3.01	391,872	40,610	21,125	–	374	599	454,580
Net book amount at 31.3.00	379,801	6,160	20,659	12,950	421	363	420,354

	Investment Properties				Short leasehold property & improvements	Vehicles & office equipment	Total
	Freehold £000	Leasehold £000	In course of development Freehold £000	In course of development Leasehold £000	£000	£000	£000
Company							
Cost at 1.4.00	–	–	–	–	646	990	1,636
Additions at cost	–	–	–	–	–	554	554
Disposals	–	–	–	–	–	(628)	(628)
Cost at 31.3.01	–	–	–	–	646	916	1,562
Depreciation at 1.4.00	–	–	–	–	225	641	866
Provision for the year	–	–	–	–	47	200	247
Eliminated on disposals	–	–	–	–	–	(523)	(523)
Depreciation at 31.3.01	–	–	–	–	272	318	590
Net book amount at 31.3.01	–	–	–	–	374	598	972
Net book amount at 31.3.00	–	–	–	–	421	349	770

Interest capitalised in respect of the development of investment properties is included in tangible fixed assets to the extent of £1,995,000 (2000: £1,735,000).

Interest capitalised during the year, at LIBOR plus 2½%, in respect of investment properties in the course of development was £672,000 (2000: £1,603,000).

11. Tangible fixed assets continued

The investment properties have been valued on an open market basis at 31 March 2001 as follows:

	£000
Healey & Baker, International Real Estate Consultants	248,625
Jones Lang LaSalle, International Real Estate Consultants	59,000
Allsop & Co, Chartered Surveyors	53,250
DTZ Debenham Tie Leung, International Property Advisors	39,070
Knight Frank, Chartered Surveyors	17,450
Directors' valuation	36,212
	453,607

The net surplus arising of £39,320,000 (2000: £30,404,000) has been transferred to the revaluation reserve. The historical cost of investment property is £325,139,000 (2000: £322,807,000).

12. Fixed asset investments

	Group		Company	
	31.3.01 £000	31.3.00 £000	31.3.01 £000	31.3.00 £000
Employees' Share Ownership Plan Trust – own shares	9,546	3,656	9,546	3656
Shares in subsidiary undertakings at cost	–	–	2,291	2,252
	9,546	3,656	11,837	5,908

	31.3.01 £000	31.3.00 £000	31.3.01 £000	31.3.00 £000
The movement in the year was as follows:				
At 1 April 2000	3,656	4,359	5,908	6,545
Acquired during year	5,890	–	5,929	66
Deficit in ESOP written off	–	(703)	–	(703)
At 31 March 2001	9,546	3,656	11,837	5,908

Following approval at the 1997 Annual General Meeting the Company established the Helical Bar Employees' Share Ownership Plan Trust (the "Trust") to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate and encourage the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company.

At 31 March 2001 the Trust held 1,262,102 (2000: 699,000) ordinary shares in Helical Bar plc over which options had been granted. At 31 March 2001 the Trust held 229,837 (2000: 9,000) ordinary shares over which no options had been granted.

Notes to the Financial Statements

continued

12. Fixed asset investments continued

Interests in associates

At 31 March 2001 the group and the company had a 49.9% (2000: nil) interest in the ordinary £1 shares in Prescot Street Investments Limited, a property investment company incorporated in the United Kingdom. The financial year end of this company is 31 December.

The company's principal subsidiary undertakings, all of which have been consolidated, are:

Name of undertaking	Nature of business	Percentage of ordinary share capital held
Aycliffe and Peterlee Development Company Ltd	Development and trading	100%
Aycliffe and Peterlee Investment Company Ltd*	Investment	100%
Helical Bar (CL) Investments Ltd*	Investment	100%
Helical Bar Developments (South East) Ltd	Development and trading	100%
Helical Bar (Wales) Ltd*	Development and trading	100%
Helical Properties Ltd	Investment development and trading	100%
Helical Properties Investment Ltd	Investment	100%
Intercontinental Land and Development Co. Ltd*	Investment development and trading	100%
Helical Bar Developments Ltd	Development	100%
Helical Bar (City Developments) Ltd*	Development	100%
Helical Bar Trustees Ltd	Trustee of Profit Sharing Scheme	100%
Helical Bar (Wood Street) Ltd	Development	100%
61 Southwark Street Ltd*	Investment	100%
Helical Bar (Oxford) Ltd	Trading	100%
Helical Properties Retail Ltd	Investment	100%
Helical Bar (CL) Ltd*	Investment	100%
Helical Bar (Chiswell Street) Ltd*	Development	100%
Baylight Developments Ltd	Investment	100%
Helical Bar (City Investments) Ltd*	Investment	100%
Networth Ltd*	Trading	100%
Helical Properties (Basingstoke) Ltd*	Investment	100%
CBX II Ltd*	Investment	100%
Glenlake Ltd*	Investment	100%
Helical (SA) Ltd	Investment	100%
Helical Bar (Rex House) Ltd	Investment	100%
Helical (Fleet) Ltd	Investment	100%
48 Gracechurch Street Ltd	Investment	100%
Helical (TE) Ltd	Investment	100%
Helical Bar Services Ltd	Management Services	100%
Helical Bar (Bunhill Row) Ltd	Development	100%
Helical (Liphook) Ltd	Development (Jersey)	100%
Samanar Europea SL	Trading (Spain)	100%
Helical (Interchange) Ltd	Investment	90%
Helical Retail Ltd	Development and trading	75%
Helical Retail (RBS) Ltd*	Development and trading	75%
Helical Properties (WSM) Ltd*	Investment	75%

All principal subsidiary undertakings, except for Samanar Europea SL, operate in the United Kingdom and, unless otherwise indicated, are incorporated and registered in England and Wales.

*Ordinary capital is held by a subsidiary undertaking.

13. Stock

	Group		Company	
	31.3.01 £000	31.3.00 £000	**31.3.01 £000**	31.3.00 £000
Development sites	22,249	16,621	13	48
Properties held as trading stock	5,612	5,399	–	–
	27,861	22,020	13	48

Interest capitalised in respect of the development of sites is included in stock to the extent of £443,000 (2000: £572,000). Interest capitalised during the year in respect of development sites amounted to £925,000 (2000: £1,058,000).

14. Debtors

	Group		Company	
	31.3.01 £000	31.3.00 £000	**31.3.01 £000**	31.3.00 £000
Trade debtors	17,338	25,805	24	1,527
Taxation	21	964	646	496
Amounts owed by associated undertaking	4,684	–	4,684	–
Amounts owed by subsidiary undertakings	–	–	121,574	100,650
Other debtors	895	1,253	922	202
Prepayments and accrued income	13,501	26,764	1,055	1,518
	36,439	54,786	128,905	104,393

Included in group prepayments and accrued income is an amount of £nil (2000: £2,460,000) due after more than one year.

15. Current asset investments

	Group		Company	
	31.3.01 £000	31.3.00 £000	**31.3.01 £000**	31.3.00 £000
UK Listed investments at cost	1	5,236	–	2,088
	1	5,236	–	2,088

The market value of listed investments at 31.3.01 was £1,000 (2000: £5,019,000).

16. Cash at bank and in hand

	Group		Company	
	31.3.01 £000	31.3.00 £000	**31.3.01 £000**	31.3.00 £000
Cash secured against debt repayable within one year	2,314	4,761	–	505
Free cash	29,527	12,230	22,016	8,571
	31,841	16,991	22,016	9,076

Notes to the Financial Statements

continued

17. Creditors: amounts falling due within one year

	Group		Company	
	31.3.01 £000	31.3.00 £000	**31.3.01 £000**	31.3.00 £000
Bank overdrafts and term loans	33,246	2,692	20,427	–
Trade creditors	15,639	42,887	142	134
Taxation	4,289	4,233	–	1,213
Social security costs and other taxation	3,789	594	–	442
Dividends payable	2,132	1,951	2,237	2,055
Other creditors	3,976	1,894	255	–
Accruals and deferred income	25,260	26,264	1,057	4,189
	88,331	80,515	24,118	8,033

18. Creditors: amounts falling due after more than one year

	Group		Company	
	31.3.01 £000	31.3.00 £000	**31.3.01 £000**	31.3.00 £000
Bank loans repayable within:				
– 1-2 years	16,602	30,397	–	20,000
– 2-5 years	87,187	53,548	–	–
– after 5 years	129,402	175,807	–	–
	233,191	259,752	–	20,000
Deferred arrangement costs	(1,796)	(2,368)	–	(65)
	231,395	257,384	–	19,935

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held in the normal course of business by subsidiary undertakings to the value of £410,098,000 (2000: £402,026,000). These will be repayable when the underlying properties are sold.

19. Financing and financial instruments

The policies for dealing with liquidity and interest rate risk are noted in the Financial Review on pages 20 and 21.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from the following disclosures.

	Group 31.3.01 £000	Group 31.3.00 £000
Bank overdraft and loans – maturity		
After 5 years	129,402	175,807
From 2-5 years	87,187	53,548
From 1-2 years	16,602	30,397
	233,191	259,752
Deferred arrangement costs	(1,796)	(2,368)
Due after more than one year	231,395	257,384
Due within one year	33,246	2,692
	264,641	260,076

The group has various undrawn committed borrowing facilities. The facilities available at 31.3.01 in respect of which all conditions precedent had been met were as follows:

	Group 31.3.01 £000	Group 31.3.00 £000
Expiring in one year or less	54,618	50,000
Expiring in more than one year but not more than two years	13,498	–
Expiring in more than two years	50,717	74,398
	118,833	124,398

Interest rates

	31.3.01 %	31.3.01 Expiry	31.3.01 £000	31.3.00 %	31.3.00 Expiry	31.3.00 £000
Fixed rate borrowings						
– fixed	9.050	Feb. 2009	9,598	9.050	Feb. 2009	9,933
– fixed	8.625	Sept. 2001	20,000	8.625	Sept. 2001	20,000
– swaps	–	–	–	8.335	June 2000	14,200
– swaps	5.990	Oct. 2002	50,000	–	–	–
– swaps	5.450	July 2002	49,000	5.220/5.450	July 2002	49,000
– swaps	–	–	–	6.600	June 2001	11,625
Weighted average	6.960	Dec. 2002	128,598	6.809	July 2002	104,758
Floating rate borrowings			137,839			157,686
Total borrowings			266,437			262,444
Deferred arrangement costs			(1,796)			(2,368)
			264,641			260,076

Floating rate borrowings bear interest at rates based on LIBOR.

Notes to the Financial Statements

continued

19. Financing and financial instruments continued

Hedging

In addition to the fixed rates, borrowings are also hedged by the following financial instruments:

Instrument	Value £000	Rate %	Expiry
Current			
– cap	49,000	6.000-6.500	July 2004
– collar	31,000	4.730-6.500	Jan. 2006
– floor	49,000	4.730	Jan. 2006
– collar	80,000	4.830-7.500	Jan. 2006

Gearing

	31.3.01 £000	31.3.00 £000
Total borrowings	264,641	260,076
Cash	(31,841)	(16,991)
Net borrowings	232,800	243,085
Net assets	241,909	184,852
Gearing	96%	131%

Fair value of financial assets and financial liabilities

	31.3.01		31.3.00	
	Book Value £m	Fair Value £m	Book Value £m	Fair Value £m
Borrowings	266,002	267,152	262,444	263,668
Interest rate swaps	–	825	–	(1,551)
Other financial instruments	(223)	1,051	(223)	(2,299)
	265,779	269,028	262,221	259,818

The fair value of financial assets and financial liabilities represents the mark to market valuations at 31 March 2001 and 31 March 2000. The adjustment to net assets from a recognition of these values would be to reduce net asset value per share by 10p (2000: increase by 7p).

20. Provision for liabilities and charges – deferred taxation

	Group		Company	
	31.3.01 £000	31.3.00 £000	**31.3.01 £000**	31.3.00 £000
Amounts provided for:				
– unrealised capital gains	–	1,500	–	–
	–	1,500	–	–
Amounts unprovided are:				
– unrealised capital gains	31,386	21,548	–	–
– accelerated capital allowances	1,174	1,210	–	–
– other timing differences	147	163	25	31
– tax losses	(6,784)	(7,812)	–	–
	25,923	15,109	25	31

Amounts provided for represent the anticipated corporation tax payable on properties sold since the year end for which revaluation surpluses have been recognised. The amounts unprovided for represent contingent liabilities at the balance sheet date and are calculated using a tax rate of 30%. No provision has been made for taxation which would accrue if the investment properties were sold at their revalued amounts. The adjustment to net assets resulting from a recognition of these amounts would be to reduce net asset value per share by 80p (2000: 46p).

21. Share capital

	31.3.01 £000	31.3.00 £000
Authorised		
– 688,954,752 (2000: 45,000,000) ordinary shares of 5p each	34,448	2,250
– nil (2000: 45,996,768) 5.25p convertable cumulative redeemable preference shares 2012 of 70p each	–	32,198
	34,448	34,448
Allotted, called up and fully paid at 31 March 2001		
Attributable to equity interests:		
– 29,911,697 (2000: 29,611,697) ordinary shares of 5p each	1,496	1,481
	1,496	1,481

Notes to the Financial Statements

continued

21. Share capital continued

Share options

At 31 March 2001 options over 2,491,000 (2000: 2,761,000) new ordinary shares in the company and 1,262,102 (2000: 699,000) purchased shares held by the ESOP had been granted to directors and employees under the company's share option schemes. During the year options over 300,000 new shares with a nominal value of £15,000 were exercised. The increase in share premium account arising from these exercises was £762,000.

	Exercise price per share pence	Number of shares
Senior Executive 1988 Share Option Scheme		
Subscription options		
Option period ending:		
– 10 July 2007	412.5	365,000
– 28 September 2007	467.5	100,000
– 26 November 2007	452.5	394,000
Purchase options		
Option period ending:		
– 26 November 2004	452.5	206,000
– 9 July 2005	565.0	400,000
Helical Bar 1999 Share Option Scheme		
Subscription options		
Option period ending:		
– 7 March 2009	442.5	1,547,768
– 7 January 2011	780.0	30,000
Purchase options		
Option period ending:		
– 7 March 2009	442.5	93,000
– 17 December 2010	750.0	529,000
– 7 January 2011	780.0	34,102
Helical Bar 1999 Approved Share Option Scheme		
Subscription options		
Option period ending:		
– 7 March 2009	442.5	54,232
		3,753,102

22. Share premium and reserves

	Non-distributable			Distributable	
	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Revaluation reserve £000	Profit & loss account £000
Group					
At 1 April 2000	34,502	7,101	291	95,701	44,452
Profit retained	–	–	–	–	16,844
Revaluation of investment property – subsidiaries	–	–	–	39,320	–
– associates	–	–	–	147	–
Minority interest in revaluation of investment property	–	–	–	(385)	–
Realised on disposals	–	–	–	(6,315)	6,315
Exercise of share options	762	–	–	–	–
At 31 March 2001	35,264	7,101	291	128,468	67,611
Company					
At 1 April 2000	34,502	7,101	1,987	–	49,244
Profit retained	–	–	–	–	44,533
Exercise of shares options	762	–	–	–	–
At 31 March 2001	35,264	7,101	1,987	–	93,777

23. Reconciliation of operating profit to net cash inflow from operating activities

	Year Ended 31.3.01 £000	Year Ended 31.3.00 £000
Operating profit	44,270	33,813
Depreciation of fixed assets	253	226
Deficit in ESOP	–	703
Loss/(profit) on sale of fixed assets	16	(7)
Amortisation of goodwill	64	612
Profit on sale of investments	(1,144)	–
Decrease/(increase) in debtors	20,770	(12,819)
(Decrease)/increase in creditors	(6,766)	7,346
(Increase)/decrease in stocks	(848)	15,695
Net cash inflow from operating activities	56,615	45,569

Notes to the Financial Statements

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24. Analysis of cash flows for headings netted in the cash flow statement

	Year Ended 31.3.01 £000	Year Ended 31.3.00 £000
Return on investments and servicing of finance		
Interest received	591	1,564
Interest paid	(20,881)	(20,702)
Minority interest dividends paid	(292)	(348)
	(20,582)	(19,486)
Taxation		
Tax received	397	266
Tax paid	(6,182)	(4,826)
	(5,785)	(4,560)
Capital expenditure and financial investment		
Purchase of property	(43,739)	(109,104)
Sale of property	26,967	109,541
Purchase of tangible fixed assets	(547)	(111)
Sale of tangible fixed assets	89	23
Purchase of investments	(6,327)	(5,235)
Sale of investments	6,778	–
	(16,779)	(4,886)

25. Management of liquid resources

	31.3.01 £000	31.3.00 £000
(Increase)/decrease in short term deposits	(15,553)	(30,347)
	(15,553)	(30,347)

26. Analysis of net debt

	At 1.4.00 £000	Cash Flow £000	Other non cash changes £000	At 31.3.01 £000
Cash at bank and in hand	16,991	(703)	15,553	31,841
Bank overdraft	(157)	148	–	(9)
	16,834	(555)	15,553	31,832
Debt due within one year	(2,535)	(10,702)	(20,000)	(33,237)
Debt due after more than one year	(259,752)	6,561	20,000	(233,191)
Less: arrangement expenses	2,368	–	(572)	1,796
	(259,919)	(4,141)	(572)	(264,632)
Total	(243,085)	(4,696)	14,981	(232,800)

27. Contingent liabilities

The company has entered into cross guarantees in respect of the banking facilities of its subsidiaries. The company has also entered into interest rate floors on £80 million at 4.83% from January 2001 to January 2006, and on a further £80 million at 4.73% from July 1999 to January 2006.

Other than these contingent liabilities and the deferred tax referred to in note 20 there were no contingent liabilities at 31 March 2001 (2000: nil).

28. Capital commitments

At 31 March 2001 nil (2000: nil).

29. Related party transactions

At 31 March 2001 there is an amount due from Prescot Street Investments Ltd of £4,684,000 (2000: £nil).

Ten Year Review

	31.3.01 £000	31.3.00 £000	31.3.99 £000	31.3.98 £000	31.3.97* £000	31.1.96 £000	31.1.95 £000	31.1.94 £000	31.1.93 £000	31.1.92 £000
Turnover	165,259	149,922	121,244	214,416	100,529	65,948	50,521	24,982	24,816	31,091
Rental income	28,642	26,656	21,482	22,009	22,374	19,186	16,294	12,118	13,810	16,547
Gross profit	56,301	43,482	39,004	38,775	29,284	21,697	16,475	12,713	16,895	11,627
Profit/(loss) before taxation	25,824	22,020	20,044	18,494	12,033	9,200	8,187	6,578	5,882	(7,557)
Profit/(loss) after taxation	20,540	15,988	16,145	14,610	9,032	7,892	7,655	6,049	5,632	(6,288)
Ordinary dividends	3,570	3,223	31,338	1,552	1,666	1,189	1,058	944	783	655
Profit/(loss) retained	16,844	12,688	(18,661)	7,985	3,564	3,666	3,785	3,451	3,951	(7,718)
Dividend per ordinary share	12.50p	11.15p	10.0p	9.0p	8.0p	7.3p	6.5p	5.8p	4.8p	4.0p
Special dividend per ordinary share	–	–	100.0p	–	2.0p	–	–	–	–	–
Diluted earnings per ordinary share	68.3p	53.7p	50.7p	40.9p	28.3p	26.6p	26.3p	24.3p	29.0p	(43.2p)
Investment portfolio	453,607	419,570	332,457	250,718	201,570	180,765	156,579	118,690	120,048	88,650
Shareholders' funds	240,231	183,528	141,524	138,982	105,664	92,662	91,429	83,747	46,180	45,634
Diluted net assets per share	776p	603p	473p	482p	372p	330p	326p	299p	224p	220p

*The financial statements to 31 March 1997 were for a 14 month accounting period.

Corporate Governance Report

The company is committed to applying the highest principles of corporate governance commensurate with its size.

Compliance

The company has complied throughout the year with the Code provisions set out in Section 1 of the Combined Code except in respect of A2.1. Provision A2.1 of the Combined Code states that a non-executive director other than the chairman should be the senior non-executive director. The Board considers that, in this instance, the most appropriate person to act in this capacity is the Chairman of the company and have, therefore, named John Southwell as the senior independent non-executive director. The Board members are described on page 22.

Application of principles

The company has applied the principles of good governance contained in the Combined Code appended to the Listing Rules of the Financial Services Authority.

Directors

The company supports the concept of an effective board leading and controlling the company. The Board is responsible for approving company policy and strategy. It meets three monthly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the directors are free to seek any further information they consider necessary. All directors have access to advice from the company secretary and independent professionals at the company's expense. Training is available for new directors and other directors as necessary.

The Board consists of four executive directors who hold the key operational positions in the company and three non-executive directors, who bring a breadth of experience and knowledge, of whom all are independent of management and any business or other relationship which could interfere with the exercise of their independent judgement. This provides a balance whereby the Board's decision making cannot be dominated by an individual or small group. The Chairman of the Board is John Southwell and the company's business is run by Michael Slade, the Managing Director.

The Nomination Committee meets as required to select and recommend to the Board suitable candidates for both executive and non-executive appointments to the Board. It comprises John Southwell, Chairman of the Board, and the two other non-executive directors, Giles Weaver and Antony Beevor. All directors are subject to re-election every three years and, on appointment, at the first AGM after appointment.

The Board's report on remuneration is on pages 51 and 55. It sets out the company's policy in detail and the full details of all elements in the remuneration package of each individual director.

Corporate Governance Report

continued

Relations with shareholders

The company values the views of its shareholders and recognises their interest in the company's strategy and performance, Board membership and quality of management. It therefore holds regular meetings with its institutional shareholders to discuss objectives. The company communicates with all shareholders through the issue of regular press releases and through its website at www.helical.co.uk.

The AGM is used to communicate with investors and they are encouraged to participate. The Chairmen of the Audit, Remuneration and Nomination Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and accounts. The company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Accountability and audit

The Board presents a balanced and understandable assessment of the company's position and prospects in all interim and price-sensitive reports and reports to regulators as well as in the information required to be presented by statutory requirements.

The Audit Committee comprises Giles Weaver and Antony Beevor, both of whom are independent non-executive directors, and John Southwell, who is Chairman of the Board and a non-executive director. The terms of reference of the Committee include keeping under review the scope and results of the external audit and its cost effectiveness. The Committee reviews the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non audit services supplied by the external auditors to the company, seeking to balance objectivity and value for money.

Internal control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the company's assets.

The Board has considered the need for an internal audit function but has decided the size of the company does not justify it at present. However, it will keep the decision under annual review.

In accordance with the guidance of the Turnbull Committee on Internal Control, an ongoing process has been established for identifying, evaluating and managing risks faced by the company. This process has been in place for the full financial year and up to the date the financial statements were approved. As part of this process the Board has identified key risks faced by the company. The risks have been prioritised and a strategy has been set out to deal with them. These risks are considered regularly and papers on these areas are reviewed at Board meetings. The system of internal controls is designed to manage rather than eliminate the risk of failure of the achievement of business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.
The key features of the group's system of internal control are as follows:

- clearly defined organisational responsibilities and limits of authority;
- financial controls and review procedures;
- financial information systems including cash flow, profit and capital expenditure forecasts;
- an Audit Committee which meets with the Auditors at least twice a year and deals with any significant internal control matter.

Report on Remuneration

Directors' remuneration

The Board recognises that directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The company operates within a competitive environment and its performance depends on the individual contributions of the directors and employees.

The Remuneration Committee ("Committee") has responsibility for making recommendations to the Board on the company's general policy on remuneration and also specific packages for individual directors. It carries out the policy on behalf of the Board and meets at least twice a year.

The membership of the committee is as follows:

J.P. Southwell (Chairman)
C.G.H. Weaver
A.R. Beevor (appointed 11 April 2000)

None of the committee has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business. The committee consults the Managing Director and Finance Director about its proposals and has access to professional advice from inside and outside the company.

Policy on executive directors' remuneration

Executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to maintain the group's position as a market leader and to reward them for enhancing shareholder value and return. The performance measurement of the executive directors and the determination of their annual remuneration package is undertaken by the committee which consists solely of non-executive directors.

The remuneration packages of individual directors are structured so that the performance related elements form a significant proportion of the total and are designed to align their interests with those of the shareholders. Share options are designed so that they recognise the long term growth of the company. No director has a service contract of more than one year.

There are four main elements of their remuneration package:

- i basic annual salary and benefits in kind;
- ii annual bonus payments;
- iii share option incentives;
- iv long term incentives.

Basic annual salary and benefits in kind

Basic annual salaries for executive directors are reviewed having regard to individual performance and market practice. Executive directors' basic salaries were last reviewed in September 1999. Benefits in kind provided to executive directors include the provision of a company car and health insurance.

Report on Remuneration

continued

Remuneration in respect of directors was as follows:

	Salary/ Fees £000	Benefits in kind £000	Bonus £000	Profit on exercise of share options £000	**2001 Total £000**	2000 Total £000	Pensions **2001 Total £000**	Pensions 2000 Total £000
Chairman								
J. P. Southwell	45	13	–	–	58	53	–	–
Non-executive directors								
I.G. Butler	23	–	–	–	23	17	–	–
C.G.H. Weaver	25	–	–	–	25	17	–	–
A.R. Beevor	24	–	–	–	24	–	–	–
Executive directors								
M.E. Slade	511	23	1,800	–	2,334	1,487	2	2
N.G. McNair Scott	190	18	600	–	808	185	35	367
G.A. Kaye	225	18	2,267	1,225	3,735	1,736	–	–
P.M. Brown	190	19	1,600	–	1,809	1,169	–	–
	1,233	91	6,267	1,225	8,816	4,664	37	369

The pension contributions were paid into a Small Self Administered Scheme. The assets of this money purchase scheme are administered by trustees in a fund independent from the assets of the group.

Gerald Kaye was the highest paid director during the year with a total remuneration, excluding pension contributions but including the profit on exercise of share options during the year, of £3,735,000 (2000: Gerald Kaye £1,736,000).

Annual bonus payments

The Committee establishes the objectives which must be met for annual cash bonuses to be paid.

Performance related cash bonuses, which recognise the relative success of the different parts of the business for which the executive directors are responsible, have been paid to Gerald Kaye, Development Director, and Michael Brown, Investment Director.

In the year to 31 March 2001 an Executive Bonus Scheme operated in respect of the Executive Directors. Under the terms of this scheme bonuses were payable only if there was an increase in the net asset value of the company and that increase was greater than that achieved by the upper quartile of the Investment Property Databank Index for capital growth of all properties, an ungeared benchmark. If achieved the bonus was payable in cash and calculated in bands, the amount of the bonus increasing with the level of outperformance. Among other constraints, the Committee could restrict the bonus if payment would affect the financial or trading position of the group. In the year to 31 March 2001 all the performance conditions of the scheme were met and bonuses were paid to all the Executive Directors.

The Committee has reviewed the Executive Bonus Scheme and has decided (subject to shareholder approval) to replace it with a new scheme, the Incentive Plan. This Incentive Plan is designed to align the long term motivations of the senior management team with the interests of shareholders and to link their remuneration to the performance of the group's property portfolio. The Incentive Plan will operate over a five year period and awards will vest annually subject to the achievement of similar challenging performance targets to those which applied under the Executive Bonus Scheme. These targets will be compared with the ungeared and geared performance of the group's property portfolio. Awards will only vest if the group's performance, geared and ungeared, is in the top quartile. Further details of the Incentive Plan are included in the circular provided with this Report and Accounts regarding business to be conducted at the Annual General Meeting on 25 July 2001.

Share options

The company operated three share option schemes during the year.

The Senior Executive 1988 Share Option Schemes ceased to be able to grant options over new shares and shares held by the Helical Bar Employees Share Ownership Plan Trust on 7 June 2001. Share options granted in respect of this scheme are included in note 21.

The Helical Bar 1999 Share Option Scheme received shareholder approval on 16 February 1999. Under this scheme the aggregate market value of shares issued or issuable to an individual under this and other option schemes may not exceed eight times his annual earnings. Share options granted in respect of this scheme are included in note 21.

The Helical Bar 1999 Approved Share Option Scheme also received shareholder approval on 16 February 1999 and Inland Revenue approval in March 1999. Under this scheme options up to a maximum value of £30,000 per individual may be granted and options granted in respect of this scheme are included in note 21.

The performance criteria of the two 1999 schemes requires total shareholder return over a set period to exceed a certain percentile of the aggregate performance of companies in the Property Sector Index of the FTSE All Share Index. For the approved scheme the relevant period is three years and the 50th percentile. For the unapproved scheme the relevant period is five years and 25th percentile.

Report on Remuneration

continued

The directors' interests in these Share Option Schemes during the year were as follows:

	Type	At start and end of year	Exercise price	Date from which exercisable	Expiry date
M.E. Slade					
Senior Executive 1988 Share Option Scheme	Purchase	6,000	452.5p	26.11.01	26.11.04
Senior Executive 1988 Share Option Scheme	Purchase	400,000	565.0p	10.07.02	09.07.05
Senior Executive 1988 Share Option Scheme	Subscription	394,000	452.5p	26.11.02	26.11.07
Helical Bar 1999 Share Option Scheme	Subscription	493,221	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Purchase	148,000	750.0p	18.12.05	17.12.10
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	442.5p	08.03.02	07.03.09
		1,448,000			
N.G. McNair Scott					
Senior Executive 1988 Share Option Scheme	Purchase	50,000	452.5p	26.11.01	26.11.04
Helical Bar 1999 Share Option Scheme	Purchase	43,000	442.5p	08.03.03	07.03.06
Senior Executive 1988 Share Option Scheme	Subscription	250,000	412.5p	10.07.02	10.07.07
Helical Bar 1999 Share Option Scheme	Subscription	235,221	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Purchase	72,000	750.0p	18.12.05	17.12.10
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	442.5p	08.03.02	07.03.09
		657,000			
G.A. Kaye					
Helical Bar 1999 Share Option Scheme	Purchase	50,000	442.5p	08.03.03	07.03.06
Helical Bar 1999 Share Option Scheme	Subscription	393,221	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Purchase	127,000	750.0p	18.12.05	17.12.10
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	442.5p	08.03.02	07.03.09
		577,000			
P.M. Brown					
Senior Executive 1988 Share Option Scheme	Purchase	100,000	452.5p	26.11.01	26.11.04
Senior Executive 1988 Share Option Scheme	Subscription	100,000	467.5p	29.09.02	28.09.07
Helical Bar 1999 Share Option Scheme	Subscription	293,221	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Purchase	106,000	750.0p	18.12.05	17.12.10
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	442.5p	08.03.02	07.03.09
		606,000			

On 2 August 2000 Mr G.A. Kaye exercised an option over 100,000 ordinary 5p shares at an exercise price of 273.0p, and a second option over 200,000 ordinary 5p shares at an exercise price of 252.0p. The prevailing market price on the date of exercise was 667.5p providing a notional gain on the exercise of the share options of £1,225,500.

The market price of the ordinary shares at 31 March 2001 was 742.5p (2000: 569.0p). This market price varied between 545.0p and 852.5p during the year.

Helical Bar Profit Sharing Scheme

The Helical Bar Profit Sharing Scheme is open to all employees and has operated since 1997. Under the terms of the scheme the Trustees purchase shares in the company and allocate them to all employees in accordance with the rules of the scheme.

On 7 April 2000, under the rules of the Scheme 19,295 shares were allocated to directors and employees of the company.

The shares allocated to the directors of the company were as follows:

	On 7 April 2000	
	No. of shares	Price
M.E. Slade	1,415	565.0p
N.G. McNair Scott	1,415	565.0p
G.A. Kaye	1,415	565.0p
P.M. Brown	1,415	565.0p

Service contracts

The service contracts of each of the executive directors noted in table B on page 24 have a one year notice period.

Pension contributions

The company makes annual contributions into a Small Self Administered Pension Scheme on behalf of Michael Slade and Nigel McNair Scott.

Non-executive directors

The remuneration of the non-executive directors is determined by the Board within the limits set out in the Articles of Association and was last increased in April 2000. Non-executive directors do not participate in any of the company's share option schemes. Non-executive directors do not have a contract of service.

Financial Calendar

Year ended 31 March 2001

Annual General Meeting to be held	25 July 2001
Final ordinary dividend payable	26 July 2001

Half year ending 30 September 2001

Results and interim ordinary dividend announced	November 2001
Interim ordinary dividend payable	December 2001

Year ending 31 March 2002

Results and final dividend announced	June 2002
Final ordinary dividend payable	July 2002

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